

Corruption in Sweden

Exploring Danger Zones and Change

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Abstract

In this dissertation I study corruption in the public sector in Sweden, a country which the literature regards as having few corruption problems. Sweden is therefore classified as a “least corrupt” case, and such countries are seldom studied in corruption research. My work is thus an effort to fill a gap in the literature. This research is also motivated by a conviction that such a case provides a fertile ground for studying danger zones for corruption. For example, this work allows me to explore how institutional and contextual changes impact on corruption and danger zones.

Though the main focus of this work is on Sweden, I also have comparative ambitions. First, I locate Sweden in a cross-national context. I then study corruption in Sweden using a comparative methodology and with an eye to international comparisons. I apply a combined theoretical approach and a multi-method investigation based on several empirical sources and both quantitative and qualitative techniques. This research strategy enables me to capture a phenomenon (corruption) that is more difficult to identify in countries with relatively few obvious corruption scandals than it is in countries in which the phenomenon has traditionally been studied.

Regarding danger zones for corruption, the results show that some of the zones identified in the international literature, such as public procurement, are also important in Sweden.

For the Swedish case, my empirical research also identifies the types of corruption that occur, perceptions of danger zones and corruption, how corruption changes over time, and how corruption is fought. With regard to the latter, one conclusion is that ingrained (male) sub-cultures can be problematic and may need to be opened up using a combination of measures like promoting a more heterogeneous group of politicians, creating more transparent proceedings in decision groups and conducting more effective audits. The research also highlights the importance of adapting control measures to existing structures of delegation. For example, if delegation arrangements are changed to improve efficiency and cut costs, new accountability measures may be necessary. In general, delegation and control structures should be structured in such a way as to make the cost of shirking quite high.

Finally, based on the results of this multi-method investigation, I conclude that one avenue for further corruption research is to connect our knowledge of danger zones to what we know about mechanisms effecting corrupt behaviour, and then to apply this to discussions of new models of the politics of management in multi-level governance.

Key words: Corruption, danger zones, delegation, institutional and contextual changes, least corrupt cases, multi-method approach, principal-agent relations, public sector, Sweden.

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Preface

Studying corruption is an intriguing endeavour. It has presented me with many challenges. Throughout the long journey to finish the dissertation, it has continually given me new angles with which to approach political science and democracy.

In addition to these joys, this project has quite often produced a lot of frustration. It is therefore a great relief to finish it and turn to writing the preface. It would not have been possible to finish this thesis without help and support. There are many person I would like to thank.

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Studying Corruption

Introduction

Corruption is a term carrying many different and complex interpretations. Derived from the Latin *corruptio*, meaning depraved condition, state of decay or bribery, corruption has traditionally been associated with moral decadence (Nationalencyklopedin 1993). The Oxford Reference Dictionary (1986) defines corruption as being “morally depraved, wicked; influenced by or using bribery” and means depraved condition. But in social science terms, corruption, according to the Collin’s Dictionary of Sociology (1995), is “the abandonment of expected standards of behaviour by those in authority for the sake of unsanctioned personal advantage.” Similarly the Encyclopedia of Democracy (1995) defines corruption as “the abuse of public resources for private gain”.

When the word corruption is used in social science, it is usually in connection with the view that the phenomenon has negative consequences for society. Indeed, political scientist Carl Friedrich argues that historical definitions of corruption do have a common thread; that of focusing on corruption’s dysfunctional impact on the political system (Friedrich 1989: 16). For the political scientist, corruption is thus an important and highly relevant area for study. Empirical research shows that corruption has negative effects on economic growth, institutional performance and the legitimacy of the political systems (see, for example, Médard 1986, Mauro 1995, and Rose-Ackerman 1999). However, as we shall see below, not all corruption researchers agree that corruption has only negative effects. But one thing that corruption researchers do agree on is that Friedrich (1989: 15) is probably correct when he cautions that, in order to analyze the concept of corruption, researchers must first confront the fact that the term itself is contentious, carrying vastly diverse meanings and inferences in different societies and in different social and historical contexts.

Because corruption is such a contentious and often sensitive phenomenon, here at the outset I want to make it clear that, for the purposes of this study, I focus on those acts of corruption that occur in the public sector, i.e. in cases where at least one party involved is a politician or public servant. Doing so limits somewhat the scope of the study but the major reason for using this focus is that from a political science perspective, from which the negative effects of corruption are often seen to play a central role on political legitimacy and institutional performance, corruption in the public sphere is a particularly interesting and

revealing area to study at the initial stage. This also means that my starting point is akin to that of the more common definitions in political science,¹ namely that of Joseph Nye.

“Corruption is behaviour which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence” (Nye 1967: 419).

As this is a rather formal definition of corruption, later and particularly in Chapter Two, I examine in more detail this as well as other complementary and more informal definitions. Chapter Two also provides a more in-depth analysis of different theoretical approaches to corruption research.

The objectives of this first chapter are to place corruption research in a historical context, to exemplify the recent trend towards greater interest in corruption, to define the purpose of this study, to provide an outline of the study and to introduce the sources and the methods that I use. A final purpose of this chapter is to introduce the idea that the study of clear-cut corruption should be complemented with studies of areas in public life susceptible to increased corruption. In fact, in this study I spend more time and effort on understanding such dangerous areas (below called “danger zones”) than I do on the clear-cut corruption cases. But to explain this choice, and the contributions that I want to make with this study, it is useful to begin with a review of corruption research in a historical and comparative perspective.

Recognition of the importance of corruption within the political sphere is obviously not just a contemporary phenomenon. Many scholars and thinkers have signaled out corruption as a disease attacking the foundations of society. Machiavelli regarded corruption as an ever-present threat that perverted the virtue of man, whom he regarded as weak and in need of strong leadership. Montesquieu attributed the fall of the Roman Empire to corruption with societal morality and virtue being destroyed. According to Rousseau it was the political system itself that corrupted man in the struggle for power rather than man corrupting the political system. He regarded equality as natural; good laws were based on protecting equality against power-hungry individuals. According to Friedrich (1989:18-20) it is Rousseau’s conceptualization that shapes the modern framework for the understanding of corruption. His concern over abuse of power is central, though in modern terms equality is often restricted to equality before the law.

In contemporary times the attention to corruption has shifted from the pulpits’ and philosophers’ arenas to that of the media’s. In the 1980s and 1990s newspaper headlines and radio and television news programs reported on corruption scandals involving politicians and civil servants in Western European countries as well as in other countries (Della Porta and Mény 1997: 4). Empirical evidence that there has actually been an increase in corruption is absent, but, as Yves Mény argues,

“[e]ven if there is no yardstick by which to measure the extent of corruption with any accuracy, most observers concur in acknowledging the new growth of the phenomenon in the last two decades” (Mény 1996: 314).

During the last two decades, for example, there has been extensive media coverage of corruption scandals in Italy and Germany involving high-ranking politicians (Giglioli 1996, Heidenheimer 2000, Lashmar 2001: 144). In Italy this resulted in the very legitimacy of the political parties and the political system as a whole being shaken. Germany was scandalized when it was revealed that during the 1980s the industrial combine, Flick, paid money to top party leaders and ministers and to political parties – the Christian Democratic Party (CDU) in particular, but also the Social Democratic Party (SPD) and the liberal Free Democratic Party (FDP). Several high-level politicians were subsequently convicted on bribery charges. Recent scandals involving hidden donations to the Christian Democratic Party and to former chancellor Helmut Kohl further dismayed Germans. But corruption scandals have not been limited to these two countries. We find in many other countries a striking increase in the number of highly publicised corruption scandals. For example, in the 1990s a former Belgian minister was forced to resign as NATO secretary-general due to his involvement in an arms deal where kickbacks went to the socialist party. In Spain bribery charges against members of his administration partly explained Felipe Gonzalez's defeat in the 1996 elections (Brademas and Heimann, 1998: 18). In France a former foreign minister was sentenced to prison for his involvement in a corruption case involving the state-owned oil company Elf (Doublet 2001: 145, *Dagens Nyheter* 2001-06-31). Then in 1999 corruption and incompetence scandals became headline news in countries across Europe when allegations regarding fraud, mismanagement and nepotism forced the resignation of the European Commission (European Commission 2001). As a consequence of these and other similar events, academic interest in corruption studies dramatically increased in the 1980s and 1990s.

Prior to these scandals, the literature on corruption usually focused on the high levels of corruption in developing countries (Levi and Nelken 1996:1), rather than the old democracies of the industrialised part of the world. Explanations for the widespread existence of corruption in developing countries often pointed to cultural factors, asserting that cultural definitions of morality (and thus interpretations of corruption) as well as moral obligations of individuals differed in different societies. During the 1960s and 1970s the predominate theories started from the view that corruption seemed to be more widespread in countries experiencing rapid development and modernisation (Huntington 1968, Scott 1969). And here is the exception to the rule that all corruption researchers see corruption as something dysfunctional, some of these theories and explanations advanced during that period regarded corruption as not necessarily a negative factor in a society. Benefits accrued from corruption, according to some functional explanations, was the means by which an inefficient bureaucracy plagued by red-tape might function smoother and more effectively. Thus corruption could increase efficiency in a slow economy (see, for example, Leff 1964, Nye 1967).²

Looking at current literature, we see several interesting shifts in research into corruption. First, interest in the topic is no longer limited to corruption in developing countries but is extended to corruption in industrialised and economically advanced countries (see, for example, Rose-Ackerman 1999, Anechiarico and Jacobs 1996, Della Porta and Mény 1997, and Levi and Nelken 1996). Indeed, the literature encompasses a wide number of countries representing all parts of the world. Corruption is now seen as a worldwide phenomenon and is

no longer considered to be almost non-existent in the industrialised countries (Huberts 1996). Secondly, we see a shift away for the idea that there are “benefits” to corruption. Contemporary theories generally agree, unlike the earlier functionalist explanations, that the impact of corruption has a decidedly negative impact on economic growth and efficiency in poor countries (see, for example, Mauro 1995, Charlick 1993). Furthermore, these studies view corruption as having a negative effect on the political system itself, reducing trust in both politicians and in the system.

Comparative research and international measures of corruption reveal major differences between countries. These differences exist not only between countries with different geographic, political and cultural conditions but also between countries that seem to have rather similar conditions. The survey of the literature on corruption unearths a number of different explanations for these differences (see Gerlisch 1981: 170-175, Heywood 1997b: 430, Maingot 1994:56). Some theories explain the difference in levels of corruption among countries as an outcome of different political cultures and differences in the way relations between citizens in a society are organised. Other approaches focus on institutional aspects and their effect on corruption. Yet other theories focus on the role of the individual actor. One such theoretical orientation that has recently been growing in importance is the principal-agent approach. This approach centres on the relationship between someone who delegates decision-making authority (the principal) and someone who acts on behalf of the former (the agent), while taking the context into account (see, for example, Heidenheimer 1989, Shleifer and Vishny 1993, Groenendijk 1997).

Corruption is generally regarded as marginal in Northern Europe (Levi and Nelken 1996: 3, Mény 1996: 314). And, from the comparative perspective, Sweden is usually ranked among the “least corrupt” (Heidenheimer 1996) countries in the world according to international rankings made by various institutes measuring corruption and also more qualitative studies (see, for example, Transparency International 2001a, GRECO 2001). The usual explanation advanced for this is that Sweden has a well-functioning political system and a relatively efficient bureaucracy, as well as open access to public records, a well-working legal system, high levels of trust between citizens, and a low level of tolerance towards corruption.

However, even in Sweden, a country long-regarded as being “clean” and sometimes referred to as a model for others, corruption and danger zones for corruption exist. Despite Sweden’s good reputation, there are signals in the literature that cast doubt on the picture that Sweden is free of corruption.³ Mirroring the increasing attention being paid to corruption awareness in other countries, the issue has likewise received more attention in Sweden and has gained an increasingly higher priority on the political agenda. To some extent this has been stimulated by the recent corruption revelations in other European countries as well as in the European Commission. But a large part of the stimulus for such interest is homegrown: the result of scandals and political events in Sweden itself. By international standards, the specifics of the Swedish scandals might not be seen as very sensational or truly scandalous, but in the context of Swedish life they are real examples of impropriety and corruption. Involving politicians and high officials, these scandals have had serious repercussions

including in some cases (at the local government level) resignations of the entire political leadership or administration management.

It is against this background that this research seeks to investigate corruption and generate more knowledge and understanding about the critical danger-points vulnerable to corruption in Sweden.

The purpose of the study and central concepts

The purpose of this study is to analyse corruption and map out danger zones in Sweden where corruption is most likely to occur. To do this I concentrate on the following empirical research questions: 1) What types of corruption can be identified? 2) What areas and activities in the public sector are in danger for corruption? 3) What are the attitudes about different types of corruption? 4) In what ways is corruption changing over time? 5) How do institutional and other contextual changes affect the likelihood of corruption? and 6) What measures are undertaken in the political and administrative spheres of the public sector to avoid and combat corruption? Before addressing these research questions that are comparative in nature but mainly undertaken within a Swedish context, it is useful to place Sweden in a cross-national context. Without so doing it would be impossible to know if we are studying an outlier or not. In line with this, I begin the empirical investigation (in Chapter Three) by comparing Sweden to other countries as regards level of corruption, citizens' attitudes about corruption, and corruption laws and their effects.

In public sector scrutiny of politics and power, corruption has only recently been an area for investigation (see, for example, SOU 1990:44, SOU 2000:1, Statskontoret 2001).⁴ One such study focusing on corruption is one I conducted, which had a similar focus as this dissertation, though slightly more narrow in its theoretical approach and more limited in the empirical investigations (Andersson 1999). In academic disciplines such as law studies we have the work of Thorsten Cars (1996). This research is directed towards bribes and corruptive marketing and includes an extensive compilation of Swedish corruption cases during the 1980s and 1990s.⁵ There are also political science books about politics and administration in which scandals are mentioned (see, for example, Petersson and Söderlind 1993). But research in political science has been rare or almost non-existent on the topic of corruption in Sweden.

Since the Swedish academic literature on corruption is scarce, one starting point for this research is the international literature on corruption, mainly English language sources. The combined theoretical approach defined in the next chapter consists of: 1) a system-oriented approach based on the model developed by Arnold Heidenheimer which is used in the comparative sections to discuss the distribution and variation of corruption among countries, 2) a contextual-factors approach employed to identify important variables explaining corruption, which is used in studying the Swedish official stand on corruption and political actors attitudes and 3) a principal-agent approach which is used to study empirically delegation chains in three county councils (regional governments). But to this we will return.

One of the inherent problems in corruption research is the inbuilt secrecy of corrupt transactions, and therefore the lack of extensive and reliable empirical data. According to Thorsten Cars, less than one percent of all corruption crimes ever come under investigation (*Aftonbladet* 1998-10-17). The problem of measuring corruption is a major issue in the corruption literature. This challenge of delineating what is corruption and the ensuing difficulty in measuring corruption is pointed out by Michael Johnston.

”If we study corruption at a general level – particularly, if our concern is commonly repeated syndromes – it may make sense to examine the core cases and not worry much about cases [at] the margins. But when it comes to counting and measurement the margins become critical – and there is much disagreement as to where these boundaries fall” (Johnston 2000: 4).

In the theoretical framework of this study, I treat corruption as both an analytical concept and an empirical phenomenon. As an analytical concept it allows us to categorise corruption and serves as a tool in discussing not only clear and well-defined examples of corruption but also the more complex and ambiguous cases. In studying corruption at the empirical level in a “least corrupt” case such as Sweden, we cannot expect to be able to find as many obvious examples to study as we would if we were focusing on a country in the “quite corrupt” category. This is why we also need to take into account different shades of corruption. As Médard points out,

”To take into account the various forms of corruption should help to be more specific when dealing with the analysis of the scale, the causes and consequences of corruption” (Médard 1986: 118).

To study corruption outside of the clear-cut cases necessitates a definition of corruption that is not limited to a jurisprudence definition. I do not restrict myself to direct types of corruption in the legal or bureaucratic sense of corruption such as overt bribes and financial embezzlements, but rather I include more ambiguous cases. In contrast to outright bribes, where an official promises to undertake or to avoid doing something in exchange for a specific compensation, other types of corrupt political actions are more vague and involve less specific exchanges (Heidenheimer 1989: 149). By including these more ambiguous instances of corruption in a study of corruption we gain interesting and important insights into the dimensions of corruption (see Kjellberg 1995: 43). In the next chapter, I develop a typology of corruption. In so doing, I draw upon literature that discusses different types of corruption and attitudes about corruption. However, it should be noted that my aim is not to engage heavily in the debate about different definitions of corruption, rather my objective is to find an instrument that I can employ to guide and inform my empirical studies.

Danger zones of corruption is another central concept adopted in this study. It allows us to identify those areas where we can expect risks for corruption to be high. However, the methodological issues involved in the study of danger zones are even more problematic than the ones involved in the study of clear-cut cases of corruption. This is because the former also involves the preconditions for corruption and the circumstances under which it can thrive.⁶ In this study I define danger zones of corruption as those areas in society in which corrupt

transactions are most likely to occur. These areas are not necessarily areas with high levels of corruption but rather they are characterised as areas with a high availability of corrupt offers, or at least the suspicion of such. (I will return to this in Chapter Two.) The concept of danger zones of corruption should be understood as being composed of two parts: one part concerns where occurrence of corruption is likely, another part concerns conditions that are likely to promote corruption. In the corruption literature, danger zones need to be studied further both as an analytical concept and in terms of empirical identification. In this study the focus is on the empirical part that hopefully can contribute to a better analytical understanding of danger zones. In the literature we can find suggestions from earlier studies about what areas are vulnerable to corruption (Transparency International 1996a and 1996b). Findings and theories about the causes of corruption also give important inputs to the theoretical discussion about danger zones of corruption. Similar, research on how to prevent corruption and what measures to be taken can give important inputs, due to its focus on causes of and remedies for corruption. Studies that explain differences between countries and between activities within countries also make important contributions to this subject by looking at why there is more corruption in some sectors and activities than in others (Andvig 1991, Alam 1995). Furthermore, there is also a literature that specifically addresses, at least to some extent, the issue of danger zones of corruption (see, for example, Johnston 1993, Klitgaard 1988).

The multi-method investigation and the outline of the study

The theoretical foundation of the study will be further explained in Chapter Two, so here I now turn to elaborate the methodological approach and the sources used. Studying corruption in itself is difficult as corruption is an inherent secret phenomenon, difficult to observe. Therefore the access to data poses difficulties. Consequently, it is important to be aware of questions about validity and reliability (Körner et al., 1984: 15, Pennings et al. 1999: 85-86). Do we really measure what we aim to measure and are the results reliable? This is one reason why I use many different sources and different types of data.

This study uses a combination of theoretical approaches and multiple methods. In studying the phenomenon I draw upon several types of sources: legal documents, court data, survey data, a large number (87) of personally conducted interviews, and newspaper articles. A substantial part of the data and information is derived from primary sources: interviews, a comparative survey, document search, official registers of organisations and delegation matters. The main period of investigation is the 1990s. I apply both micro- and macro-oriented approaches which give room for studying the importance of structures and of actors. My combined approach takes as a starting requirement that it must enable me to study different types of corruption and the danger zones for corruption in Sweden and at the same time place Sweden in a comparative perspective. Thus, I study corruption from many angles and consequently the specific unit of analysis varies, however, the main focus in the dissertation is on danger zones for corruption and different types of corruption in Sweden.

While utilizing the combined theoretical approach and the use of different data and sources allows me to add various pieces to my “puzzle,” I recognise that there is a potential problem in employing different approaches that take different perspectives on studying a phenomenon. But I am persuaded that greater justice will be done by using this combined approach in a study of such a multifaceted phenomenon as corruption and that by so doing it will enable us to have a fuller picture and contribute more to our understanding of the phenomenon. In studying corruption we do not have the same access to data as we have in many other topics in political science. But instead of this causing us to abstain from studying such an important phenomenon we should be aware of the problems and try to address them and be open about them. Studying variables that carry social stigma, as corruption does, we need multiple measures to cope with the vulnerability of relying on only one measure of a phenomenon that is itself difficult to grasp (Peters 1998: 97-101). Thus, my solution is a combined theoretical approach and a multi-method investigation, relying on many different sources and methods. By this means I can avoid being at the mercy of only one individual case of corruption and I do not have to rely exclusively on corruption-perception indices at the country level.

Many empirical case studies of corruption are using a qualitative method, while variable-oriented studies use quantitative methods. Furthermore, it has been noted that case studies until recently have been the main empirical way of conducting research of corruption (see, for example, Lancaster and Montinola 1996: 2, Lipset and Lenz 2000: 113). That the literature is scandal-oriented and focuses on major corruption cases is understandable. Often the aim is to explain why and how these cases could happen rather than aiming to generate more general knowledge about corruption using theories as reference points. In contrast, the variable-oriented corruption studies most often are focused on explaining why there is more corruption in some countries than others. But here the problem confronting us is one of somewhat shaky data material even though the possibilities of undertaking these type of studies have increased tremendously during the last ten years. Rather than rejecting either of these two traditions we should see that they are able to inspire each other. Case studies can be used more to get a deeper understanding of important corruption mechanisms and counter-acting measures than presently done. Lancaster and Montinola (2001) note that

”We see an important role for case studies in research on corruption, and in comparative political inquiry more generally. Case studies should be part of a strategy of triangulation, or multiple methods. Variable-oriented scholars should not dismiss outliers of their studies as irrelevant. The use of case study methods to explore outlying cases makes such research more persuasive and expands the theory upon which their hypotheses are built. Similarly, case study scholars may not be fully cognizant that they are studying outliers unless they compare their case to the larger population. Scholars of each of these general researches should, as suggested by our emphasis on questions of methodology, remain open to the advantages, and weaknesses, of the other generic approach” (Lancaster and Montinola 2001: 32).

The citation above points to an important aspect I address in carrying out my study. The use of several methods and sources to carry out the analysis in the dissertation reflects my combined approach. The dissertation moves from a macro-oriented analysis, where my starting point is to place Sweden comparatively, to a more micro-oriented analysis. In line

with this I also move from a more quantitative-oriented analysis to a more qualitative analysis. Quantitative data used in the study concern the level of corruption in countries, the number of bribery cases in Sweden, survey data on attitudes about corruption and bribes internationally and in Sweden, and a data set based on newspaper articles. Qualitative data to a large extent come from primary sources but also secondary written sources comprising laws, documents and regulations of principal-agent relations, legal investigations by courts of individual corruption cases, and interviews. This combined approach is also a way to deal with the empirical problems associated with corruption research.

The method used requires further explication. As the study moves from a macro-orientation to a micro-orientation, the unit of analysis also changes. There is a comparative logic throughout the dissertation, though it is carried out mostly in a Swedish context. The design used draws upon traditional comparative method. Lijphart (1971) regards comparative methodology as one of four possible methods of investigation, the others being the experimental, statistical and case study methods. The comparative methodology is a way of detecting conditions between variables, while keeping other variables constant (Ibid. 1971: 683). Comparative methodology is traditionally grouped in two alternative paths to explain the research question or the dependent variable. This method of scientific investigation is explained in Mill's (1891) terminology as,

“[Method of Difference is about c]omparing instances in which the phenomenon does occur, with instances in other respects similar in which it does not [while Method of Agreement concerns c]omparing together different instances in which the phenomenon occurs” (Mill 1891: 253).

Applied to political systems in today's more common terminology and utilized as a base for designing a study, but with the same logic, method-of-difference implies a “most-similar-systems” design, where the systems are similar in as many variables as possible with the exception for the phenomenon of investigation. The method-of-agreement implies a “most-different-systems” design, where the aim is to maximise the number of variables that are different between the systems, with the exception of the phenomenon of investigation. With both approaches the wish is to eliminate competing explanations of the dependent variable. Both systems try to eliminate irrelevant independent variables by detecting a lack of covariation between the dependent variable and the independent variables; variables are omitted when they are not varying together with the changes in the dependent variable (Frendreis 1983: 260-262). So, if we expect the phenomenon of investigation to be constant in the chosen cases we should use a most-different-systems design and if the variation is expected in the dependent variable a most-similar-systems design. But to do this requires that we have in advance an expectation about the appearance of the dependent variable in the chosen cases, which is not always the case. To deal with this problem Frendreis suggests a mixed systems design including a number of systems, some of them similar and others different.⁷

As mentioned, in this study, the unit of analysis varies. When I place Sweden in an international context, I treat Sweden as the unit of analysis using a case study logic related to comparative method (Chapter Three and the second part of Chapter Four). But in other cases

when the aim is to study danger zones, types of corruption and attitudes the unit of analysis is either the corruption cases, the answers of the respondents or the organisations that I compare.

Below I describe in detail the sources and how they are used. At the same time I explain the unit of analysis and the logic behind the comparisons that are conducted. This presentation chapter by chapter serves the purpose of showing the reasoning behind the choice of cases, variables, sources and how I carry out the various investigations to solve the puzzle. At the same time this outline serves as an introduction to the organisation of the whole study.

The outline of the study, method and sources

Corruption through an international outlook: Chapter Three

In Chapter Three I explore corruption through an international outlook. A comparative account of corruption is given, which concentrates on the distribution of corruption across countries and attitudes about corruption across countries. The chapter places Sweden in an international context. In the second part of the chapter laws against corruption across countries are presented. The work of international organisations in the fight against corruption and the impact on legislation is described and analysed.

Sweden is the unit of analysis and is compared with other countries. The method used is quantitatively orientated, and both statistical methods and comparison between few cases are made, with a mixed system-design logic. Several sources of empirical data are used in assessing the international picture. I do not rely simply on statistical data derived from media reports or official judicial record of corruption cases to paint a comparative picture as these sources might give a highly distorted picture of corruption; those societies with a media which discovers and reports scandals and with an independent and well-trained judiciary could unfairly be given a bad rating. To measure the degree of corruption in different countries, I rely on the indices from Transparency International (TI)⁸. To assess attitudes about corruption, I use as an indicator survey data about attitudes concerning bribes, and data on interpersonal trust obtained from the World Values Surveys.

The Transparency International perception index tries to assess the degree to which public officials and politicians in particular countries are involved in corrupt practises. Its method has some limitations in that it is based on the perception of business people, risk analysts, investigative journalists and the general public, whose perception may not indeed be a fair reflection of the state of affairs. Despite this and other problems, which I discuss below, this index is the best available approximation for corruption levels in countries. To get an index as accurate as possible several measures are undertaken. Each index provided by Transparency International is a poll of polls. For a country to be included at least three sources have to be available, thus avoiding skewing the index because of malperformance in a single source. For example, the 2000 corruption index was prepared using 16 sources originating from 8 independent institutions (Lamsdorff 2000), the 1988-92 score is based on four sources and the ranking for 1980-85 is based on two sources. One of these two, which I refer to specifically, was carried out by Business International⁹ (BI), and included 68 countries. In some cases the

variance between scores from different surveys and periods of time differs substantially which could imply that the score is only to a limited degree an assessment of the degree of corruption. A high variance may be due to diverging perceptions regarding what is considered as corrupt, but it may also be simply due to objective difficulties in assessing the right score. A high variance between measurements may also represent a heterogeneous state of affairs; some institutions in a society may be permeated by corruption while others are relatively clean. Most surveys, however, do show a high degree of correlation (Transparency International 1996c).

TI is the source most relied upon to rank countries on level of corruption. However one problem that emerges is that the sources constituting the index vary over time. Therefore the data must be considered as possibly biased approximations. Another factor that might alter the picture is that disclosures of major corruption scandals sometimes bring about rapid shifts in impressions of the corruption level in a country. To compensate for such marked variations caused by high-profile political scandals, the corruption perception index from 1998 onwards combines assessments from the previous three years. The 2000 index includes all countries for which at least three different sources are available (Ibid. 1998a, Lambsdorff 2000). Another problem confronting us is that the reliability of these surveys varies since, among other factors, the questions are not posed in the same way. An additional problem is that the perception index has a bribery bias; other indicators of corruption such as nepotism, theft, fraud, patronage and election fraud may be less likely to be articulated by the business people surveyed (Johnston 2000: 14, 19-20). Nevertheless, the correlation between the results based on the different sources is high and this data source is the best approximation available on a country level at this time.

In the sections on attitudes about corruption I draw upon data from the World Values Surveys. The World Values Surveys are designed to give cross-national comparison of values and norms and to monitor changes in values and attitudes of mass public in different countries. Broad topics covered are work, the meaning and purpose of life, family life, and contemporary social issues. I use the variable measuring tolerance of bribes to see how this varies among countries. Here we must bear in mind that though bribery is probably the most often used indicator of corruption it is only one part of the picture and there are many other types of corruption. Even so, it is an interesting indication of the tolerance towards corruption and gives us a comparison point of Sweden to other countries. In the 1995-1997 World Values Surveys, data for 47 countries is available and more than 60 societies were surveyed (World Values Study 1994, Inglehart et al. 2000). In the 1990-93 survey, some 43 nations were included, representing almost 70% of the world's population and in 1981-84 there were 24 nations included.¹⁰ One of the problems confronting me was that the specific countries included in the surveys varied, but since my main goal was mainly to compare Swedish attitudes with attitudes in other European countries I do not see this as a serious problem.

Regarding legislative comparisons of bribery, information has been obtained mainly from organisations within the OECD but also from other. In investigating the impact of legislation on bribery abroad, data from Transparency International is also used.¹¹

Danger zones and types of corruption: Chapter Four

In Chapter Four I empirically try to map out danger zones and types of corruption. To grasp this, first the results of the media and legal research are presented. These are based on several empirical indicators such as data from newspapers, courts, and surveys, and include the examination of specific individual cases that have been associated with (alleged) corruption. Then I turn to the Swedish stand on corruption and danger zones, the parliamentary debate and government actions to countervail corruption. This is done by emphasising contextual factors affecting the risk of corruption and actions to combat and prevent corruption, laws about corruption, recent legislative changes and the parliamentary debate about corruption and ethics in the *Riksdag*, the Swedish parliament. Changes that have been instituted to decrease risk for corruption or misuse of public funds and adoption in legislation due to international conventions are illuminated. Data used are from official government publications, laws and the public debate in the 1990s, with emphasis from the mid-1990s.

Here the corruption cases themselves are the unit of analysis (first half of the chapter) in mapping out danger zones in Sweden, and in the second half of the chapter Sweden is the unit of analysis. The analysis is based on the framework of types of corruption and danger zones of corruption developed in Chapter Two. In the first half of the chapter I use empirical indicators such as statistics from courts and cases reported on in newspapers. Other sources are data from the National Council for Crime Prevention (*BRÅ*),¹² Statistics Sweden, surveys conducted by opinion institutes, and the Swedish Code of Statutes (*Svensk författningssamling*). I also use Cars' compilation of legal cases on bribery (Cars 1996). In addition, several case studies are presented in more detail. In the final part of the chapter a look at the official stand and parliamentary debate of the subject allows us to judge the tenor of the political debate about corruption, danger zones and improprieties. This part is mainly based on government commission reports, reports from standing committees, government bills, parliamentary motions, documents from political parties, and the Swedish Code of Statutes.

In developing my data bank of media cases, I canvassed systematically the biggest-selling Swedish broadsheet newspaper, *Dagens Nyheter*, for all articles dealing with issues of corruption and improprieties. I identified 95 individual Swedish cases of alleged corruption and improprieties in which a person/organisation from the public sector was implicated. Regarding these ninety-five cases, I registered 371 articles in the data bank.¹³ As the triage of articles was manually conducted by myself from September 1995 until May 1997, we cannot be certain that every article was identified but we are reassured that it is only the rare exception that was not so identified.¹⁴ Whereas journalistic accounts are not accurate conveyers of the actual extent of corruption in different areas, they do tell us about the types of corruption that come to light, reveal the public's attention to those incidences, and point out possible danger zones.

Before entering into the legal cases, a description of Swedish corruption laws and recent legislative changes concerning corruption is presented, with the objective of providing a basis for our understanding of what is legally regarded as corruption. One of the two judicial data banks I utilize originates from Thorsten Cars (1996). He has assembled approximately 150

legal cases of bribery in Sweden dating from 1979 to the first half of 1996.¹⁵ Most cases are from the district courts and the courts of appeal, but some are also from the Supreme Court. Of these cases, I have singled out for analysis all those cases where at least one of the parties concerned is working in the public sector. This gave 130 bribery cases for analysis.

The other judicial data source comes from the National Council for Crime Prevention. Statistics relevant to legal cases dealing with bribe-giving, bribe-taking, and embezzlement are presented and analysed for the time period from the end of 1980s until 1998. This is followed-up by presenting specific case studies to illustrate the dynamics involved in typical, real-life situations. The information is drawn mainly from legal investigations and verdicts from the courts. Then in the second part of the chapter attention turns to government actions and the parliamentary debate. We study various official documents so as to gauge government response to political scandals and allegations of corruption. This leads to an examination of the government's reply to a corruption survey, which sheds light on its perception of such important aspects as danger zones of corruption and measures to combat corruption.

Swedish perceptions: Chapter Five

In this chapter the focus is on Swedish perceptions about corruption. The first part of the chapter is based on young citizens (students) perceptions of various types of corruption, then the second part turn to perceptions of political actors on questions also including perceptions about the causes of corruption and improprieties and measures to combat corruption. Consequently, by focusing on students, we embrace perceptions of coming teachers, public servants, politicians, journalists etc that will also influence perceptions of other citizens and we also catch attitudes of established decision makers, politicians and public servants, with a direct responsibility for decisions affecting corruption risks. This chapter applies a quantitative method in the first part based on the survey I conducted, and has a qualitative orientation in the second based on the interviews I carried out.

The respondents and their perceptions are the unit of analysis. One should note that the selection of interviewees in the two particular municipalities, Motala and Skellefteå, was not designed with the intention of generalizing to the larger picture but rather to give an in-depth illustrative example. The choice of these municipalities gives us one that had been exposed to a major scandal involving many politicians and public servants and another that had not. Neither municipality had experienced alteration of powers for a long time and thus shared that corruption risk factor. So there is room for some comparisons between them according to a similar-systems logic, as well as allowing for comparison with answers from respondents at the national level.

Replicating a previous study conducted in Canada by Kenneth Gibbons (1989a), I surveyed political science students at Umeå University in Sweden about different types of corruption. Besides providing an interesting way of examining corruption attitudes in Sweden, the application of the Canadian study provided a degree of comparability as Canada is, like Sweden, a country normally ranked among the countries in the "least corrupt" category and thus the Gibbons study has relevance to a study of corruption in Sweden.

However in terms of comparability we must keep in mind that the two studies were carried with such long time between them, that the sample characteristics were different and that attitudes can change over time. Thus the comparative part has to be interpreted with caution.

The purpose of my survey was to ascertain how the respondents evaluate different corruption scenarios and which behaviours they regarded as more corrupt than others. To do this, respondents evaluated ten different scenarios, choosing between alternatives such as whether the scenario was corrupt or not corrupt, common or uncommon, more associated with the national level of politics or the local government level. Afterwards the respondents evaluated the scenarios again, but now only on the corruption variable based on a more differentiated four-grade scale. This was in order to check the robustness of the results. Background variables are examined to be able to observe if there are particular variables that explain possible variation in answers. In order to consider some of the explanations often put forward in the literature, among the background variables tested were such variables as political knowledge, opinions about the way democracy works, political alienation, interpersonal trust, social background, and gender.

The survey was conducted among 160 political science students in the introductory level in political science discipline at Umeå University. It was administered twice, once in spring 2000 to a group of 53 students and later that following autumn to an additional group of 107 students. In both cases the survey was carried out during a lecture during the fourth module of the introductory course in a course, which I had taught the previous module. Identical instructions were given to the groups and the general circumstances surrounding the testing were essentially the same. To further examine comparability of the two groups I investigated whether there were substantial differences between the two groups. A bivariate analysis of relationships between this variable and the different scenarios revealed that for one scenario – the nepotism scenario – there was a significant difference between the two groups (Cramer's $V = .23$, significance $.005$). Regression analysis also showed a significant impact regarding the way the nepotism scenario was evaluated by the two groups ($B = -.24$ and $t = -2.72$).¹⁶ This means that the first group evaluated the nepotism scenario as a less corrupt than the second group did.¹⁷ In the other scenarios we do not see significant differences between the two groups' responses and thus do not see that the study is contaminated by the survey being conducted during two different points in time.

The other source of data aiming at catching Swedish attitudes about corruption and danger zones is the interviews I conducted with public servants and politicians. The purpose was to obtain the interviewees perceptions about political affairs, danger zones, different types of corruption, and causes of corruption. The interviews were conducted at both the national level and within two local governments, Motala and Skellefteå. The two local-government cases were chosen because they provide us with an example of one municipality that had been exposed to a major scandal and another that had not. More information on all of this will be presented in Chapter Five.

The interviews were mainly carried out during a one-week period in the fall of 1997 in Skellefteå (September 29-October 2), Motala (October 13-16)¹⁸ and for a two-week period in Stockholm the following summer of 1988 (June 10-17). Some of the interviews were

conducted by telephone at another occasion, since it was not possible to find a suitable time during the scheduled interview weeks. In total 27 interviews were conducted at the local level (12 in Skellefteå, 15 in Motala) and 14 interviews were conducted at the national level. The interviews were designed to have enough fluidity of structure to give us both the respondents' perceptions about corruption matters and the reasoning behind their views. Interview subjects were selected on the basis of their having insight in the party line concerning matters of study here and/or having responsibilities for areas that could be regarded as vulnerable to corruption. In Skellefteå and Motala the interview sample included group leaders of the political parties in the elected assembly, municipal commissioners and six public servants. Interviews at the national level were conducted among party secretaries (or equivalent)¹⁹ and parliamentarians responsible for or interested in ethics. The total number of interviews conducted, at both national and local levels, was 41, 33 men and 8 women. The male bias in the sample is largely explained by the fact that no women occupy the positions dealing with audit, purchasing and legal affairs, and thus fewer women fell into the group selected for interviews.

The interviews were of qualitative nature conducted in a semi-structured manner. The same topics were discussed, but the order amongst questions was not necessarily in the same order. This was done in order to have a more relaxed atmosphere of discussion, allowing the interviewees to speak more freely, though naturally I made sure that all the themes on the interview schedule were covered. Each interview started by presenting the themes to be discussed which were the same for all interviews. A number of questions on the interview were kept constant. These were especially questions concerning danger zones of corruption, causes of corruption, measures to countervail corruption, effects of corruption scandals and their own experiences of corrupt offers. However, there is some variation between questions asked interviewees at national level and those at the local level. The most significant difference is found in the question where the national level interviewees were asked explicitly about societal changes that could affect the incidence of corruption – which level of government they thought was more exposed to corruption and effect of corruption and improprieties on politics.²⁰

Given the potentially sensitive subject matter of the interviews especially at the local level, it was decided not to tape the interviews. The information was instead recorded manually by the researcher (myself). The disadvantage of recording responses manually is that without a taped transcript to refer to there is the risk of overlooking discussion points or misinterpreting statements. To rectify this problem I made a point to write up interviews immediately afterwards while the discussion was still fresh and to reaffirm its accuracy by providing a transcription of the interview to the subject. All interview subjects thus had the opportunity to scrutinise and suggest corrections. In the citations used, corrections suggested by the interviewee have been considered and the corrected versions are the ones used. The list of the interview subjects are found in the reference section of this dissertation. Naturally, the interviews themselves have been coded to maintain confidentiality.

Studying delegation and accountability processes: Chapters Six, Seven and Eight

In these three chapters the principal-agent approach is used to examine specific cases with a process-oriented analysis with a qualitative orientation. The focus of the empirical study is the purchasing and resources administration in two county councils and in one newly established regional council. This allows us to take a closer look at a specific danger zone – procurement – where different actions, such as favours and kickbacks can be used to influence decisions. Here the emphasis is on the structure of the delegation, where the delegation chains are described rather extensively. Chapter Six serves as an introduction to these three principal-agent chapters at the same time as it provides a study of delegation and principal-agent analysis in a case known as troublesome (Älvsborg). This is followed in Chapter Seven by a study of a case known to have a “clean record” (Skaraborg) and successful delegation. These two contrasting cases are compared at the end of chapter seven. Then in Chapter Eight a newly established region (Västra Götaland), from which the former two are today constituting parts, is analysed in the light of the experiences of the former two organisations.

The cases are chosen according to most-similar-systems design. One case represents an organisation with many problems (Chapter Six – Älvsborg) and the other a more successful example in terms of whether delegation lead to failure or not (Chapter Seven – Skaraborg). The two cases are compared to reach a better understanding of why delegation led to failure. These two cases give a foundation for the analysis of the newly established region a much bigger organisation than the former two. This implies that we can look at changes that affects mechanisms of delegation control and how these changes might increase or decrease the risk of corruption in purchasing and resources administration but also more generally in organisations. These three chapters are based mainly on documents and interviews.

The main elements in the formal description of the chains of delegation are the decisions concerning delegation regulations. To get this information for my case study analyses necessitated my searching primary source materials, i.e. official records documenting this. This entailed an extensive search through official registers in the former provincial capitals, Vänersborg in Älvsborg, Mariestad in Skaraborg, and Vänersborg in Västra Götaland. My goal has been to capture as much of the organisations and their delegations chains as possible, giving the reader an insight in the structure, delegation and other principal-agent aspects in the study. Naturally the type of material used necessitates a qualification. It is important to be aware that definite and perfect univocal answers are not possible. Even with the formal document-based material it is impossible to give a complete and perfect description. A complete survey is not feasible; there are numerous documents and there were many changes taking place during the 1992-1998 period covered in Skaraborg and Älvsborg and in the 1999 initial organisation of Västra Götaland.

The interview material is based on the 46 interviews I conducted. A total of 43 respondents were interviewed, 21 politicians and 22 officials or employees in the administration. Twelve of the interviewees were women and 31 men. Three of the respondents were interviewed twice. In these interviews I used rather detailed questions, but there was flexibility in the order questions was asked due to the specifics of the interview situation. Basically the

interviews were carried out during two stays in the Västra Götaland Region, two weeks in January and February 2000 and one week in October 2000. They were conducted with politicians, officials and employees in the administration who were active in the various steps of the delegation chain. Among those interviewed were members of the assemblies and the executive committee, members of committees specifically dealing with purchasing and resources (P&R) administration, auditors, county council directors and other officials in the central administration, purchasing and resource heads, purchasing managers, purchasing leaders and purchasers. Besides these individuals representing steps in the delegation chain I have also conducted interviews with alternative sources. For example, in addition to interviewing employees in the P&R departments about the relations with the responsible political committee I interviewed employees in the property departments who reported to the same committee.²¹

While in this text the interviews are coded to preserve the confidentiality of the informants, it is possible to perceive what type of position the interviewee has as the presentation follows the steps of delegation. All interviewees are listed in alphabetical order in the references. As the investigation covers a nine-year period (1992-2000), one of the problems confronting us is that interviewees' recollections may have been distorted by newspaper articles and other media coverage after the event. Obviously there is likely to be many different opinions about a situation and it is impossible to interview all actors in the situation. With this in mind, I tried to select individuals in the chain with objective of having all levels represented. When there emerged gaps in information or where different views were needed, supplemental interviews were conducted.

Conclusions: Chapter Nine

In the concluding chapter I answer my research questions. Throughout the dissertation change is addressed. The level of corruption and its development is briefly considered as this is not the main focus in the dissertation. Change more broadly conceptualised is, however, addressed throughout the chapter as a recurring theme, and particular emphasis is placed on institutional and contextual changes. Furthermore, I reflect on what has been learnt by using a combined approach and a multi-method investigation.

¹ I will come back to this definition later in the discussion about definitions and the analytical operationalisation of corruption (Chapter Two).

² But with the assumptions and pre-conditions that are used in the analysis, Nye, nevertheless, concludes that only during very special circumstances it is likely that the benefits from corruption outweigh the costs and, applied to developing countries, it is not likely that political development is promoted by corruption (Nye 1967: 419-424).

³ The work of Thorsten Cars (1996) has shown this. Other work has contributed more indirectly by pointing to the need and importance of corruption research in the Scandinavian cases (see, for example, Andvig 1986).

⁴ Compare this to the earlier investigation about politics and power in Sweden (SOU 1990:44).

⁵ Other important legal studies include Leijonhufvud (1996-97). One of the more famous studies by a Swede is Gunnar Myrdal's (1970) but this has an Asian focus. Another contribution (theoretical), coming from economics, is that of Lambert-Mogiliansky (1996).

⁶ According to one scholar, Colin Leys, the most important research question is the circumstances under which the probability for corruption is at its highest (Leys 1965: 57-58). His basic interest is questions about what effort the authorities put in to reducing corruption, the legitimacy of authorities among the public, and what incentives there are to corrupt the official goals of institutions.

⁷ Which of the independent variables X_i can explain changes in the dependent variable Y ? The logic of the mixed systems design, which is a combination of similar systems and different systems design is shown in Table A. X_1 covaries with Y , i.e. they change together while changes in the other variables does not affect changes in Y . Consequently X_1 is the independent variable that explain changes in Y . Variables are eliminated according to the following comparisons: X_2 : case 1 against 2, 2 against 3 or 4; X_3 : case 1 or 2 against 3, 3 against 4; X_4 : case 1 or 2 against 4, 3 against 4; and, X_5 : case 1 or 2 against 3 or 4.

Table A Mixed systems design

		Case			
		1	2	3	4
Variables	X1	X	X	0	0
	X2	X	0	0	0
	X3	X	X	X	0
	X4	X	X	0	X
	X5	X	X	X	X
	Y	0	0	X	X

Source: Frensdreis 1983: 267.

Key: X = present trait in case; 0 = absent trait

⁸ Transparency International is an association, which works to reduce corruption in business transactions world wide.

⁹ Business International (BI) was incorporated into the Economist Intelligence Unit. For the period 1980-83, 56 risk indices were published for 68 countries. The indices were an average of measures for three years, gathered by the firms' correspondents in the countries, by filling in standardised questionnaires. So they reflect the correspondents' opinions and can be seen as investors' assessments of the situation (Mauro 1995).

¹⁰ In Western countries representative samples were interviewed by face to face interviews. In the 1995-1997 study the sampling universe consisted of all adult citizens, ages 18 and above. In 1981 surveys were undertaken in ten West European countries and were replicated in another 14 countries. Most of the second wave surveys were carried out in 1990. Interviewed were adults 18 and over and the fieldwork was carried out by professional survey research organisations in all countries except South Korea and Turkey. Both national random and quota sampling were used. In Great Britain, Northern Ireland, Italy and the Republic of Ireland, individuals were selected from electoral rolls. In Norway, Sweden and Denmark stratified random samples were interviewed, with response rates averaging 71%. In most other countries selection was made by quota sampling with quotas assigned on the basis of sex, age, occupation and region, using census data as a guide to the distribution of each group in the population. The samples from low-income countries tend to have larger error margins than those from other countries.

¹¹ Here one has to remember that the way corruption is assessed by these organisations and the way rankings are constructed by Transparency International might also reflect an attempt to move corruption higher up on the agenda, and thus the accuracy of these might be affected. For a more

elaborated discussion on this see, for example, Pujas (2001). Similarly, Anechiarico and Jacobs (1994) show how visions of corruption control have changed over time, and how a vision of corruption-proof government has raised corruption control to a top priority for the American public sector.

¹² The Council is an agency under the Swedish Ministry of Justice. Its principal task is to encourage crime prevention measures. The Council is also responsible for the official Swedish judicial statistics (Brottsförebyggande rådet 2001).

¹³ This data set also includes articles concerning corruption and ethics in general and corruption cases in other countries, but these have not been used for this study.

¹⁴ This period was characterised by many scandals and extensive media coverage. This period in time was not chosen because it is a representative one; instead it provides a variety of discovered alleged corruption and improprieties covered in the media.

¹⁵ In the second edition of the book the period of time is extended to cover until 2000, and the number of legal cases covered are 170 (Cars 2001: 166).

¹⁶ I have treated t-values above 2 as high.

¹⁷ At this point I abstain from speculating about why this relationship should occur as there were no clear reasons apparent.

¹⁸ The interviews conducted in Motala were carried out the week before the first trial started.

¹⁹ The author tried to get an interview also with the party secretary for the Social Democratic Party without success.

²⁰ These questions were generated at a later stage of the study and therefore they were not included in the first round of interviews.

²¹ I did not succeed in interviewing all the persons I intended. In one case, the director of the purchasing and resources administration in Älvsborg refused to take part in an interview. In some other cases the persons did not outright refuse but different circumstances made me give up the intentions to interview. But this only applies to a couple of cases.

2

The Theoretical Framework

Introduction

This chapter sets out my theoretical approach. I begin with a discussion of micro- and macro-oriented studies; and I then consider the importance of actors or structures. This is followed by a discussion of the Heidenheimer approach. Afterwards I further develop and define the concept of corruption utilized in the study of corruption and its danger zones. At this point I add a cautionary note: the Heidenheimer approach is not sufficient when undertaking a study of danger zones. Finally I proceed to a discussion of the contextual-factors approach and the principal-agent approach.

The foundations of the combined approach

In the literature the main explanations of what causes corruption can be roughly divided into three categories: 1) moral, 2) functional, and 3) political-economic. The last of these three traditional explanations can be further subdivided into two categories. One deals more with macro-level explanations and the other is more oriented towards micro and rational-choice oriented explanations. As seen in Chapter One, historically the explanations of the causes of corruption have leaned towards the first category, individual morality. Corruption was regarded as an entirely negative phenomenon. The focus was mainly on how to avoid improper influences on decision-making in politics. The making of the American constitution is of particular interest as a case where the need to avoid the negative impact of corruption was seen as a very important issue (Savage 1994, Finer 1952). Compared to the American case, in Sweden corruption has not been recognised as an important matter to the same extent in constitutions – nor in political science (Andersson 1995), even though the theory of division of powers historically had a prominent position in the making of the previous 1809 Swedish constitution (Stjernquist 1965: 14).

In the 1960s and 70s functional explanations became dominant. Functional explanations regard corruption as a mechanism functional to society and consequently not necessarily a negative factor. The modernisation thesis, as laid out by Huntington (1968), implies that corruption is at peak when a country is in an intense phase of modernisation. The effect of modernisation on the level of corruption is based on the argument that rapid modernisation

changes basic values, redefines acts which previously had not been considered corrupt, expands governmental activities and thereby new opportunities, and creates new sources of wealth and new classes to aspire to power through corrupt means. Hence corruption becomes an alternative means of influence on the deteriorating institutions. In fact, violence being another option to obtain influence, corruption is seen as a better alternative (Ibid.: 59-71).

Syed Hussein Alatas (1990) criticises Huntington's and the modernisation theorists' relativistic stand on corruption. He charges that functionalists are ethnocentric, using a double standard by classifying behaviour as corrupt by Western standards but non-corrupt by non-Western standards. Additionally, Alatas rejects their view that traditionally Asian and African societies had no distinctions between public and private spheres of behaviour and discourse.¹

Modernisation theory has also been criticized for failing to explain the widespread extent and persistence of corruption in many developed democracies of the west. In recent literature the focus now includes the developed industrial economies (see, for example, Little and Posada-Carbó 1996, Levi and Nelken 1996, Della Porta and Mény 1997, and Fiorentini and Zamagni 1999), though it should be noted that on a comparative level these countries have relatively good records.

Contemporary scholars of corruption have criticised and empirically questioned the functional explanations, for example, in studies showing the negative impact of corruption on economic growth. Circumstantial evidence suggests that corruption has generally declined with economic growth in most rich countries and some developing countries (see Shleifer and Vishny 1993, Mauro 1995, Bardhan 1997).² In general, the modern view is that the historic relation between growth and corruption has been negative, but there are non-linearities in this relationship. In some countries corruption may have increased in number and extent with the process of modernisation and growth but then been reduced. As the economy expands and becomes more complex public servants see more opportunities making money from their decisions. Corruption may even increase as overall incomes grow, though in general high-income countries have less corruption than low-income countries (Bardhan 1997: 1330). During a transition time, part of production may be under state control while another part may be sold on the free market. Again this creates opportunities for corruption. Examples of this are to be seen in the market conversions of Eastern Europe, China and Vietnam from planned economies towards market economies. Privatisation has in some cases given opportunities for public officials to demand kickbacks. This is, explained in part by changing economic and political systems, going from a strong state to a weak one, which sometimes gives opportunities for organised crime to emerge as an alternative to state power. Several studies establish that democracy limits corruption. Democratic institutions are thought to increase transparency and accountability and make corruption networks more difficult to sustain.³ Sandholtz and Koetzle in their studies find a significant negative correlation between corruption and political/civil freedom and years of democratic government in a country (Sandholtz and Koetzle 1998: 11). Lane and Ersson (2000: 301) also conclude that countries with an early implementation of democracy have lower levels of perceived corruption, but that, though the levels of corruption seem to be low in the democracies, the effect disappears when controlling for affluence and Protestantism (Lane and Ersson 2000: 110-113).

Montinola and Jackman (2002: 167) find that the democracy lowers the corruption level but that there is a threshold in the relationship, meaning that partly democratised countries actually experience slightly more corruption than the dictatorships but that the fully democratised countries experience much lower corruption levels.

In line with the growing stress on corruption as being dysfunctional to society (among others, see Rose-Ackerman 1978 and 1999, Bardhan 1997), political-economic explanations focus on the probable gains (money, favours, etc.) and costs of corruption (punishment, reputation, etc.). Scholars such as Gunnar Myrdal (1970) argued that corruption impedes political and economic development while benefiting only a few. Corruption decreases the resources available in the developing countries and impedes the functioning of the political system. Once widespread corruption spreads through a society, and the legitimacy of its institutions are threatened, the incentives for officials to obey the formal rules disappear.

As mentioned, the micro-oriented studies of today focus less on system functionality and more on the actor and situated individual choice to explain and analyse corruption. A dominant assumption in these types of analysis is that the expected possible gains or losses, and the ability to find other corrupt partners for a person deciding on whether to enter into a corrupt deal or not, are decisive factors.⁴ This is not to say that models from a system-oriented tradition are of no use. As delineated in the modernisation thesis, change is an important factor in understanding corruption; this holds true as well in other perspectives and models though the focus on change may differ. With regard to industrialised western countries, one system-oriented model, namely the Heidenheimer model, is presented below. This model remains influential in the study of corruption and it is fruitful in cross-countries comparative studies of corruption, largely because it helps us to understand mechanisms behind differences in acceptance of corruption in societies and why corrupt transactions might be regarded as a functional choice. This model does not take the stance that corruption is advantageous for society and this position is in accordance with my view that corruption is a truly negative factor. This position is in line with the more recent research that stresses the negative consequences of corruption on growth and economic efficiency. Corruption has detrimental political consequences due to its pervasive effects on decision-making and in the long run it diminishes the possibility of well functioning institutions. It is probably not possible to keep corruption at a zero level in any country, or at least not worth the police state it might take to control such a society. For the individual, taking a bribe might somehow be constructed as “rational”; for society at large corruption has negative long term effects. This is one reason we need to understand corruption better, even when it appears in a least corrupt case.

How to conduct macro-regional, country and case studies: system, context and actors

Explanations of corruption can be divided into micro-oriented or macro-oriented studies, and frequently into actor-oriented explanations or structure-oriented explanations of corruption. The agent/structure and micro/macro problems reflect a need to embrace a conceptualisation

of the explanatory relationship between social actors or agents and social structures in order to explain social behaviour (Wendt 1987: 339-340).

Macro or system-oriented explanations of corruption often start from the fact that some behaviour is regarded differently in different countries or between different regions within a country (see, for example, Heidenheimer 1989, Gibbons 1989). The idea is that depending on historical factors and level of economic development, manifestations and types of corruption may vary.⁵ Additionally, peoples' reactions to corruption may vary because of different norms. One cultural explanation is the theory of cultural transmission, which means that the perpetrators belong to a unique value system encouraging rather than criticising the deviant behaviour. Another theory uses the concept of differential association; individuals engage in similar behaviour because of their small-group interactions and association with deviants (Maingot 1994: 55-56). Lipset and Lenz (2000) use various statistical indicators to show that culture matters in explaining the level of corruption in countries. They tie their analysis to two major approaches concerning a means-ends scheme. One builds on Robert K. Merton's work, where corruption is seen as a motivated behaviour stemming from social pressures that results in norm violations. The other builds on the work of Edward Banfield, where corruption is in large part an expression of particularism, or, in other words, an obligation to help family members in particular. According to these explanations, variables that increase particularism and the stress on achieving economic goals, while at the same time as access to resources for many to achieve such goals is limited, will increase the level of corruption in countries. Two such variables affecting corruption levels are the wealth of a country and whether the religion in a country is associated with individualistic or familistic relations (Lipset and Lenz 2000: 116-120). According to Yves Mény,

“[T]he sensitivity of public opinion towards corruption varies considerably from one country and one culture to the other, not only between Europe and North America, or between Africa and Asia, but even within relatively homogenous groups such as Western Europe...” (Mény 1996: 310).

The more accepted the corrupt behaviour is in society or a group the lower the expected cost for the individual. Different types of socialisation can form attitudes about corruption differently.⁶ This might be important when a person acts in an environment outside of the traditions and norms than the ones familiar.

In micro-oriented explanations the focus is more on the actor making choices in a specific social and economic context, affecting the individual and possibilities, incentives and attitudes about corruption (Maingot 1994: 57). Furthermore, in some of the micro-oriented approaches it is not only changes in factors that affect actors, but also changes taking place in the interplay between actors and factors. Multiple equilibrium models and neo-institutional models, such as agency theory⁷, which combines the individual and institutional explanation (See Rose-Ackerman 1978 and 1989, Nabli and Nugent 1989, Groenendijk 1996), can be used to get a better understanding of variation of corruption across countries as well as within countries. Furthermore, this also aids us in understanding what factors lead to vulnerability to corruption in the case of “old democratic countries”.

To conduct this research study I use a combined approach in which both actors and structures are included.⁸ There are several reasons for this. First, pure actor-explanations see that actors do what they do because of their own individual preferences, while pure structural-explanations are deterministic, failing to explain why two actors in similar situations chose different alternatives of action (Rothstein 1988). Whether to focus on actors or structures is dependent upon the degree of autonomy the actor has, which is impossible to know before conducting a study (Lundquist 1984). As Wendt (1987) put it:

“[H]uman agents and social structures are, in one way or another, theoretically interdependent or mutually implicating entities. Thus, the analysis or action invokes an at least implicit understanding of particular social relationships (or ‘rules of the game’) in which the action is set—just as the analysis of social structures invokes some understanding of the actors whose relationships make up the structural context. It is then a plausible step to believe that the properties of agents and those of social structures are both relevant to explanations of social behaviour” (Wendt 1987: 339).

Second, intuitively and empirically, it seems unreasonable to conduct this research from only one approach. A multi-approach towards constructing the theoretical framework allows us to have several “pictures” of the same phenomenon, catching it from different angles (see, for example, Peters 1998: 97). But unlike Allison’s (1971) study in which the same empirical material is studied by the different approaches, my approach in this research also uses different approaches focusing on different types of material.

Drawing upon the modern literature on corruption, micro-oriented as well as macro-oriented, I pull together three different approaches that together constitute my combined approach. The Heidenheimer approach is structure- and macro-oriented, with societies in somewhat static categories. In the analysis of Sweden this is not sufficient, as we also need to focus on contextual factors and the individual actor; thus I also utilize the contextual factors approach as well as the principal agent approach. In the discussion that follows, the constituting parts of my approach are given about the same weight. However, as we approach the empirical investigations we draw more upon the Heidenheimer and the principal agent parts of my approach. This is not to imply that the contextual factors part should be seen as less relevant; on the contrary, especially in the beginning stages of the study, it serves as a guide for where to look for danger zones as well as singling out important aspects to take into account in so doing.

Why then are these approaches used and not others? The combined approach is broad and has an eclectic starting point covering a wide area of the literature, aiming at generating aspects (variables) of importance in my research. This approach is chosen to enable us to have a close look at Sweden and at the same time be able to do this within a comparative context. Furthermore, this approach is well suited to move from a focus on country and system level to local and actor-centred levels of analysis. This provides three somewhat different pieces of the overall puzzle. This combined approach, by providing a broader and fuller empirical picture than a study based solely on just one of these underlying approaches, contributes to a better and more comprehensive understanding of the different types of corruption, danger zones, and the importance of actors and their choices. There are of course other possibilities

but with these particular objectives foremost, the combination of these three approaches constitutes the best encompassing approach, generating both micro-oriented and macro-oriented variables of importance to study. Clearly, the approach I have chosen draws upon both structure-oriented and actor-oriented studies.

In the section that follows I look at the constituting literatures in more detail. I start by turning to the Heidenheimer approach and in so doing provide a comparative introduction to the distribution of corruption. This gives a foundation for the discussion of different types of corruption, attitudes about corruption, and danger zones.

The system-oriented Heidenheimer approach

The Heidenheimer approach is fruitful in providing concepts to study different types of corruption and provides a comparative approach for this study. The definition, and use, of the corruption concept in the Heidenheimer (1989: 149-151) model has a public-office centred base and rests on official definitions of corruption in the community of study and Western elite norms. Public opinion is brought into the model, as types of corrupt behaviour are classified into petty, routine and aggravated corruption, and according to normative evaluations of black, grey and white corruption. This is something that will influence the framework used in this study. The meaning of these different concepts and definitions is further explained below, and in the sections describing other ways of defining corruption and using corruption as an analytical concept. The Heidenheimer approach is one of the more influential approaches. However, in order to develop the discussion about different types of corruption and to enable an empirical study of corruption in Sweden, I find the Heidenheimer approach is not sufficient. After presenting the main points of the Heidenheimer approach, I explore other options available for defining corruption and its use as an analytical concept. This leads to an explanation of my particular use of corruption as an analytical concept and my method and selection of different types of corruption which I use in this study.

Heidenheimer focuses on the distribution of the incidence of corruption among societies and predicts what types of corruption would be frequent within a society. Societies are grouped according to four types of political obligation relationships: the traditional family based system, the traditional patron-client based system, the modern boss-follower based system, and the civic-culture based system.⁹ This model shows the relative occurrence of varieties of political behaviour concerning office-holding and civic participation that are regarded as corrupt in terms of Western elite norms. It also evaluates the severity or tolerance with which elite and mass opinion in a community consider various behaviours officially regarded as corrupt. It seems reasonable to suspect that Sweden lies closest to the civic-culture based system in which citizens do not need middlemen to benefit from laws or administrative programs. Strong community norms are developed, which are supported via voluntary organisations. The more civic the system is, the fewer types of corrupt behaviour are accepted by the people and corruption is used less in political obligation relationships. As

mutual interaction between individuals expands, a tendency is created to interact in more frequent exchanges based on established reliability. This system classification implies that we can expect both the corrupt behaviour and the frequency of corrupt behaviour to vary among different systems and countries depending on the political culture and tradition.

Corruption is grouped into three different categories – petty, routine or aggravated corruption – depending on the incidence or seriousness of corruption. Determining to which category an act belongs is partly based on its pervasive effect on the functions of society but also on whether the act is common in the different systems of political obligation relationships.

Petty corruption means that officials deviate from rules in minor ways for benefit of friends. It widely takes place in all the four different systems, but in the civic-culture based society, unlike in the other cases, this type of corruption is not standard operating procedure (though it is still rather frequent).

Routine corruption is characterised by: a) gifts being accepted by public officials or parties for generalised good will; b) nepotism practices found in official appointments and contract awarding; c) officials profiting from public decisions through sideline occupations; and d) clients pledging votes according to patron's direction. Some of these behaviours occur even in the civic-based society, but in those cases it is often through collectivisation devices such as party campaign treasuries. Campaign contributors to political parties can in this way gain influence without breaking the law, for example, as contract bidders. In the boss-patronage system it is standard behaviour, unlike in the civic-culture system, to try to gain influence over appointments or contractors by offering individual material benefits. In the traditional patron-client based community many procedures regarded as routine corruption by Western official standards are standard and may be deeply rooted. All of the characteristics of routine corruption are standard patterns in the family-based system.

Aggravated corruption is characterised by: a) clients needing patron intervention to get administrative due process; b) gifts being expected by officials as prerequisite for extending due process; c) officials tolerating organised crimes in return for payoffs; d) activists suddenly changing party allegiance for pecuniary reasons; and e) officials and citizens ignoring clear proof of corruption. Aggravated corruption seldom occurs in the civic-culture based system. In the modern boss-patronage system it varies. In the traditional patron-client systems the incidence pattern is distinguished from the boss-patronage system by the fact that, in the former, a properly connected client can use it for numerous different services. The patron is important to the client in almost all-important societal connections (Heidenheimer 1989: 156-160).

By introducing the additional categories of black, grey and white corruption, we have a conceptual way of looking at perceptions of acts by the elite and the public in general, and the variation of public perception of corruption between political systems (Ibid. 1989: 161-163). White corruption means that the behaviour is perceived as tolerable both by a majority of the elite and the public, and they would probably not vigorously support action against it. If acts are perceived as corrupt both by a majority of the elite and the public they are classified as black corruption. In the intermediate category, grey corruption, perceptions deviate between

the elite and the public whether they would want to see the actions punished. Some groups, usually elites, may regard the behaviour as illegal and want to see it punished while others do not. The majority may be ambiguous. According to Heidenheimer (1989: 161), the groups strongly opposed are more likely to be elites while the public in general tends to be more indifferent to the acts.

In the modern civic-culture based system, instances of aggravated corruption are rare or atypical, and are deemed as black corruption. Unlike in the other three systems, cases of routine corruption happen occasionally except for case where clients pledge votes, a rare occurrence, and is regarded as black corruption. However, in the cases of gifts and nepotism, if the transaction is collectivised, as for example concerning party financing, the cases might be regarded as grey. Petty corruption can be expected to happen frequently and is judged as grey corruption. One of the subtler characteristics of norm patterns in the civic-based community is the greyness of attitudes toward petty corruption, but generally elite disapproval is expected to limit its extent.¹⁰

The importance put on the way political obligation relationships are organised and the degree of civicness is to some extent similar to the discussion about the relationship between social capital, trust and good governance. Putnam's (1993) study of Italy pointed to the importance of social capital in determining institutional performance, which has also inspired corruption research. At this point we should note that though at first glance there seems to be a casual relationship between social capital and the factors of, trust in government and good governance, we should not easily jump to that conclusion as social capital can be of such a nature that it actually favours and sustains corruption¹¹ (Della Porta 2000, see also Putnam 2001, Rothstein 2001a and b). The aim of this dissertation is not to take on this debate about the casual relationships. Instead, I simply acknowledge that there are connections between them. In applying the Heidenheimer approach as a comparative reference point in the cross-national discussion (see Chapter Three) I use trust (interpersonal trust) as an approximation for civicness in the Heidenheimer model in order to see if there is a relationship between trust and corruption levels, thus, giving empirical support for the model.

Using this Heidenheimer model for comparison also provides an opportunity to test in a comparative context its presumptions about types of corruption. It is assumed useful in studying attitudes about corruption as it provides a theoretical foundation and tools useful for empirical studies. Danger zones of corruption are not in themselves specified, but the discussion of types of corruption and their variations do give us some insights into this field. In applying the model to Sweden, we must recognize that many of the characteristics in the model are given from a southern European, American and British context. But, on the other hand, this application gives the opportunity to try the assumptions of the model and develop and broaden its applicability. This can be done by studying cases and types of corruption that differ from those originally presented in the model. We can then see if there are changes in relation to the model. For example, we can test whether the assumption that the elites of society are less tolerant towards corruption than others is valid. And finally, since more global attention has been given to the subject of corruption than previously, we may see an effect on attitudes in a way that the model might not capture. Indeed Heidenheimer (2001) has noted

the effects of global changes. He concludes that because of global changes, our understanding of corruption has become more fragmented and ambiguous. This in turn means that the model with its categorisation of black, grey and white corruption has lost some of its capacity to reflect corrupt behaviour.¹²

The definition of corruption, danger zones and related concepts

Based on the above presentation of the Heidenheimer approach, we already have some foundations for how corruption could be used as an analytical concept. In this section this is elaborated further, drawing upon literature that in a similar way discusses corruption, and looking at some alternatives that are used in the literature addressing definitions and different types of corruption.

There is no general agreed-upon definition of corruption. Definitions used vary depending on discipline and mechanisms used to explain the phenomenon (Johnston 1996: 333). To make possible a general study of corruption and to think systematically about danger zones, the choice of operational definition is important. The most common way to classify corruption is with behaviour-focused definitions, classifying corruption as the abuse of power, public office, or resources for private benefit. This results in four categories of definitions; public office centred, market centred, public interest oriented and, public opinion oriented (Heidenheimer 1970: 4, Gibbons 1989: 165). Public-office centred definitions are grounded in legal framework and based on the rules guiding public officials in their duties; such definitions are the most common type. Regarded as corrupt behaviour is that which deviates from the normal in order to promote private matters, monetary or status gain, and that which breaks rules covering the use of influence to affect private matters. However, one has to keep in mind that every illegal action need not be corrupt and every corrupt action need not be illegal. One of the more commonly accepted definitions of corruption, which I use as a starting point (presented previously in Chapter One), is that of Joseph Nye:

“Corruption is behaviour which deviates from the formal duties of a public role because of private-regarding (personal, close family, private clique) pecuniary or status gains; or violates rules against the exercise of certain types of private-regarding influence” (Nye 1967: 419).

Market centred definitions regard corruption as a way of getting hold of resources in order to maximise profit. Corruption is seen as an illegal market mechanism in the allocation of resources mandated to the political system. But this is more an explanation than a traditional definition of corruption. Applied to agency theory the definition might read: the agent undertakes an action that is not authorised by the principal.

In public-interest oriented definitions corruption occurs if the common interest is disregarded to promote private interest. This definition implies that illegal actions can be justified if they promote the common interest.

In public-opinion oriented definitions, the public opinion defines corrupt behaviour. This enables the researcher to define the problem, but on the other hand, it creates a problem as public opinion may change, be divided or hard to determine.

Given the theoretical framework and comparative ambitions in this study, I use a public-office centred definition as a point of departure. From this perspective, deviations from rules guiding officials’ public role and duties in order to promote the private interest are regarded as corrupt. The public role, as defined in this study, concerns politicians, parties and senior public servants with managerial posts. The advantage is, despite a broad starting point, that it is not as diffuse as many other definitions. It should be noted that this is not an analysis based only on formal rules; the typology developed in this section also includes non-legal and informal norms, e.g. the public’s attitude toward corruption. Even in societies where norms and roles are relatively settled, there will be substantial grey area in respect to behaviour-type definitions of corruption (Johnston 1996: 333-325). Informal rules and codes are therefore important to consider. The choice of definition affects the perspective and outcome and, if too rigid, can give a false security, overlooking many interesting aspects. In the following section this is developed further.

Political ethics, corruption and political affairs

To be able to identify cases that concern corruption I need to distinguish between corruption and some related concepts. In Sweden there have generally been more discussions about political ethics¹³ than corruption, due to the low incidence of corruption but also because corruption has been regarded as almost non-existent in Sweden. However, there have been increased debates about political scandals, which in some cases regard corruption. Figure 2.1 demonstrates that I envision political ethics as an overarching concept, which includes phenomena such as political affairs and corruption. Furthermore, as we see in Figure 2.1, the grey area is the area of interest where a political affair (scandal or impropriety) can be regarded as corruption.

Political ethics

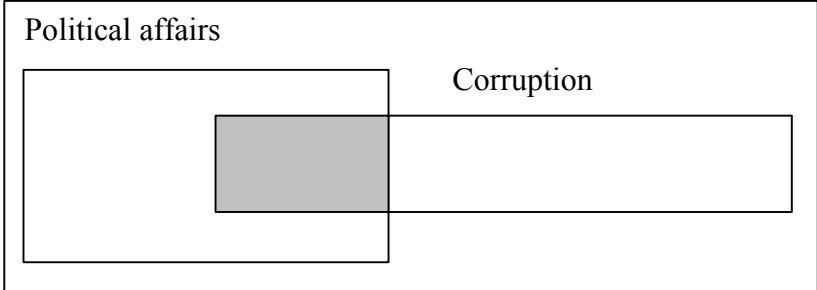


Figure 2.1 Corruption and related concepts

But political affairs or scandals are not necessarily the same as corruption. Table 2.1 aims to make this clearer. For an act to become a scandal it needs to have media exposure, but the

information may not be correct or might not be connected to corrupt actions, for example, it might involve an act morally wrong, such as unfaithfulness and deviant behaviour. Furthermore, not all cases of corruption are discovered, therefore not all cases lead to a political scandal. Even if it is discovered, it might not result in a scandal if the media do not cover it.

Table 2.1 The relation between corruption and political affairs

		Political affairs	
		Yes	No
Corruption	Yes	Revealed	Undiscovered Crime pay off
	No	Faux pas Unfaithfulness	Peace and quite

In this study, particularly the empirical section on types of corruption and danger zones of corruption, corruption is limited to cases concerning the public sector and the public role as defined earlier. This means that at least one party involved has the public as principal. We should therefore note that this means that we cannot look at the empirical examples collected to identify danger zones in the study as an indicator of how corrupt the public party involved is. The case could be included here simply because the public function was exposed, for example a bribery attempt, even though the public party involved did nothing wrong.

Different types of corruption

An important reason to study types of corruption is that they might vary in different contexts, and therefore one can not take for granted that the results are the same in different countries, a factor underscored in the Heidenheimer approach. Building on the Heidenheimer tradition, Kenneth Gibbons surveys variations in attitudes towards corruption in Canada, where different types of corruption are identified from a legal-based starting point. The types of corruption that the survey is based on are related to patronage, vote-buying, pork-barrelling, bribery, graft, conflict of interest, nepotism, influence-peddling and corrupt campaign finance. The results show that legal distinctions and public opinion might not always go hand-in-hand (Gibbons 1989a). We will see this approach used in the attitude survey presented in Chapter Five.

In the literature we have seen the fruitfulness and importance of distinguishing whether an act is legally regarded as corrupt and whether an act is regarded as morally corrupt by the public. Drawing upon this, Table 2.2 uses a distinction, which empirically is rather complicated to establish.¹⁴ Corrupt practises are seldom confined to the field as defined by penal laws; misappropriation of public funds or unlawful interference often is part of corruption, without being regarded as corruption proper (Mény 1996: 311). But from whose

point of view is the act immoral? In this case we refer to public opinion. Despite the difficulties, this distinction is analytically useful: by not just concentrating on the legal part but also the public perception of the act as corrupt or not we are able to compare whether perceptions are in congruence with the legal norms.

Table 2.2 Distinction of corruption based on moral or law

		Immoral	
		Yes	No
Illegal	Yes	Obvious cases of corruption ¹⁵	Some patron-client relations ¹⁶
	No	Public outrage ¹⁷	Proper behaviour Not corrupt

In analysing different types of corruption, which might range from direct bribes to vague transactions, it is fruitful to distinguish between indirect or direct gains from corruption. We can expect corruption in the modern society and economy, as in Sweden, with highly developed social networks and a large number of possible ways to carry out transactions, to be indirect in many cases and it is often difficult to determine which transactions are corrupt. The fact that bribes are quite easy to identify as corrupt behaviour results in much research on this particular aspect of corruption; often this is essentially what is meant in discussion of the concept of corruption. In bribery the situation is clear: the bribed public servant agrees to carry out or to abstain from carrying out a duty in exchange for certain compensation. But it is not the only indicator. There are other examples of corrupt acts such as blackmail, kickbacks, nepotism and forms of patron-client relations, i.e. undue forms of private gain in conflict with the intentions and regulations of the duty (Kjellberg 1995: 342-43, Heidenheimer 1989: 149).

Indirect forms of corruption are vague with unspecified exchange deals and tend to take on a collective character, with personal aspects reading into the background. Francesco Kjellberg noted, “Not least in view of the almost epidemic spread of corruption to the advantage of political parties rather than individuals, it is essential not to peg its definition only to personal gains” (Kjellberg 1995: 342-43). Table 2.3 combines the distinction between direct and indirect gains from corruption with the distinction between corruption as violation of legal norms or violation of entrenched ethical standards. This categorisation sets out four major types of corruption.

Table 2.3 Categories of corruption

		Transaction type	
		Direct	Indirect
Breach of norms	Legal	1	3
	Non-legal	2	4

Source: Kjellberg 1995: 343.

The first type in the matrix is the simplest form of corruption – it is both illegal and direct, straightforward cases such as a cash-bribe and when exposed easy to identify. Type four is the opposite, where gains from the exchange may be contingent, secondary or collateral, coming into balance for both sides over a long period of time. It also represents a breach of social ethics and norms not reflected in the legal code. This type is more difficult to circumscribe and often perceived by the public to be on the fringe of what is generally regarded as corruption. The other two categories combine the basic features in different ways. The last three cases of corruption are as important as the first as they corrode moral standards in political and administrative life, possibly even more than the other cases, on account of their veiled guise. They are likely to be found in complex social contexts distinguishing contemporary developed societies. The fact that the acceptance by the population may vary makes these types difficult to grasp analytically. Kjellberg points out that what is tolerated depends on the social context and the cultural environment, necessitating the Heidenheimer distinction in black, grey and white corruption (Kjellberg 1995: 243-44).

Consequently as I also need to be able to analyse these vague cases in Kjellberg's categorisation, when different types of corruption are categorised and analysed in regard to attitudes about them, the distinctions in Table 2.2 and Table 2.3 will be used and complemented by the Heidenheimer distinctions of black, grey and white corruption. By treating the judicial interpretation of the legal codes as an imperfect indicator of elite opinion, black corruption would thus imply congruence between the judicial interpretation and mass opinion, while grey corruption points to a lack of congruence between judicial interpretation and mass opinion. With this operationalisation white corruption would be from a legal perspective unlikely to become a law in the first place as necessary consensus neither exists at the elite nor the mass level (compare with Gibbons 1989b: 168).

Identifying, studying and explaining danger zones

As was defined in the first chapter, the danger zones of corruption in this study concern those areas in society in which corrupt transactions are most likely to occur. These areas are not necessarily characterised by high levels of corruption. Instead they are characterised by such factors as many opportunities for corruption, corrupt offers being common, suspicions often being directed towards the area, or that the important facts identified are present in such a way that corruption could be promoted.

This leads us to the empirical question where we empirically can identify occurrence and where we identify conditions that are likely to promote corruption. One empirical strategy in identification of such danger zones of corruption is to study the frequency of corruption in government organisations by looking at legal cases and media reports and by conducting interviews. Thus, studying danger zones involves identifying at which levels and in which relationships corruption seems most prevalent. However, this can only provide one part of the puzzle, giving indication of those areas where the frequency of occurrence is high. The other part that contributes to our understanding is to study empirically the conditions present and to see how this relates to the framework to study of the danger zones.

How do we identify, study and explain areas that are potentially in danger of corruption? Having introduced the approaches above, we already gained knowledge about some of the most important aspects and variables identified in the literature. Now we will turn to some direct results of earlier studies concerning which sectors can be empirically identified as vulnerable to corruption. According to a survey conducted by Transparency International (TI), the areas susceptible to corruption in the public sector are much the same among countries, regardless the stage of development in the country. However, there is one exception, that in the developed countries the balance of corruption tended to be greater at the local level of government compared to developing countries (Transparency International 1996b). It is concluded that corruption is most commonly found in the following areas of the public sector: public procurement, customs, taxation, police (especially traffic police), immigration, licenses and permits, provision of services where there is a state owned monopoly (e.g. telephone connections), construction permits, land zoning and government appointments. In another study Transparency International points to the following areas of government activity as the most vulnerable to corruption: public procurement, rezoning of land, revenue collection, government appointments and local government. Transgressions commonly included cronyism, nepotism, buying influence through donations to political campaigns; kickbacks on government contracts; and fraud of all kinds (Ibid.).

To sum up this discussion, my study of corruption focuses on the following factors: a) location of corruption, i.e. the level of government, b) actor, i.e. politicians or public officials, c) legal or non-legal norms, d) direct or indirect transactions, and e) public reactions and perceptions. I start with a public-office centred definition of corruption as a base, though in some instances I also bring in the public's perception of what constitutes corruption. I restrict my study to corruption that takes place in the public sector, i.e. cases where at least one party involved has the public sector as principal. To some extent I also employ an agency definition, but not in a way connected to profit maximisation, instead as a tool to identify agency loss and weaknesses that could promote corruption (this will be discussed more in the coming sections). For empirical measures I employ comparative data for the macro-level; for Swedish data I use court records, surveys, interviews and newspapers reports. The comparative data applied is mostly based on a public office centred definition. In the data on Sweden this varies more; the public office centred definition is the base, but public opinion data is also used where I seek to catch the public perceptions. In the empirical studies I also rely on the distinctions developed above between corruption and other related concepts and between direct and indirect transactions. Finally, in studying vulnerability in public-sector organisations, the principal agent approach is employed, but it is utilized more to study risks for corruption than to regard all agency loss as corruption.

As already touched upon, I study the risk for corruption; thus, the concept of danger zones of corruption is central to serve as a bridge into the study of danger zones because the chosen operationalisation enables study of cases that are not clear cut. In the next section I elaborate and present the remaining two approaches I use to study those danger zones of corruption.

The contextual factors approach

In the contextual factors approach I look at the important contextual factors identified in the literature concerning the causes of corruption. This approach is eclectic with a broad perspective aiming at the identification of important variables associated with corruption and danger zones of corruption. The major factors having a causal effect on corruption generally ascribed in such literature are institutions, culture, political power conditions, and actors. As the occurrence of scandals have increased, interest in codes of ethics and procedures for shaping moral organisations and public officials have increased. But in this approach the actor is in the background and seen more as a dependent variable than an explanatory factor.

By the term institutions I mean both formal and informal rules, the defining “rules of the game”. To a great extent the actor's room for action is decided by these institutions. It is the legal framework concerning corruption and the kind of formal and informal rules which decide, at least in part, the type of actions that are judged corrupt. Examples of important institutional factors are the electoral system (see, for example, Galeotti and Merlo 1994), the system for political financing, the degree of economic and bureaucratic regulation (Lapalombara 1994: 338, Schlicht 1985), the organisation of public sector functions (Heywood 1997b: 429), the judicial institutions¹⁸ (Lane and Ersson 2000) and changes in the economic system (Olowu 1993, Makumbe 1994, Bardhan 1997: 1335). Big government is often thought to promote corruption,¹⁹ and over-regulation is often referred to as a hindrance to business, creating opportunities for corruption. But in recent studies the big government argument has been questioned and shown not to be confirmed (Montinola and Jackman 159, 167).

Cultural explanations of corruption often start from the fact that some behaviour is regarded differently in different countries or between different regions within a country (see, for example, Heidenheimer 1989). Corruption stems from social norms that emphasise gift-giving and loyalty to the family rather than accepting the rule of law. Depending on historical factors, geographic placement, level of development, and cultural aspects, the types and practises of corruption vary. Many authors in this field have built upon the study of Edward Banfield (1970), who explains corruption as being promoted by a strong family orientation and the individual sense of responsibility for helping relatives. Another related explanation looks at the level of pressure a society sets for actors to achieve their goals in relation to their abilities and the degree of access to available resources to so do (Lipset and Lenz 2000: 117).²⁰ Public response to corruption may differ from one group to the next due to different cultural or group norms. The more accepted the corrupt behaviour is in a society or group, the lower the expected cost for the individual. Even within a particular society or group, different attitudes about corruption might exist because members have had different socialisation experiences. This latter factor might be particularly important in the case of someone who acts in an environment where the traditions and norms are unfamiliar to that person.

Theories and explanation for corruption which focus on the political and bureaucratic dimensions emphasise factors such as the degree of political competition, scope of government, relations between elected politicians and public officials, public-private relations, and

efficiency. These affect such factors as to whether the political parties and the party system are institutionalised separately from the administrative structures (Heywood 1997b: 427), the degree of competition, transparency, and accountability in the public sphere, the degree of real competition between power centres (Della Porta and Vanucci 1996: 366), and the amount of time the government is in power (Lapalombara 1994: 340).

Changes in institutional factors, political power conditions and in cultural factors can affect corruption risks. One such change is that political parties have lost members and thereby become increasingly more dependent either on state financing or private contributions as campaign costs have risen enormously in most countries. This has put pressure on parties resulting in some cases in their resorting to illegal ways of financing party activities. Legislative changes have not always reinforced or coincided with the informal rules currently guiding activities. Concerning party funding there are other related factors worthy of examining such as whether the system is candidate-oriented or party-list oriented and what are the implications of systems based on public funding or plutocratic financing (see, for example, Alexander 1994, Jones 1994, Lösche 1993, Nassmacher 1993 and 2001, Shiratori 1994, Gidlund and Koole 2001, Alexander and Shiratori 1994, Gunlicks 1993). Plutocratic financing, e.g. private financing based on big contributors and interest groups, causes concern about the possibility of buying influence and even control over decisions by making conditioned contributions. Public funding has been stressed as a remedy to decrease the exposure of politics to financial interest, but the empirical record does not indicate if indeed it is a crucial factor (Heidenheimer 2000: 19). Public funding on the other hand can create other problems, such as parties tending to favour those inside the system while parties outside are unfairly treated. Contributions to political parties are controlled and regulated by law in many countries, particularly in response to previous scandals (Gidlund 1994b: 105, 1999).

It is often asserted that the moral context of society-at-large has changed; that in the political scandals we have evidence of a morality shift – people are more inclined to break rules, thus increasing the likelihood of corrupt actions. Furthermore, changes have been noted in the public ethos and motivations of those seeking public office (see, for example, Della Porta and Mény 1997: 167-168).²¹ In Western Europe confidence and trust in politicians and politics have been declining for a number of years.

The state, under economic duress, has privatised or decentralised many of its activities. There is an ongoing debate in political science about the effects on governance of the changed relations between the public and private sphere as a result of new models of administration of the public sector activities. Governance, defined as the making of collective decisions, may not include a leading role for government (Hague and Harrop 2001: 5), and the relationship between and strength of the actors involves change. These changes and their effects have also been analysed in corruption studies. We can, thus, see that corruption studies are not just about government but are to an increasing degree about governance. It is interesting to note that privatisation, according to many analysts, has worsened corruption, by blurring the lines between the public sphere and the private, and that contracting-out increases the risk of corruption (see, for example, Wilson and Doig 1996, Heywood 1997b: 429). This process has gone hand in hand with increased room for discretion²², which might lessen the likelihood for

an individual to be controlled and detected. New forms of public management were widely introduced during the 1980s and 1990s, and have been the subject of various studies in corruption research. This research indicates that new public management increases the risk of corruption and impacts on ethical behaviour (see, for example, De Vries and Yesilkagit 2001, Maesschalck 2001).

Additional examples of recent changes affecting the incidence of corruption includes internationalisation. By altering country-specific conditions, internationalisation increases not only the exchange of people and trade but also of values and different traditions. This has the potential of affecting perceptions towards corruption as actors are more exposed to other traditions and values. Open borders and increased international interaction are open not only to trade and people but also to organise crime. To counter the dysfunctional nature of internationalisation, specific measures have been initiated in Europe to fight organised crime and corruption.

Micro-oriented studies

With this in mind I now present some models that discuss from a micro-oriented perspective why some countries have more corruption than others and why similar situations sometimes give rise to very different corruption levels.²³ One model aims both to explain this and to determine why different activities in the same country have different levels of corruption. The focus here is not the applicability of explaining differences between countries but rather the contribution to understanding danger zones and why some sectors have more corruption than others. The starting point of many such models is that corruption represents an example of frequency dependent equilibrium, and the expected gain from corruption depends on the number of other people a person counts on to be corrupt, which affects the likelihood that the person will engage in corruption.²⁴ In Figure 2.2 the benefit of the honest official is higher than for the corrupt official, when very few officials are corrupt (such as at point A), but it declines as the proportion of corrupt officials increase.

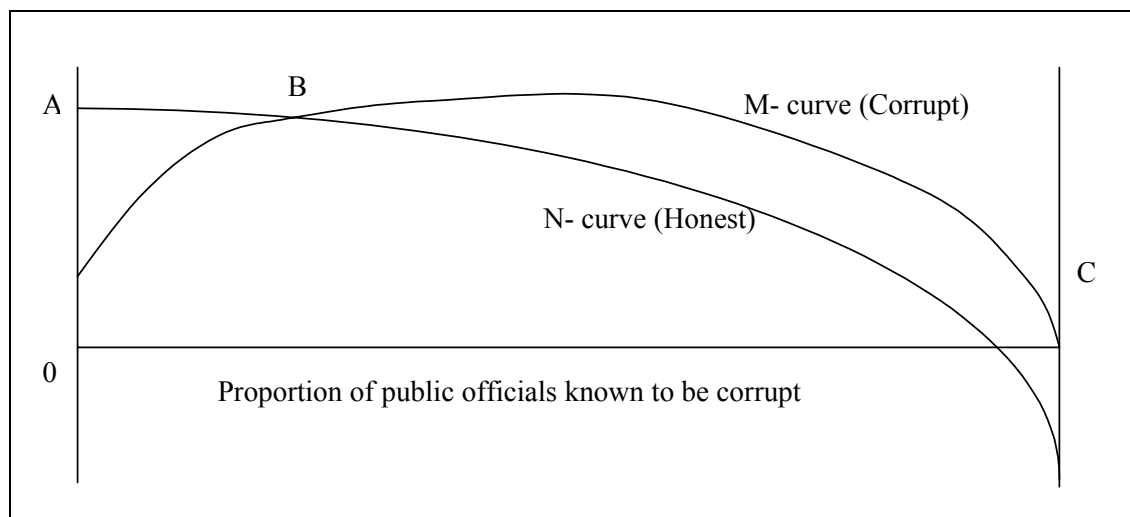


Figure 2.2 Benefit of being corrupt or honest as an outcome of other official's honesty
 Source: Model developed by Andvig, cited in Bardhan 1997: 1331.

In other words the greater the number of corrupt officials, the easier and likelier it is for another official to undertake corrupt deals. At the left side of the Figure 2.2 we see that no one is corrupt, and at the other end everybody is corrupt. M and N represent the marginal benefit of a corrupt (M) and an honest official (N). At point B the marginal benefit of being corrupt or not is the same, but equilibrium B is not steady. If just one more official chooses to become corrupt, it pays to become corrupt, and vice versa. This shows that if the initial level of corruption is high, the economy moves toward a high-corruption stable equilibrium, and vice versa.

But how is this equilibrium reached? The number of officials expected to be corrupt can affect attitudes and norms in a way that in turn affect the moral cost of the individual deciding to engage in a corrupt deal or not. Behaviours of others have a direct impact on the incentives for corruption (Andvig and Moene 1990, Raj Saah cited in Bardhan 1997).²⁵ Expectations of punishment on detection decrease when more officials become corrupt (compare with Schlicht 1985),²⁶ and as the price of the bribe goes up the demand for corrupt services decrease, with the result that the percentage of corrupt officials decreases. Also, patterns of corruption established by earlier generations may create a tradition or climate in which younger generations are more likely to be corrupt, which means that when corruption increases in a society the effects may be long-lasting. As individual reputations are determined by collective reputations and vice versa, an individual's incentive to maintain his/her reputation is greater if his/her group has a good reputation (Tirole 1996).

If we connect this to the morals of the actor, this has two dimensions. The willingness of the actor to engage in corruption is an important factor for himself/herself but equally as important is the effect of that individual choice on the decisions of others. The more people regard it as morally acceptable, the lower is the individual moral cost of engaging in corruption.

But why is there more corruption in some sectors than others in the same country? In explaining the variation in corruption, Alam's (1995) theory emphasises the losers, not only

the winners, of corruption. It is the potential of losers of corruption to engage in countervailing actions that decide the level of corruption in a country. The better the possibility for engaging in actions to counter corruption, the lower the aggregate level of corruption will be.²⁷ Losers can react to corruption in several ways: by seeking alternative officials or service (evasive), by raising the cost to officials of engaging in corrupt activities (direct), or by using corruption as a means of combating corruption losses (illicit) (Alam 1995: 420-427).²⁸ From this perspective decentralisation can increase the scope for evasive countervailing actions by creating multiple centres of authority, by lowering the cost of information and people's access to the authorities and by giving people greater chance to avoid corrupt officials (Ibid.1995: 426).

Both global and specific factors are decisive in determining the possibility to engage in countervailing actions. The global factors include education, income distributions and levels, and political, human, and property rights. These factors affect the capacity of a society to engage in countervailing actions and serve to explain the variation of corruption across countries and over time. Specific factors are type of corruption, number of losers and the size of their losses. They are specific to agencies and affect the society's ability to engage in countervailing actions in those agencies and can explain different levels of corruption across government agencies within the same country. In the long run, therefore, democratic institutions, economic development, more equal distribution of incomes, decentralisation in government and education can be expected to work in favour of the losers of corruption, thereby reducing corruption. Global and specific factors affect the possibility to engage in countervailing actions by affecting the flow of information, the degree of organised collective actions, bargaining power of losers and the possibility to evaluate information. Members of civil society can alter the balance of power in favour of the losers of corruption by greater activism, use of resistance channels, reports to the press, etc. (Ibid. 1995: 426-431). Below I present a literature that constitutes the third part of my approach which points to the need to give a fuller analysis of the danger zones by taking into account the actor's choice and factors that are important in understanding weaknesses in delegation chains.

The principal-agent approach

The principal-agent approach is a micro-oriented approach about what is happening when authority is delegated from a principal to an agent. Delegation takes place because the agent has information or skills that the principal lacks. One important point is that we should not take it as given that the principal and the agent have the same interests. Agency problems exist when principals and agents have different interests or preferences and when an agent is able to behave in ways difficult for the principal to monitor and/or when an agent has access to more and better information than the principal. In such cases the principal can put into place safeguards that comes into play before (ex ante) or after (ex post) authority is delegated to the agent (Bergman 2000: 3). In a modern democracy, the political system is characterised by delegation of authority on all levels of government. The main advantage with the principal-

agent perspective is that it provides frames to analyse these chains of delegation. It also provides the possibility of closer study and better understanding of the reasons for weaknesses or strengths in the chains of delegation. Furthermore, this perspective enables us to see how changes in the institutional framework guiding these delegation chains impact on the ability to monitor and control.

In representative democracies four discrete steps in the chain of delegation from voters to those who govern can be identified (Strøm 2000: 267). In the Swedish case, the voters can be seen as the principal in relation to the *Riksdag* (The Swedish Parliament) to which they have delegated power. The *Riksdag* can be regarded as the principal in relation to the prime minister and government (cabinet), to which power is delegated. The government in turn delegates authority to the public administration.²⁹ On the local government level there is a similar type of delegation as at the national level in municipalities and county councils. The electorate delegates power to representatives who take seats in the local government assemblies. The assembly delegates power to the executive committee and to other committees and the central administration. In turn the committees are given the right to delegate power to the subordinated administrations. We thus have a chain of delegation.

The operation of this chain of delegation gives rise to several interesting questions. Does the principal really know if the agent is carrying out the duties as planned? Is the agent's information about activities correct? A natural consequence of these questions leads us to think about how agents might be made accountable and controlled, so that the intentions of the principal are not lost. A crucial factor affecting the answers to these questions revolves around the degree of access to information. Generally the delegating party has less information about the true state of affairs than the party to which the authority has been delegated.

In traditional political science it has been commonly assumed that this kind of delegation necessarily implies a loss of control on behalf of the delegating party, but contemporary political science has argued that delegation might not necessarily be the same as abdication by elected representatives in relation to the parties to which tasks have been delegated (see Lupia and McCubbins 1999, 2000, Lupia 2000). The delegating party can take a number of measures to compensate for the lack of information in relation to the agent (see McCubbins et al. 1987, McCubbins and Schwartz 1984). Control systems and information from external sources can provide information about the real state of affairs or consequences of proposals independently from that agent. In other words, measures can be undertaken that increase the cost for an agent to deliver incorrect information or to conduct tasks in a way contrary to the intentions given, especially when efficient systems for punishment can be brought about that make the agent less inclined to choose that kind of strategy.

Important and relevant factors to consider are the possibilities for hidden actions and hidden information as well as the agent's prospects of exploiting the position for purposes other than that intended by the principal. Other problems occur when either collective agents or principals are involved and when there are multiple agents and principals. It is also possible that agents might collude against the principal (Kiewiet and McCubbins 1991: 25-27).

To overcome agency problems there are specific measures that can be undertaken. Four main types of such measures are: a) contract design, b) screening and selection mechanisms, c) monitoring and reporting requirements, and d) institutional checks (Ibid.: 27). The first two classes concern ex ante mechanisms that come into play before a task has been delegated to the agent. The last two categories, monitoring and reporting requirements and institutional checks, are referred to as ex post and concern measures to signal and control after the principal and agent have entered into a relationship and the agent has been delegated authority to carry out an independent action as agent.

Contract design concerns the instructions given, the training provided and the mechanisms by which new staff are made aware of the principal's wishes and control mechanisms. The ideal relationship is that the principal delegates tasks to the agent and compensates the agent in such a way that the agent is motivated to serve the interest of the principal in the best way. Covert action and hidden information make it difficult to attain this. Sometimes this is solved by giving the agent residual claims on output. Given the problems of drawing up contracts before the start of an agency relationship,³⁰ an alternative strategy sometimes used is a compensation scheme that is based upon how well the agent works (Ibid.: 27-29).

Screening and selection mechanisms deal primarily with the recruitment of the right person. Information about the performance of the agent can be very expensive for the principal to obtain (Ibid. 1991: 29). It may be hard to separate good agents from bad ones after they have been hired; therefore it pays both principals and agents to invest time and effort to avoid bad matches in the first place – the greater the investment in the hiring decision the more critical screening and selection become. These arguments apply even more in the public sector than in the private, as elected representatives have no probation period and cannot be fired. But how can principals and agents find suitable matches despite these problems? The information gap can be bridged by signalling which areas individual discretion cannot be exercised (such as race, sex, age) and those in which the individual can, at least partly, exercise discretion (such as punctuality, enthusiasm for the job) When it comes to elections the track-record and reputation of the candidate would be an important signal (Ibid.: 29-31).³¹

Monitoring and reporting requirements determine what kind of signal and control systems are used, such as if there is a special follow-up of what the agent is doing.³² To eliminate the hidden information and covert action problem, the simplest way would be to require the agent to report all relevant information obtained and all actions undertaken to the principal. This however would involve great expenditure, taking considerable time and attention away from carrying out tasks to report information (Ibid.: 31). An inherent problem in the reporting information is that agents have an incentive to make reports that reflect favourably on them or to reveal information in a strategic manner (Ibid.). A solution for the principal is to conduct “police patrol” oversight, in the form of audits and investigations and other types of direct monitoring.³³ Police patrol oversight is comparatively centralised and direct. Agency activities can be examined by reading documents, commissioning scientific studies, conducting field observations, and holding hearings to question officials and affected citizens (McCubbins and Schwartz, 1984: 166). They are more effective if it is not known when they

will take place. But these are not only costly measures, they can damage morale if the staff feels itself under constant supervision (Ibid.: 32).

“Fire alarm” oversight is an alternative way to use affected third parties that have an incentive to observe and influence the agent’s activities. It is less centralised and has less active and direct intervention than police patrol oversight. A system of rules and practises is established, which enable interest groups and citizens to charge institutions with violating the goals and to seek remedies from agencies and the courts and congress. Thereby, the principal can get better information (broader coverage than police patrol) to lower costs (McCubbins and Schwartz, 1984: 166, Kiewiet and McCubbins 1991: 32).

Fraud hotlines and publicizing rewards for whistle-blowers are also used as major deterrents even though they have a number of operational problems (Kiewiet and McCubbins 1991: 33). Another measure using third parties is that of the principal requiring the agent to give notice to the third parties of any action that might affect these parties (Ibid.).

Institutional checks concern the mechanisms by which counterbalancing institutions might veto the actions of the agent. An example of this is a regulation requiring large expenditures in a firm to be approved both by the management and the comptroller (Ibid.: 34). Agents positioned against each other are most effective if they have countervailing interests, including information for the principal. Checks inhibit the ability of agents to take actions that are undesirable for the principal, but also retard agents from taking desirable actions as well – security comes at the price of flexibility (Ibid.).

Principal-agent theory has become more and more central in corruption research. Questions about the importance of individual choice compared to institutional factors need not be seen as exclusionary factors, rather they can be seen as complementary factors which explain an expected outcome. Corruption is not perceived as a result of an individual choice operating outside of contextual dimension. Instead, the social context plays an important role in the resulting decision. In corruption research many principal-agent models have their antecedents in economic models. Starting points include information asymmetry, pay-off rules in the relationship, and decisions/choices between various types of costs, such as monitoring costs, bonding costs and residual loss (see Groenendijk 1996: 1-3, Klitgaard 1988: 71, Rose-Ackerman 1978:6).

Many of these principal-agent models are centred in public administration. One example of such a model is Klitgaard’s agency model³⁴ that traces organizational vulnerability (Klitgaard 1988: 69-83), which is similar to vulnerability analysis³⁵ (Johnston 1993: 193). But others, like the one provided by Nico Groenendijk, have tried to show that expensive monitoring and a weak connection between the actions of the agent and their outcome may be reasonably assumed to apply to the relationship also between elected representatives and the electorate in a representative democracy.³⁶ The electorate cannot monitor the actions of the elected representatives without costs, and the outcomes are not the result only of the actions and decisions of the elected representatives (Groenendijk 1996: 17-21).

In a discussion of danger zones the principal-agent approach can contribute by focusing on chains of delegation and identifying where the weak links are likely. By studying the general structure of the chain of delegation combined with examining potential gains and costs for the

individual actor, the principal-agent approach can contribute to a better understanding of danger zones of corruption. But here it should be emphasised that in this study the intention is not to evaluate utility functions and build models, instead it seeks to provide a way of studying corruption from a process-oriented and qualitative rather than quantitative perspective. This approach is developed in Chapter Six, Seven and Eight, where I use the principal agent analysis to study the handling of purchasing and resource questions through the delegation chain in three county councils /regional governments.

Turning towards the empirical study

In this chapter I have identified a number of important variables, concerning both the various contextual factors and the actors. Before we turn to the empirical investigation, I will briefly recapitulate some of these variables and their implications. I use approaches oriented both to contextual factors and to actor's individual choice. In using the Heidenheimer approach in the international outlook (Chapter Three) the focus is on a system level, comparing countries. In the coming chapters, initially most of the attention is on contextual variables; thereafter, actor choices come more in focus. This pinpoints several important aspects and factors in identifying danger zones of corruption that are taken into account in the empirical studies, including laws and norms, transparency, accountability, and the scope of choice for the official/politician. The contextual focus applies to the study of the legal framework concerning corruption, the state of other variables of importance in Sweden and the official positions and parliamentary debates about corruption. It is also utilized where political actors themselves state what factors they think are important in explaining and avoiding corruption in Sweden and express their views concerning the danger zones of corruption. When conducting the principal agent analysis of specific cases the focus is on the actor and variables affecting the actor.

In all approaches morals, formal rules and norms guiding activities are important factors to look at. Transparency, control and the organisation and operation of activities affect the risk of corruption. Hence, the degree of discretion and accountability for the actor is vital. Additionally, important factors determining corruption levels across and within countries are a) the role of losers of corruption and their abilities or non-abilities to engage in countervailing actions and b) the reputations of actors and the expectations actors have about others propensity to engage in corrupt activities. Micro-oriented studies also point to the importance of awareness and strict oversight to keep the equilibrium at a low level of corruption. From the actor's point of view, the risk of getting caught and the moral costs of corruption are important aspects in neo-institutional explanations of corruption. The moral cost is dependent on the person's own morality, but also on the norms guiding the activity and the norms held by the public in general – and these need not to be the same. Finally, in times of rapid change these factors might be affected in a way that is conducive to corruption. After having brought forward these analytical expectations, we now turn to the empirical study.

¹ This is underlined by studies of Islamic and Asian societies. Huntington's statement that only when the distinction between private and public, loyalty to the state and the family is accepted by dominant groups in society does it become possible to define such behaviour as nepotism and hence corruption implies a relativistic standard of ethics (Alatas 1990: 105-107).

² Rewards to entrepreneurship and productive investment relative to rent-seeking investment rise when there is sustained growth. A prospering economy can afford to pay its civil servants well, reducing their motivation for corruption. And to the extent prosperity in the long run brings more demand, for democratic reforms, the latter may install institutions that check corruption (Bardhan 1997: 1331).

³ Pranab Bardhan notes that in democratic elections campaign finance that leads to influence peddling on the part of politicians needs a qualifier. Some democracies have been less successful in reducing the influence of money on laws enacted to shore up law enforcement (Ibid.: 1330).

⁴ Della Porta and Pizzorno think that the variation in density of corruption depends more on the willingness of people to engage in corruption (the moral cost) than the structure of opportunities. The moral cost will be higher when a) there is a higher status of the reference group in which the individual has been socialised, b) the values of the group are inclined to obey the law and allegiance to the state; c) there is a longer formation period in which the person's identity has depended on the group, and d) as a consequence of a and c the exit from the group is more distressing, and the consequent abandonment of the recognised criteria for evaluating one's own conduct would ensue (Della Porta and Pizzorno 1996: 87-90).

⁵ Obligations towards the family, kin or tribe where the loyalty to the state is of little importance have often been referred to as promoting corruption. According to Alatas historical conditions and special circumstances explain the rise of corruption much better than do cultural practices in Asia or Africa (Alatas 1990: 92-97).

⁶ The importance of different norms concerning corruption have particularly been noted and discussed regarding former colonies where the state bureaucracy is or were formerly based on western principles, and the extent to which these are or were compatible with domestic norms and traditions.

⁷ Agency literature can be regarded as an economic approach to corruption, part of neo-institutional economics, which deals explicitly with institutional factors that affect the decision of the individual (Groenendijk 1997: 207).

⁸ For an example of a study combining individual choice with cultural and political and bureaucratic conditions, see Meier and Holbrook (1992).

⁹ In the traditional family-based system loyalty to the nuclear family is the only loyalty that exists. In the traditional patron-client based system the ties with powerful protectors are strong while the general identification with the community is weak. The patron-client relation is voluntary, but creates a strong reciprocal commitment. The modern boss-follower based system is best illustrated by American big city political machines during the first half of the century. These communities deviate from the former two in that they are open, modern urban centres based on a diversified economy. Traditional social and bureaucratic elites have little influence because decisions are taken by the political machine (Heidenheimer 1989: 153-55).

¹⁰ In the boss-patronage system petty corruption is accepted. Routine corruption is viewed as grey. A significant difference in apprehension of the upper classes and the lower classes in society concerning corruption can also be expected, imply more tolerant attitudes from the working-class. The attitudes towards all the listed behaviours are milder in the traditional patron client system than in the former two. Routine corruption is more or less tolerated, and therefore regarded as white. Only some forms of aggravated corruption are judged as black. In the traditional family based system all are white (Ibid.: 161-162).

¹¹ Della Porta in investigating the relationship between social capital, trust in government and government performance concludes that there is a relationship though not linear. The relationship also seems to be more of a vicious circle than of clear paths of causation: corruption produces maladministration and a lack of confidence in government facilitates corruption. For corruption to become systemic, bad social capital is needed to foster a normative system regarding corruption as normal and thereby reducing its transactions costs (Della Porta 2000).

¹² According to Heidenheimer (2001) the end of the cold war eroded the distinction between the Eastern and Western ways of defining democracy and, instead, the corruption concept became more

ambiguous. This increased fragmentation in the use of the corruption concept weakened the metaphorical capacity of the black-grey-white classification to reflect variants, leading to multicoloured renderings.

¹³ I treat ethics as moral principles. Later in the chapter I focus more on a related concept, namely norms, as I turn to the importance given in the literature to norms and attitudes.

¹⁴ In Table 2.2 individual cases known from the international literature are presented in footnotes as illustrations of the argument.

¹⁵ An example is the major corruption case in Italy, Tangentopoli, which started with disclosures in 1992 at the local level in Milan spreading to the centre itself in Rome, shaking the whole political system (Giglioli 1996).

¹⁶ See the Heidenheimer model above regarding the family based system.

¹⁷ The Oslo case in Norway 1989-91 is one example. In the press it seemed to concern rampant corruption in the administrative and political life of Oslo's city government. As many as 460 articles appeared in the media (three Oslo dailies) about malpractice or corruption. It caused public outrage but most of the cases did not concern illegal actions. Cases of conflict of interest were disclosed. It caused the resignation of the city mayor, in office since 1976, the first such resignation in Norwegian municipal history. But, according to Kjellberg, the Oslo case hardly conforms to the widespread public corruption depicted in the media (Kjellberg 1995: 339).

¹⁸ Lane and Ersson (2000: 177) investigates the impact of legal systems, legal review and the ombudsman and finds that the only significant impact on corruption is from whether a country has a Civil Law tradition (more corruption) or Common Law (less corruption).

¹⁹ According to Lapalombara (1994: 338) whenever larger amounts of money pass through the hands of institutions and hands of government the possibilities for corruption increase. To be sure as Scandinavian countries would attest, this factor in and of itself does not condemn a country to greater levels of corruption.

²⁰ Paldam investigates the explaining power of economic and cultural factors and concludes that culture is inferior to the GDP level in explaining the level of corruption (Paldam 2001).

²¹ The corrupt politicians seem to see politics as way of social mobility; they are often involved in financial and entrepreneurial activities; and corruption seems to increase the number of actors who do not belong either to the state or the market.

²² I define discretion as the scope for choice available to agents vis-à-vis their principals (Lidström 1991: 20).

²³ In one such explanation Lui (1986) assumes that it is more costly to audit officials when a greater proportion of them are corrupt and shows that when corruption is prevalent, the deterrence scheme will be less effective and the economy will remain highly corrupt. On the other hand, if most officials do not take bribes it is easier to discover those who do and the corruption equilibrium will be lower.

²⁴ This can be compared to liberal economic models, referring to the regulatory state, as the main cause of corruption. But this cannot fully explain why rather similar countries have different levels of corruption (Bardhan 1997: 1330).

²⁵ Corrupt agents would like to meet other agents who also are corrupt. Assuming that bureaucrats and citizens start of with a subjective probability over how likely they are in a transaction to meet a corrupt agent, each time they meet a corrupt agent in a transaction they will revise upwards their probability estimates of meeting corrupt agents. Therefore, in the next period the agent will be more likely to initiate a corrupt transaction. This also implies that some people can gain from feeding a reputation of corruption (Raj Saah referred in Bardhan 1997).

²⁶ A similar explanation sees corruption as a gamble, considering risk for penalties, risk aversion, wage and interaction between different hierarchical levels. A higher time discount rate, a lower degree of risk aversion and a lower wage rate will induce the official, under certain conditions to be more corrupt (Cadot 1987: 224).

²⁷ Many other explanations, especially in economics, is focused on the actor who engage in corruption to gain from it and, as long as the potential benefits from corruption outweighs the potential cost, corruption will result. This theory instead examines countervailing actions considering a) the forms of countervailing actions, b) factors influencing countervailing actions, and c) the effects of countervailing actions (Alam 1995: 425).

²⁸ This is done by a) confronting officials with evidence, b) taking complaints to the corrupt officials superiors, c) taking corrupt officials to courts, d) facilitating media reports, e) use of violence, f) voting against elected corrupt officials, g) organising strikes, and h) imposing sanctions against corrupt officials. Ability to engage in these actions depends upon educational level and income of losers, which may vary systematically across government agencies. But corruption can invoke countervailing actions only if visible losses are created. Losses can be both material and moral, but Alam concentrates on the former, because he explores dynamics of corruption in societies that have yet to internalise the norms of public office and where as a consequence moral losses are not strong enough to restrain corruption (Ibid.: 425-427).

²⁹ Compared to most other countries, in Sweden the agencies that implement government decisions are led by the government collectively. In most Western democracies ministers are both members of the government and heads of department, both principals and agents (Andeweg 2000: 379).

³⁰ Ferejohn argues that increasing the degree of accountability in a contract can increase the power of the agent, since the principal wants some direct measures of the efforts of the agent and is more willing to invest in the agent if this is reached (Ferejohn 1999: 141).

³¹ The role of elections is discussed by Fearon (1999) who concludes that if the electorates' ability to monitor is weak then the force of sanctions is weak and selecting the good type is a stronger way of getting the desired policies.

³² Concerning monitoring, Tallberg (1999) distinguishes between monitoring performed by the principal or by the means conceivable when the relationship is extended to more than two actors, such as supervisory monitoring agents or an agent monitoring another agent (Tallberg 1999: 61).

³³ McCubbins and Schwartz (1984) took the widespread perception that the American congress neglected its oversight possibility as a starting point. According to them this was wrong, instead there was a neglect of police patrol oversight in the favour of fire alarm oversight, which has been found to be more effective from the users point of view (McCubbins and Schwartz, 1984: 176).

³⁴ There are three parties in the model: the principal (P), the agent (A) and the client (C). The principal delegates service in an area to the agent, which provides the service to the client. The assumption is that A has discretion over that service. Information about what A and C do is asymmetric and expensive for P to overcome. P sets A's rewards and penalties; P obtains information from A, and C orders incentives; P structures the A-C relationship; and P can affect A's moral cost of corruption. The agent as well as the client is expected to choose the corrupt alternative if the expected costs are lower than the expected gains. If he or she is corrupt and takes a bribe, this means that it can be expected that there is a moral cost for the person taking a bribe. These costs depend on the person's own morals, and what friends and colleagues are doing and their views. It is possible that the moral costs are zero in case of a person being free from scruples. Besides the moral costs there is a risk of revelation and punishment. Consequently, illegal acts are more likely when the agent has a monopoly position in relation to the client; the agent has large discretion and when it is difficult to hold the agent accountable. Clients are at most prone to pay bribes when they can receive monopoly rent on the services provided. Honesty is therefore most important in positions where the agent has large discretion, monitoring is difficult and large resources are at stake (Klitgaard 1988: 69, 76). In general, this implies that the larger the discretion and the more monopoly there is, the greater the risk of corruption in an organisation. Accountability on the other hand works in the other direction, positively affecting the risk for corruption. (Ibid. 1988: 75). The corruption function can be stated as: Corruption = Monopoly + Discretion – Accountability. Monopoly means that the agent is the only provider of the service, discretion is the scope for own choice the agent has and transparency is about the degree of openness in activities.

³⁵ The procedures of organisations are examined in relation to what degree resources, the degree of independence (discretion/ delegation) and private access converge. An organisation is most vulnerable where these factors intersect and power is delegated to self-governed officials, private interests can affect the distribution of a resource, and supply is higher than demand (Johnston 1993: 193).

³⁶ Groenendijk criticises and revises some of the usual assumptions of the agency models. He does not lump all costs together; instead each parties' costs are dealt with separately. The opponents are well matched, frustrating each other's plans by inspecting and camouflaging, by controlling and diverting. Still the agent has informational advantage and the principal can decide pay off rules and use

directives to control the agent. Delegation and hierarchy is not important, but discretion from the informational asymmetry is vital. In the model, the third party if deciding to engage in corruption becomes a principal to the agent, which means that we now have two principal agent relations. The agency costs for principal and agent are the same as when there are two parties, for the principal inspection cost, prevention costs and failure costs, and for the agent camouflage costs, diversion costs and failure costs. But, here the corrupt agent has agency costs relating to two principals.

3

Exploring Corruption Through an International Comparison

Introduction

In this chapter I provide a comparative account of corruption at the international level, focusing on the OECD states in general and Western European members of the OECD in particular. My aim is to place Sweden in this international context. I begin first by comparing corruption levels in various countries. Then I investigate attitudes about bribes and other types of corruption. This is followed by an international overview of regulations dealing with bribery, rules of conduct for public officials, and funding of parties and candidates. I also take a look at measures enacted against corruption emphasizing some of the more relevant legal codes and conventions. The Heidenheimer approach is employed as a theoretical framework for expectations about levels of corruption and attitudes in different countries. The approach provides a reference point when trying to identify changes over time, both in corruption levels and attitudes.

The distribution of corruption internationally and in Western Europe

The literature on modernisation tells us that the richer countries of Western Europe can be expected to have little corruption, while poorer parts of the world such as Africa and parts of Asia and Latin America are assumed to have more widespread corruption. Theories based on modernity, functionality or civicness suggest that there is more room for corruption in the poorer developing countries with less developed democracies and, conversely, that the incidence of corruption would be low in richer developed Western countries where the opportunities for the losers of corruption to undertake countervailing measures is higher. If corruption is defined in functional terms one can expect more corruption in countries with slow and inefficient administrative and political processes. Corruption, in the form of payoffs to speed up the process and to overcome red tape, is regarded by some as almost necessary in certain countries, and therefore the incidence of corruption is higher. Thus, measures such as bureaucratic efficiency have usually been regarded as reasonable indicators of corruption levels. In using the Heidenheimer approach to make predictions about the distribution of corruption in Western Europe, we see that the model's focus on civicness and modernity means that richer and more developed societies should have the least corruption. On that basis

one can expect the southern Mediterranean countries to have the highest rates of corruption in Western Europe and the northern countries, especially the Nordic countries, to have the lowest. Table 3.1 attempts to illustrate the categorization of countries and regions based on a high-corruption, low-corruption dichotomy as implied in this literature.

Table 3.1 Distribution of corruption

Corruption	
High	Low
Africa	Western Europe
Asia, L. America	North America
Russia and Eastern Europe	Australia

Judgments about the incidence and distribution of corruption among countries are very difficult to support with empirical data. However, during the 80s and 90s several empirical investigations were conducted to measure the degree of corruption in different countries. I will here mainly refer to empirical rankings of the incidence of corruption in different countries as compiled by Transparency International (TI) which defines corruption as “...the misuse of public power for private benefits, e.g. the bribing of public officials, taking kick-backs in public procurement or embezzling public funds” (Transparency International 1996c). As discussed earlier, questions have been raised about the reliability and comprehensiveness of the TI surveys, but yet they remain the best instrument available to arriving at a comparative ranking of countries on a corruption measure.

In the 1980-83 investigation by Business International (see Appendix I) most poorer countries, especially in Africa and Asia, are found towards the bottom of the corruption rankings, i.e. have the most corruption, while richer countries are situated at the top (little corruption). There is a strong relationship between economic development and corruption, where the rich countries, in general, have a low incidence of corruption while the poor countries have a high incidence. However, there are exceptions such as Italy being ranked 31 out of 68 ranked countries and poorer Zimbabwe having a better rank of 18 (Sweden had a 9th place ranking).¹ A negative relationship between political stability and corruption can also be noted (Mauro 1995).

In the most recent rankings made by TI, the pattern still holds that Western European countries generally are among the least corrupt, though there are the exceptions such as Italy. At the bottom of the corruption ranking, Appendix I, are to be found generally countries from the African, Asian, and Latin America continents and from the former Soviet Union. In the rankings made in 2000 Sweden comes in at the top of the list, being ranked third, coming only behind top-rated Finland and Denmark, as being the least-corrupt countries among the 90 countries included in the ranking. In Europe the eastern and southern countries are generally ranked lower than countries of the north and in Western Europe Italy is ranked as the most corrupt country ranking number 40 among all the 90 countries. Statistical data thus seems to back up the theories concerning the worldwide distribution of corruption and give an overall

picture of the situation. Corruption has, as pointed out by Sandholtz and Koetzle (1998), had a relationship with such factors as economic freedom, years of democratic government, and civil and political rights as well as wealth as measured by Gross National Product per capita. The latter relationship is one of the most robust and is summarized for the period 1980-2000 in Table 3.2 .

Table 3.2. Corruption and GNP/capita

		Corruption	
		High	Low
GNP/capita	High	Italy (80-83, 2000)	Most of Western Europe including Sweden (80-83, 2000)
	Low	Many African and Asian countries (80-83, 2000)	Zimbabwe (80-83) Botswana (2000)

Focusing on cultural variables, Lipset and Lenz (2000: 117-118) show a strong relationship between the level of corruption and the level of achievement orientation in a country with the richest countries being the least achievement oriented. They further state that the more individual-oriented societies are less likely to have high levels of corruption compared to the family-oriented societies (Ibid.: 118-119).

Internationally the Scandinavian countries have long been referred to, as being among the least corrupt in the world. In Table 3.3 the 1980-2000 TI rankings and Interpersonal Trust rankings are given. We can see from in the TI ranking for the period 1980-85, Sweden is ranked as the fourteenth “most clean” country of the 54 countries included in the TI corruption ranking (see Appendix I). France, the Netherlands, Switzerland and Norway all topped the list with a score of 8.41(on a 10-point scale). If we look at countries in Western Europe, at the bottom of the list Spain (6.82), Italy (4.86), Portugal (4.46) and Greece (4.20) were to be found. Denmark shares Sweden’s ninth rank, scoring 8.01 (Table 3.3).

Table 3.3 Corruption figures 1980-2001 (TI) and interpersonal trust 1990 (IPT)

Country	TI 1980-85	TI 1988-92	TI 1995	TI 1996	TI 1998	TI 2000	TI 2001	IPT 1990
Finland	8.14	8.88	9.12	9.05	9.6	10.0	9.9	63
Denmark	8.01	8.88	9.32	9.33	10.0	9.8	9.5	58
New Zealand	8.41	9.30	9.55	9.43	9.4	9.4	9.4	.
Singapore	8.41	9.16	9.26	8.8	9.1	9.1	9.2	.
Iceland	.	.	.	.	9.3	9.1	9.2	44
Sweden	8.01	8.71	8.87	9.08	9.5	9.4	9.0	66
Canada	8.41	8.97	8.87	8.96	9.2	9.2	8.9	52
Netherlands	8.41	9.03	8.69	8.71	9.0	8.9	8.8	56
Luxembourg	.	.	.	.	8.7	8.6	8.7	.
Norway	8.41	8.69	8.61	8.87	9.0	9.1	8.6	65
Australia	8.41	8.2	8.8	8.6	8.7	8.3	8.5	.
Switzerland	8.41	9.00	8.76	8.76	8.9	8.6	8.4	43
UK	8.01	8.26	8.57	8.44	8.7	8.7	8.3	44
Austria	7.35	7.14	7.13	7.59	7.5	7.7	7.8	32
USA	8.41	7.76	7.79	7.66	7.5	7.8	7.6	50
Ireland	8.28	7.68	8.57	8.45	8.2	7.2	7.5	47
Germany	8.14	8.13	8.14	8.27	7.9	7.6	7.4	38
Spain	6.82	5.06	4.35	4.31	6.1	7.0	7.0	34
France	8.41	7.45	7.00	6.96	6.7	6.7	6.7	23
Belgium	8.28	7.40	6.85	6.84	5.4	6.1	6.6	33
Portugal	4.46	5.5	5.56	6.53	6.5	6.4	6.3	21
Italy	4.86	4.3	2.99	3.42	4.6	4.6	5.5	37
Greece	4.20	5.05	4.04	5.01	4.9	4.9	4.2	.

Note: The higher the corruption score the more corruption free. IPT = the percentage expressing that most people can be trusted (Question in Appendix II). Corruption figures from Transparency International (TI) 1995a, 1995b, 1996d, 1998b, 2000 and 2001a. Calculations on trust based on data from Inglehart et al. 2000.

In 2001 the rankings show some shifts between places on the ranking but overall the pattern holds up. Among the countries in Western Europe at the top of the table, in the least-corrupt are Finland (9.9), Denmark (9.5), Iceland (9.2), Sweden (9.0), the Netherlands (8.8) and Norway (8.6). In the middle we find the United Kingdom (8.3), Switzerland (8.4), Luxembourg (8.7), Austria (7.8), Germany (7.4) Ireland (7.5). In the lower range, being among the more corrupt, we find Spain (7.0), France (6.7), Belgium (6.6), Portugal (6.3), Italy (5.5) and Greece (4.2).

Clearly, in Western Europe a north-south dimension is apparent in Table 3.3. The rankings show countries in the southern part of Western Europe have more corruption than countries in the north. In the light of the model elaborated by Heidenheimer which focuses on civicness and modernity this is to be expected. Using “amount of trust in people” as an indicator for Heidenheimer’s civicness we can view the relationship by examining the figures in the right-hand column of Table 3.3. There is a clear connection between interpersonal trust scores and the distribution of corruption. In the Nordic countries trust is high and corruption low, while trust is lowest in Southern Europe where corruption is high. Correlating these two indicators, trust and level of corruption, for the Western European countries, based on the 1988-92 figures, we get a high correlation 0.66 (significance .007). Calculating this for all 32 countries where both variables are available, the correlation is .61 (significance .000)² While not

necessarily establishing casual relationships, this does indicate a strong relationship between trust and corruption that gives empirical support to the Heidenheimer model and its predictions of a relationship between civicness and distribution of corruption.

However, we have a different picture if the corruption figures for 1998 are compared with the figures given for 1980-85. Now the countries geographically more to the middle, namely, Switzerland, the Netherlands, Belgium and France, are listed as being the least affected by corruption. From this it appears that the predictions of what to expect in terms of distribution of corruption is more in line with the situation in the mid-90s than it was in the first half of the 80s.³

Attitudes about bribes

In the previous section the spatial dimension of corruption was mapped out. But there is also another dynamic that was touched upon in the last section: changes over time. We have seen from general figures that corruption varies among countries. Bearing this in mind, it is important to study attitudes about corruption and in the following section this is the focus, especially attitudes about bribes among people in Western European countries. The data source is from the World Values Study and the European Values Surveys 1981-1984, 1990-1993, and 1995-1997. As the empirical indicator of corruption I use bribery, the most frequently studied form of corruption, because it is one of the clearest and most obvious types of corruption, and to some extent data is available and accessible.

A number of questions are of special interest to the comparative study here. Are there differences in attitudes about bribes between countries in Western Europe? Is a high incidence of corruption related to a high level of tolerance of this phenomenon? Or is it the other way around, that people will be even more inclined to get rid of bribe-taking in countries with a higher incidence of corruption?

We can expect different corrupt actions to be perceived differently, depending on the types of political obligation relationships in society. In a civic-oriented society, we can expect most forms of corruption to be regarded as unacceptable, while in the more traditional, less civic-oriented society; it is the reverse (Heidenheimer 1989: 161). According to Heidenheimer's model, bribes to officials generally can be expected to be standard operating procedure or of frequent occurrence in the traditional-family based system and the patron-client based system. In the first case bribery can even be expected to be regarded as a case of white corruption. If we instead turn to the civic-culture based category the bribe can be expected to be regarded as a case of black corruption and rarely occurring. Applying this model, along with the use of the rankings from TI and interpersonal trust measures, we hypothesize that acceptance of bribes would be higher in Italy than in Sweden and higher in the south than the north. But we must have in mind that the Heidenheimer model does not talk about countries per se so this is a crude use of the model. As shown above Sweden and Italy can be regarded as opposite extremes in terms of corruption both from a theoretical and empirical point of

departure. The other countries selected for comparison are Germany, the Netherlands, Spain, and to a lesser extent Norway and Finland. This sample of countries in Western Europe covers both the north-south dimension, different levels of incidence of corruption, and includes both big and small countries.

In Table 3.4 we use data from the 1981 World Values Study Group to discover differences in acceptability of respondents in our five sample countries towards bribe-taking. Indeed, a difference in perception regarding bribes are identified among the five countries. I draw special attention to the high percentage of respondents who judge bribery as never being justified (from 76.8% in Spain to 60.8% in Germany). I also draw attention to the variance and the mean score. The relationship shown in Table 3.4 is partly as predicted: Italy, which is known for a higher incidence of corruption than Sweden, seems to have a greater acceptance of bribe-taking. The causal relation has not been established but we can speculate that it is partly a reflection of that people regard corruption as something necessary, natural part of the political life, though, of course, not desired. The acceptance may also be due to having experienced bribery or known someone who has benefited from bribes, for example in dealing with a slow, inefficient bureaucracy.

Table 3.4 Acceptability of bribe-taking in 1981

	Sweden	Netherlands	Germany (West)	Italy	Spain	Average
Never 1	74.4	65.7	60.8	67.0	76.8	69.7
	9.9	9.7	14.7	9.3	10.6	10.9
	6.7	7.9	11.3	6.7	3.8	6.8
	3.4	4.7	4.1	4.4	2.5	3.7
	3.1	5.4	4.7	5.7	3.1	4.3
	1.4	2.6	1.8	3.1	1.4	2.0
	0.5	2.3	0.9	1.0	0.7	1.1
	0.4	0.9	0.8	1.4	0.5	0.8
	0.0	0.2	0.3	0.9	0.2	0.3
Always 10	0.1	0.6	0.7	0.5	0.4	0.5
N	938	1,175	1,303	1,305	2,206	6,927
Mean	1.600	2.010	1.966	2.016	1.582	1.811
Variance	1.645	3.184	2.687	3.421	1.955	2.576

Note: Calculations based on data from World Values Study Group 1994. Question: Do you think someone accepting a bribe in the course of ones duties is always justifiable, never justifiable, or something in between? (Scale from 1-10). See Appendix II, variable 306 for exact wording of questions. Average gives the percentage for all five countries.

In Sweden, corruption has been regarded as being almost non-existent, not part of the cultural tradition. Therefore, it is not surprising that even small deviations from norms against bribery are regarded as unacceptable. On the other hand, Spain shows the strongest attitudes against bribes both in the mean score (1.582) and the percentage that answered they always considered bribe-taking wrong. It is somewhat surprising that Germany and the Netherlands are so close to Italy in attitudes. The variance indicates the degree of consensus in the

answers. Here we see the lowest variance in the Sweden study and highest in the Italian. Spain, Germany and the Netherlands fall in-between.

The data for 1990 in Table 3.5 below shows a change in this picture. In all countries except Sweden both the mean score and the scores for “never accept a bribe” indicate stronger attitudes against bribes. A dramatic change has taken place in Italy, while the pattern for Sweden remains the same in 1991 as in 1981, with only very minor move toward softer attitudes. In the case of Germany there is a slight change in direction of harder attitudes. Compared by the mean scores, the countries are ranked in the following order: Spain, Sweden, Italy, the Netherlands and Germany. Comparing the variance for the countries between 1980 and 1990, the variance is lower in all cases in 1990 except Sweden, indicating less spread in the answers. The change for Italy is quite substantial.

Table 3.5 Acceptability of bribe-taking in 1990

	Sweden	Netherlands	Germany (West)	Italy	Spain	Average
Never 1	73.8	68.3	62.1	75.9	78.9	73.3
	9.5	12.5	14.6	8.0	9.1	10.4
	8.4	8.2	10.5	6.0	5.2	7.0
	2.6	3.4	3.9	3.2	2.5	3.0
	3.3	3.0	4.9	2.5	2.8	3.2
	0.9	2.3	1.5	1.5	0.7	1.2
	0.7	1.3	1.1	1.4	0.4	0.9
	0.3	0.8	0.8	0.9	0.1	0.5
	0.7	0.0	0.1	0.1	0.2	0.2
Always 10	0.0	0.3	0.5	0.3	0.2	0.3
N	1,040	1,002	2,049	2,014	4,048	10,153
Mean	1.629	1.785	1.920	1.666	1.478	1.650
Variance	1.824	2.297	2.498	2.287	1.376	1.948

Note: Calculations based on data from World Values Study Group 1994. Question: Do you think someone accepting a bribe in the course of ones duties is always justifiable, never justifiable, or something in between? (Scale from 1-10). See Appendix II, variable 306 for exact wording of questions. Average gives the percentage for all five countries.

This analysis of the WVS data demonstrates that there was a difference in norms towards bribes among the five countries in 1981. The variance in the responses was low in Sweden and highest in Italy. In 1990, there were still differences in attitudes between the countries and some changes took place. Overall the variance in the responses is reduced in 1990, compared to 1981, implying less spread in the answers. In Italy the reduction in the variance was substantial due to the increased consensus opposed to bribes. To sum up these findings, there are three striking results:

- Attitudes against bribes have sharpened over time in all countries except in Sweden, where attitudes were in 1981 already strongly against corruption.
- Contrary to what was expected, attitudes against bribe-taking were strongest in Spain and more relaxed in Germany and the Netherlands.

- There was a major shift in attitudes in Italy from 1981 to 1990, in the direction of harder attitudes against taking bribes.

Concerning the previous hypothesis that attitudes would be more favourable towards corruption in the southern countries (that were more affected by corruption), this was not confirmed by the data. No distinct relationship between the degree of corruption and attitudes about bribe-taking is seen. The interpretation of this is unclear. It may be the case that the two are not related; people in countries more exposed to corruption might be as likely to be against the use of bribe-taking as people in countries with lower incidence of corruption. On the other hand, a possibility could be that the frequent media exposure of scandals has sensitised people in more corrupt countries; both Spain and Italy were affected by highly publicized scandals in the early 1990s (Giglioli 1996, Heywood 1997a, Della Porta 1997).

The Italian case is a promising area of discussion regarding the hypothesis that a higher tolerance for bribes can be expected in a country with high incidence of corruption. A possible explanation could be that the conditions have improved with a lower incidence of corruption, resulting in harder attitudes. However, this was not the case in Italy. Corruption took first place on the public agenda when revelations about political scandals became rampant. In the early 1990s, a number of scandals erupted in Italy, incriminating not just the lower echelons of the political system involved in corrupt transactions and behaviour, but indeed affecting the whole system. Among the scandals was the indictment in 1995 of the former prime minister, Giulio Andreotti, accused of contacts with the Mafia (later in 1999 he was found not guilty) (*Dagens Nyheter* 1995-11-13 and 1995-12-16, *Göteborgs-Posten* 1999-10-24, Vanucci 1997). This was not just a single event; instead it and similar political scandals formed a pattern, showing that cases involved not just petty corruption, but also routine and aggravated corruption.

Figure 3.1 illustrates the relationship between the incidence of bribes in a society and the acceptability of bribes. As we see here, one plausible interpretation is that latent public discontent had been building up even before the big corruption scandals erupted in the early 1990s. The limit had been reached and the dammed up public discontent spilt over. Living in the country ranked as the most corrupt country of all European Union countries in 1995 and 1996, Italians may have felt they were the losers in the system, with no gains comparable to their losses.

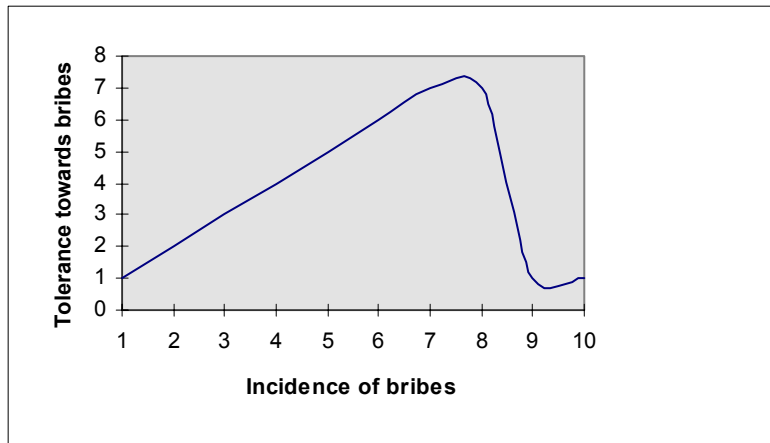


Figure 3.1 A hypothetical relation between incidence of bribes and the acceptability of bribes
 Note: A higher score on tolerance implies higher tolerance, and on bribes a higher incidence.

If we turn to the data on degree of satisfaction with the functioning of the national political system, we are supported in the view that scandals are an important factor in explaining low levels of confidence, not just in politicians but also in the political system. Overall, Italians are the most dissatisfied members of the EU with regard to the way democracy works. This, to a large extent, can be explained by Italy's widespread political corruption.⁴ In Italy, as it was internationally, the downward trend in confidence in the political system had been halted in the 1980s. However, after the news regarding the major corruption scandals and revelations about connections between the Mafia and highly placed politicians, the trend turned negative again (Table 3.6). From the mid-90s we have seen an upturn again in the trend. This could be seen as a sign of improvement and a move toward cleaner politics, but it might also be seen as people simply becoming tired and desensitised to the news scandal. Prime Minister Silvio Berlusconi was convicted for financial irregularities but this did not seem to damage his popularity among the voters. On the other hand, when compared to the average of responses made by EU members to the question about satisfaction with the way democracy works in the European Union, the Italians are close to the average (European Commission 1994, and 1993-2001). This could be interpreted as an indication that it is the dissatisfaction with the political scandals domestically that explains the discontent of the Italians (Andersson 1999: 62, 74-75, Della Porta 2000: 208-213).

Table 3.6 Satisfaction with the national democracy in Italy and the EU-countries in general 1978-2000

	1978	1981	1984	1987	1990	1993	1995	1997	1998	1999	2000
Italy	-79	-57	-56	-23	-39	-75	-59	-36	-40	-30	-27
EU	16	8	6	13	16	-13	-2	1	-1	25	22
<i>Difference</i>	-95	-65	-62	-36	-55	-62	-57	-37	-39	-55	-49

Note: Calculations based on European Commission 1994, and European Commission 1993-2001. The balance figures are the difference between those answering Very/Fairly Satisfied and Not Very/Not at All Satisfied. Difference is the score for Italy-EU.

Returning to the Swedish case, we see that Swedish attitudes to corruption are strict. In Table 3.7 Sweden is compared to an average for five countries. As 1996 data was unavailable for Italy and the Netherlands, those two countries are replaced by two countries from the least corrupt category, Finland and Norway.

Table 3.7 Acceptability of bribe-taking: mean values where a lower score indicate less tolerant attitudes

		Country					
		Sweden			Average for W. Germany, Spain, Norway, Sweden, and Finland		
		Mean	Std dev	N	Mean	Std dev	N
Year	1981	1.60	1.27	1,475	1.57	1.31	7,383
	1990	1.63	1.35	1,487	1.60	1.33	7,379
	1996	1.80	1.59	1,497	1.55	1.46	7,433

Note: Data calculated from Inglehart et al. 2000. Coding, “Taking a bribe” can never be accepted = 1, and always be accepted = 10. The survey in West Germany was conducted in 1997.

A reading of Table 3.7 shows that Swedes have a low tolerance towards bribe taking, yet in this sample of countries Sweden is slightly above the average for the five countries, and Swedish acceptance has been rising over the fifteen-year period. In 1981 and 1990 the mean values in Sweden were only slightly higher compared to the five-country average but in 1996 the mean was noticeably higher, indicating increased acceptance of bribes in Sweden. The standard deviation shows that the spread in answers in Sweden is increasing over time; in 1981 the Swedish figure was lower than the five-country average, but in 1996 it was higher. There are several possible interpretations of this development. It may be that the perception of bribes in Sweden is becoming more differentiated and that people can imagine situations where bribes are justified. On the other hand, there may be a slight tendency towards increased acceptance. If this is so, the trend is a matter of concern since strong attitudes against corruption are important elements in keeping corruption at a low level. Accompanying the increasing acceptance of corruption has been decreased levels of trust as measured by Inglehart. In 1990 trust between persons was highest in Sweden, then in 1996 it went down to about the same levels as in 1981 (Inglehart et al. 2000). This trend was the same for the countries in average (Table 3.7). These two trends are particularly interesting as low corruption levels and high interpersonal trust above were shown to be related.

International comparison of corruption laws⁵

Domestic bribes

While naturally we do find differences in laws regarding bribery among countries, those in Western Europe show great similarity in the treatment of bribery by, and of, public officials and politicians. Even if we broaden the perspective to OECD countries we find this largely holds true.

In most countries it is a punishable offence to bribe civil servants of that country or for the civil servants to take bribes. But until the mid-90s bribery of officials from other countries was only punishable in a few countries, namely, the United States, Britain and the Netherlands. Under British and American law it was illegal even if in the foreign country the act was not considered criminal. In some countries such as Italy and Belgium the legal responsibility for civil servants was complemented by disciplinary responsibility (Cars 1996: 110).⁶

In most countries the concept of the bribes is not restricted to financial gifts but can also consist of social and other favours. Fewer countries make bribery in the private sector a criminal offence. This is the case in Finland, France, Japan, Liechtenstein, Norway, New Zealand, Portugal, South Korea, Germany and to some extent Great Britain and the United States. In all OECD countries the law invalidates any agreement involving bribery (Ibid.).

Bribes of public officials in foreign countries

We see a much bigger difference in attitudes and laws regarding bribery abroad (the supply side) than concerning domestic bribery. For example, there is a divergence on whether bribery of foreign officials should be criminal and whether bribes in international transactions should be tax deductible. As previously stated, until the mid-90s it was a criminal offence to bribe one's own public officials but generally the same prohibition was not extended to bribery of public officials in other countries (Ibid.). The United States was a forerunner on this front, introducing the Foreign Corrupt Practises Act (enacted in 1977), which explicitly prohibits bribery of foreign public officials (OECD 1997a).

As of March 1997 tax deductibility for bribes was disallowed in fifteen of the OECD countries, while twelve OECD countries still allowed it. Table 3.8 gives a summary comparison of OECD countries and Western European countries on the basis of tax deduction regulations. In some countries, such as the United States, Norway and United Kingdom, bribes were non-deductible due to the illicit nature of the bribe in the country of the payer; in Canada it was non-deductible due to its illegal nature in the foreign country. For most countries the deductibility of bribes is generally excluded on the basis of not being a recognized deductible expense, for example, in Finland, Greece, Italy and Spain. In Western Europe twice as many countries allowed deductibility as those that did not. In Sweden and Denmark deductibility were allowed provided the bribes were the customary practice in the foreign country but the onus was on the taxpayer to establish that this be the case.

Table 3.8 Tax deductibility of bribes to foreign public officials in OECD and Western European countries

Tax deductibility	OECD	Western Europe
Allowed (1)	Australia, Austria, Belgium, Denmark, France, Germany, Iceland, Ireland, Luxembourg, Netherlands, New Zealand, Portugal, Sweden, Switzerland	Austria, Belgium, Denmark, France, Germany, Iceland, Ireland, Luxembourg, Netherlands, Portugal, Sweden, Switzerland
Not allowed (2)	Canada, Czech Republic, Finland, Greece, Hungary, Italy, Japan, Korea, Mexico, Norway, Poland, Spain, Turkey, United Kingdom, United States	Finland, Greece, Italy, Norway, Spain, United Kingdom

Note: Categorisations are calculated using data from OECD (1997a).

Even in the countries that in principle allowed deductibility for bribes as an accepted business expense, it could be difficult to provide necessary business records to support the deduction.

It is interesting to compare the data on the legal matters concerning international transactions with data on the impact of corruption on trade which is shown in Table 3.9. In this table the index of corruption’s impact on trade measures the leading exporting countries’ willingness or propensity to pay international bribes.⁷ We see in the table that Australia, Sweden and Malaysia are ranked as having the lowest propensity.

Table 3.9 Impact of corruption on trade in 1996 compared to tax deductibility

Country	Impact of corruption on trade	Tax deductibility
Belgium/Luxembourg	-8.0	1
France	-7.2	1
Italy	-6.8	2
Netherlands	-6.0	1
South Korea	-5.7	2
United Kingdom	-5.3	2
Spain	-4.8	2
China/Hong Kong	-4.5	Ns
Germany	-2.6	1
Singapore	-2.5	Ns
Canada	-1.9	2
Japan	-1.7	2
Switzerland	0.6	1
USA	0.7	2
Austria	1.2	1
Australia	4.8	1
Sweden	6.5	1
Malaysia	6.7	Ns

Note: Transparency International 1997b, tax deductibility index see Table 4.1. Ns = no score.

We also see that, of the countries that scored high on the scale of propensity to pay international bribes, three out of four allowed tax deductions for bribes to foreign officials. Nevertheless, when we measure the correlation between the legislation index (tax deductibility 1-2) and propensity to bribe internationally (impact of corruption on trade) we find no significant correlation. On the other hand, there does seem to be a connection between the variables if we compare the index for corruption in countries in 1996 (domestically) with the anti-bribery legislation index, indicating that countries with strict legislation against bribing foreign officials are countries with high corruption (correlation $-.549$, significance $.003$).⁸

Regulations of civil servants, and funding of parties and candidates

In an OECD research study of the conduct of senior public servants in 21 countries several interesting areas emerge (OECD-PUMA 1997a). These areas give us useful comparative data on restrictions on political activities, requirements to declare personal interests and prohibition on accepting gifts, restrictions placed on employment after leaving the public service, and protections accorded when asked to do something illegal.

Regarding restrictions on political activities, all countries, except Ireland and Turkey, allowed public servants to participate in public debates on political issues though often with some restrictions. Usually rules, formal or informal, laid down the guidelines for maintaining political neutrality and enjoined public servants from commenting on matters in which the officials were involved as a result of their jobs. Only Ireland and Turkey did not permit

membership in political parties. Less than a third prohibit officials from contesting elections, although a number of countries required the contesting official to take a leave before elections. Nine of the countries allowed officials to hold a seat in the national parliament, again on the condition of taking a leave of absence. In Sweden there were no restrictions on political activities except that the public servant must take a leave of absence while holding a seat in the national parliament.

On the issue of personal interest and acceptance of gifts, ten of the countries had formal requirements for senior public officials that required them to declare personal interests such as shares, property, personal or business relationships and directorships of private boards. In most cases this declaration was required in writing and was confidential. The United States was the only country where these declarations were fully public. All countries had restrictions on acceptance of gifts. Sweden required public officials to make public declaration of any outside employment; the government had the power to decide which agencies could demand written (confidential) declarations about stocks and bonds. Acceptance of gifts or benefits was not permitted.

Restrictions on employment of senior civil servants after they leave the public service were found in various degrees in all the surveyed countries. In eight of the countries there were formal post-employment restrictions, with the United States having the most detailed rules. Elsewhere there were no detailed restrictions on disclosure of public information after leaving office, although most countries had general restrictions.

In all countries, public servants were exempted from obeying instructions requiring them to act illegally, and in some countries this applied as well to situations where they might be asked to do something against the public interest. However, among countries there was a marked difference in the degree of guidance provided to help officials in those situations. In some countries there was no specific guidance; in other countries the public servant could request a written confirmation of an instruction and could formally inform the superior that the proposed actions were illegal or inadvisable. A few countries provided detailed guidance to the public servant of the procedures to take, notably, Australia, Canada, New Zealand, United Kingdom, and United States. These are among the exceptions for in the majority of countries there were no specific procedures or protections for public servants who disclose mismanagement or corruption. Such “whistle-blowing” protection and guidance was, according to the OECD survey, only in place in the United States though it was to be introduced in Australia.⁹

Financing of political parties and candidates

The issue of money and politics has been central to many of the scandals that have occurred especially in Europe and North America. To what extent can big contributors gain influence on decisions? Are regulations necessary to prevent corruption being a factor in party financing? The dominating strategy concerning party financing has indeed been regulation by law. In most countries that have adopted this strategy this has been a result of a history of

irregularities and corruption based on private contributors' role in political funding systems. But even systems based on public funding of parties have seen problems when control of party financing has not been stringent enough (Gidlund 1994a: 192-93).

Traditionally there has been a difference between North America and Europe. In North America there has generally had more regulation in place with prohibitions, restrictions and a sanction system. In Europe the demands on reporting and openness have not been that exigent. To a great extent the difference has been attributed to the difference in electoral systems, whether based on party or candidate (Ibid.: 194-95). But in the 1990s the difference between the two decreased. The emphasis on regulation has increased in the European systems, especially in countries severely hit by major political corruption scandals, such as Italy, Germany and Belgium. The increased role for regulation is also a result of an increased use of public funding of political parties, which makes it more difficult to argue for a no-interference policy toward the activities of the parties (Gidlund 1999: 48-50).

On a comparative scale of countries in terms of regulations and control Sweden and USA are at opposite ends with most countries falling in between (Gidlund 1994a: 194-195). In Sweden, despite the trend noted above in Europe, the legal regulations and control of party financing is almost totally absent. Sweden, in this instance, belongs to a shrinking group of countries. The few rules that exist concern public funding and its distribution and the laws regulating bribes (Gidlund 1999: 48-50). The parties continue to opt for voluntarily agreements among them based on a minimum of legislation and control.¹⁰

International organisations and their work

Several of the major international organisations in the political and economic sphere work to fight corruption, especially in the area of international trade. The United Nations' General Assembly took steps in 1996 to combat corruption. In the Resolution Against Corruption and Bribery in International Commercial Transactions, (United Nations 1997) the UN stated that the organisation should examine the possibility of developing a legally binding instrument. In the resolution member states committed themselves to undertake measures to combat all forms of corruption in international business transactions. The declaration specifically stipulates that the member states are to make punishable bribery of foreign civil servants and deny tax deductibility for bribes.

The international chamber of commerce is another organization that focuses on improving corporate self-regulation programs. It plays an important role in encouraging international business communities actively to fight corruption. As part of that campaign the chamber has issued rules against corruption and published a manual to assist companies in following these rules and the OECD convention (Brademas, J and Heimann, F, 1998: 20). In 1996 the Organisation of American States adopted the Inter-American Convention against Corruption. Work continues in the Council of Europe and the European Union against international bribery.

Among the most renowned of the organisations working against corruption is Transparency International (TI). It has influenced public perception and marshalled support for the OECD convention and its annually published corruption perception index, rating countries, has received much publicity. Transparency International is active in more than seventy-seven countries and in 2001 had fifty-six established national chapters (Transparency International 2001b) and offers a range of anti-corruption programs covering areas such as procurement reform, conflict of interest rules and freedom of information laws. The World Bank and IMF is now emphasising the need for transparency and steps to curb corruption (Brademas, J and Heimann, F, 1998: 18).

The most significant achievement internationally is probably the 1997 signing of the OECD Convention on Combating Bribery of Foreign Officials. The OECD began its work against corruption in international business in 1989 at the initiative of the United States. In May 1994 the member states agreed upon Recommendations on Bribery in International Business Transactions, which enjoins member states to take action against bribery (OECD 1996). This was followed up in April 1996 by the Recommendation on the Tax Deductibility of Bribes to Foreign Public Officials, designed to exclude the possibility of tax deductibility for bribes in all member states (Ibid.).

The OECD has set ethics and standards in the public sector as a priority issue. In 1998 OECD adopted a set of principles for improving ethical conduct in the public service. Through its Public Management Programme (PUMA), the OECD endeavours to assist governments in building and strengthening effective and transparent government structures. PUMA has also undertaken to assist countries in reviewing and, if necessary, reforming their ethics management framework for the public sector¹¹ (OECD-PUMA 2001).

The Council of Europe is another actor taking an active role in combating corruption. In 1994 the European Ministers of Justice called upon the council to respond to the threat of corruption against democracy and law. A program to combat corruption was worked out by the Multidisciplinary Group on Corruption in 1995, and in 1999 the Group of States Against Corruption (GRECO) was established aiming at following up, through evaluation and pressure, compliance with the established agreement to fight corruption (Council of Europe 1999 and 2002).

In 2001 GRECO presented an evaluation report on Sweden. It is concluded that Sweden, along with the other Scandinavian countries, experiences very little corruption and it attributes this result to the presence of several factors such as the parliamentary ombudsmen, the culture of openness and supervision of public servants, and the freedom of public access to official documents, which gives journalists, NGOs and private persons a tool to discover and disseminate information about corruption cases. But despite the favourable situation depicted, attention is drawn to specific areas where improvements are deemed necessary. First, concern is expressed that there is no special unit to detect, investigate and prosecute corruption cases, indicating that the Swedish system is more reactive than proactive, which could imply difficulties in detecting a secret and complex offence as corruption. Second, public officials are not specifically made aware of the need to report suspicions of corruption.

Third, public procurement procedures are often not respected as proscribed by the law, risking a development of corrupt practices particular at the local level. Finally, audit procedures at the local level need to be improved (GRECO 2001)

In addition to these international organizations having established task forces and work groups against corruption, numerous conferences have been sponsored by these organisations in the 1990s about corruption.¹²

Measures against international corruption

The emphasis in the discussion here is on the work within the OECD and the EU because their work has had a direct impact on countries in Western Europe, including Sweden, in the area of international bribery. The OECD convention on criminalisation of bribery¹³ of foreign public officials¹⁴ suggests that most member states have undertaken work to introduce legislative changes. By 1998 some states had already done this, but for most states the work was delayed until 1999 and 2000. At the adoption of the 1997 Bribery Convention the member states declared their intention to take all necessary steps to aid the convention to come into force by 31 December 1998. With that in view, the convention and necessary proposals were to be submitted to the national parliaments by April 1, 1998. In mid-1998 the OECD working group on bribery in international business transactions concluded that significant steps had been taken by almost all participating countries. But due to different legislative procedures only a few had submitted the convention and proposals to their legislatures. Among these countries were Germany, Belgium and the Czech Republic. Other countries indicated that they were ready to do this soon. Almost all countries were sure that they would ratify and implement the convention before the end of 1998 (OECD 1998).

On the question of tax deductibility, fifteen¹⁵ of the OECD countries disallowed it prior to the adoption of the 1996 recommendation, and after its adoption five more countries¹⁶ passed legislation disallowing it. In many of the other countries, the rules were under re-examination and new legislation was in many cases on its way¹⁷ (Ibid.).

Besides these directives, the OECD convention recommended improved procedures in several areas, such as accounting requirements and external audits, public procurement, international co-operation, follow-up and institutional arrangements, co-operation with non-members, and relations with international governmental and non-governmental organisations (OECD 1997a). Furthermore, the Development Assistance Committee approved a recommendation on anti-corruption proposals for aid-funded procurement in 1996. In most member countries strengthened anti-corruption provisions have been introduced, or were to be introduced by mid-1997, based on this recommendation (OECD 1997b).

It is clear that the OECD initiative had been very successful. By April 2001 twenty-eight out of the thirty OECD countries had deposited their instruments of ratification of the OECD Convention Against Bribery with the OECD. Of these twenty-eight countries, all except Portugal and Turkey, had also adopted implementing legislation. In Portugal this was expected to happen during 2001. In the two countries that had not ratified the convention,

New Zealand and Ireland, this was expected to occur during 2001. In addition non-OECD member states Argentina, Brazil, Bulgaria and Chile also ratified the convention (OECD 2001a, OECD 2001b).

At the same time the members of the European Union have worked out similar proposals for the EU, both to reduce bribery and protect the financial interest of the EU from fraud. The fraud convention signed by member states in 1995 commits them to undertake to make punishable various improprieties threatening the financial interests of the community and to strengthen the criminal law co-operation between member states. Fraud is defined as: any intent, action or act of negligence involving use of false documents or information to gain resources or that reduces resources; evasion of information with the same consequences; and, the use of resources for other purposes than permitted or other kind of misuse. Member states commit themselves to putting in place effective sanctions on these activities and on complicity, instigation or attempts to commit these actions (Ds 1998:29: 29).

The protocol established in 1996 is designed to fight corruption that harms or could harm the financial interest of the EEC (EG). The aim is also to strengthen the international scope of the member states' legislations, and to secure congruity in penal laws among member states in situations dealing with international corruption (Ibid.: 109-114).¹⁸

The EU followed this development of the protocol to the fraud convention with a separate convention about corruption. This convention is to a great extent in accordance with the promises made by member states in the fraud convention and the protocol. The corruption convention goes further by not requiring that harm be caused to the finances of the EEC (Ibid.: 119-124).

The corruption and incompetence scandals in 1999 that forced the resignations of the European commission increased attention to combating bribery and fraud within the European Union. The report conducted by the Committee of Independent Experts who lead to the resignation of the Commission headed by Jacques Santer, pointed to serious shortcomings in the commission. The commission was not in control of the administration, internal control was lacking and there were many cases of favouritism, where relatives or friends of commission members had been employed in projects (Oberoende expertkommittén 1999a). In their second report the experts suggested measures for reform (Ibid. 1999b). Whether things have improved as a result of the reports is early to say, but the new commission headed by Romano Prodi, took initiatives to improve weaknesses identified in the reports in the areas of control, administration and the lack of clear rules governing contracts, subsidies and outsourcing of funds (European Parliament 2000). In the annual report of the European Court of Auditors 2000 it is concluded that measures have been undertaken to deal with observations in former report but the degree of practicality differs (Revisionsrätten 2001).

Conclusion

Sweden continues to be among the countries most free of corruption. According to the data sources used here to compare the corruption level among countries Sweden has strengthened its position over time. On the corruption scale Sweden is placed on the far end of the non-corrupt pole along with certain other countries. But we also noted that the Swedish position, though good, is deteriorating.

The distribution of corruption in Western Europe seems to follow a north-south dimension, according to empirical rankings, where countries in the north have less corruption. This was in line with what is expected by using the Heidenheimer approach on the distribution of corruption. Using trust as an indicator of the degree of civicness we found a high correlation with corruption.

Turning to the investigation about people's attitudes toward corruption I did this in two steps. First I studied attitudes about bribes in Sweden compared to other Western European countries and its development over time. Attitudes about bribes are more similar between countries in the early 1990s than in the early 1980s. In the countries compared, attitudes against bribes sharpened from 1980 to 1990 except in Sweden where harsh attitudes already existed in the 80s. In Italy this change in attitudes was most dramatic. No distinct north-south pattern could be distinguished concerning attitudes. Second, I also compared Sweden with a sample of five countries between 1980 and 1996 including more low corruption countries. Compared to this sample of countries, in all three points of measure Swedish attitudes were slightly more forgiving than compared to the average for the countries. Also interesting was that between 1981 and 1990 attitudes became slightly more forgiving both in Sweden and the average for the countries, but the difference was that in Sweden this trend continued into 1996.

The international comparison of anti-corruption regulations in different countries shows that the demand side of bribes, here the domestic area, have been more regulated by law, than the supply side, bribery of foreign officials. These findings hold true for Sweden as well. However, some countries, especially United States, have explicitly prohibited the bribing of foreign officials and disallowed tax deductions of bribes. On further study, nevertheless, we did not find any specific relation between strict regulation of tax deductibility and the propensity to use bribes internationally. Regarding regulations of public officials and funding of political parties and candidates, this also varies between countries within OECD and Western Europe. Sweden is especially in the latter aspects a country with few laws and regulations.

Recently many countries, including Sweden, have strengthened their legal framework against corruption in regards to bribery of foreign public officials as a result of international anti-corruption efforts. This is attributable to the sharpened attitudes against corruption and the increased attention on the problem especially in the industrialised countries.

Applying Heidenheimer's typology in the study of Sweden, it is concluded that Sweden is close to the category called the civic-culture based system. This result is also in line with the common picture of Sweden as among the least corrupt countries. In Sweden this means that

the types of corrupt practises and their incidence consequently fall when we are going from cases of petty corruption to aggravated corruption.

It seems reasonable to assume that the incidence of petty corruption is not uncommon in Sweden but is neither a standard operating procedure nor is it totally absent. It is as likely to be regarded as black corruption as grey; after many scandals last years highlighting the issue of corruption attitudes have become more negative. Attitudes against corruption in Sweden are strong according to the data cited, and the public reactions against improprieties have been harsh. Routine corruption such as gifts accepted by public officials (or parties) for “generalised good will” is assumed to occur only occasionally and is regarded as black corruption. When it comes to political parties in Sweden, there has been an on-going debate regarding companies and organisations making financial contributions to parties and to party youth organisations, which indicates in Sweden this area falls into the category of grey corruption. Nepotism practises in the form of interconnection between the governing party and companies and organisations have not been unusual, especially in local contract awarding in the housing and constructing sector, where the gain is collectivised but the relationship is based on the personal connections between individuals. This can also be regarded as grey corruption. Public officials, through outside employment, profiting from public decisions is judged black corruption and is of occasional incidence. During the last few years several cases have come to light, but to regard this as a pattern of frequent incidence would be to draw conclusions too far. Cases of clients pledging votes according to patron's direction are rare occurrences according to legal data. It is seen as a type of black corruption. As expected, aggravated corruption happens rarely in Sweden and is evaluated as black corruption by virtually everybody in Sweden. But it does not mean that such cases can be ruled out. In the police department there have been disclosures of connections to businessmen under investigation. Other examples, such as officials and citizens ignoring clear proofs of corruption, occur rarely even though there have been cases of this.

One should note, however, that compared to the examples of corruption used by Heidenheimer, interesting cases may fall between the categories. In Sweden, many cases of fraud, embezzlement and breach of trust in the public sector have caused concern. These practises are not really covered by this specific typology. For this we need a study more focused on Sweden and Swedish preconditions and actors.

¹ Mauro (1995) presents and uses data from BI to estimate corruption. Three indices are presented: a) corruption, which shows to what extent business transactions includes corruption or questionable payments, b) the legal system and the judiciary, which estimate the integrity of the legal system in its relations to companies, especially international companies, c) bureaucracy and red tape, which measure to what extent unnecessary bureaucratic procedures constitutes an obstacle to business for companies applying for approvals and permits. The three different indices were positively and significantly correlated with one another. The mean in the weighted index, consisting of the three indices above for all countries, was 6.9 and the standard deviation 2.16. In this weighted index Sweden was ranked as the ninth most clean country of the countries included in the ranking. Italy, on the other hand, was ranked as number 39 out of the 68 countries included (Mauro 1995).

² The correlation between TI 2000 and IPT 1995 for all countries with data available is .72 (significance .001) and TI 2000 and IPT 1980 is .85 (significance .000). The correlation for TI 1980-85 and IPT 1980 is weaker .36 and not significant.

³ But of course we also must keep in mind that this is based on figures that are imperfect estimates.

⁴ In the period 1973-93, the Eurobarometer asked the question “On the whole are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the way democracy works (in your country)”. Italian citizens were those who expressed the greatest dissatisfaction of all. In 1993 as many as 45% of the Italians were not at all satisfied with the way democracy worked and 0% were very satisfied (European Commission 1994 and 1993-1995). On the question about whether membership in the EU is a good thing, the Italians on the other hand are among the most positive compared to the average for EU-countries.

⁵ Much of the discussion in this section concerns bribes. This is not to say that this is the only important aspect, rather it is one indicator where data is available for comparison of countries.

⁶ The information concerning bribes in foreign countries (Cars 1996) is based on answers on surveys from member countries in the European Council 1995 and OECD 1989.

⁷ The countries included are the 18 largest exporters excluding Taiwan and Saudi Arabia. The importing countries are the most important importers with above \$2 billion import value per annum. The degree of corruption in the 87 major import countries was measured by the corruption perception index of 1996. Measured is the propensity of exporters to offer bribes as indicated by actual trade relations (Transparency International 1997b). In a later publication of the full text, Taiwan is included (Lambsdorf 1998).

⁸ If we instead treat Sweden and Denmark as a middle category in terms of allowing tax deductibility the correlation is -.490 (significance .009).

⁹ For an interesting article on whistle-blowing, the capacity of government structures to respond to disclosures by whistle-blowing, and the central position of public servants in disclosing mismanagement and corruption, see De Maria and Jan (1996).

¹⁰ This consensus strategy was the prevailing strategy in the Scandinavian countries, where parties have had a deep distrust of parties being required to publicly account for their expenses. Denmark broke with this strategy in 1990 introducing regulations concerning the contributions of private donors to political parties as well as obliging parties to account annually for their finances (Gidlund 1994a: 193).

¹¹ PUMA aims to support and facilitate the efforts of member countries to achieve higher standards of effective and good governance. By studying how governments organise and manage the public sector, and by identifying emerging challenges, PUMA seeks to help governments address fast-moving changes in governance.

¹² A brief overview of the work and initiatives against corruption by international organizations is provided by the OECD (OECD 2001b).

¹³ Bribery is understood as the promise or giving of any undue payment or other advantages, whether directly or through intermediaries to a public official, for himself or for a third party, to influence the official to act or refrain from acting in the performance of his or her official duties in order to obtain or retain business (OECD 1997c: 11).

¹⁴ Foreign public official refers to “any person holding a legislative, administrative or judicial office of a foreign country or in an international organisation, whether appointed or elected or, any person exercising a public function or task in a foreign country” (Ibid.).

¹⁵ Canada, Czech Republic, Finland, Greece, Hungary, Ireland, Italy, Japan, Korea, Mexico, Poland, Spain, Turkey, United Kingdom, and United States.

¹⁶ Denmark, France, The Netherlands, Norway and Portugal.

¹⁷ Australia, Austria, Belgium, Germany, Luxembourg, New Zealand, Sweden, and Switzerland.

¹⁸ In 1996 member states signed a protocol to the fraud convention regarding decisions in advance by the Court of Justice of the European communities concerning the interpretation of the fraud convention and the corruption protocol. This means that Swedish courts can ask for decisions in advance (Ds 1998:29: 115-118).

4

Corruption, Danger Zones and Swedish Policy

Introduction

In this chapter I attempt to map out the various areas most exposed to corruption or corruption attempts in Sweden and describe the official stand towards corruption in Sweden in the 1990s, with particular emphasis on the mid-1990s. Several “pictures” of the situation in Sweden are presented. First a picture based on the media coverage of improprieties and corruption is given. The media picture is particularly important since the increased attention paid by the media to these questions has resulted in corruption and improprieties being placed higher on the political agenda. Furthermore, media are important sources by which citizens become aware of corruption, and thus an important factor in influencing attitudes. Second, we have a legal picture in which Swedish anti-corruption laws and recent law changes are depicted. The objective in this part of the study is to address the legal definition, which provides a base when we turn to specific legal cases by corruption. After mapping out areas most affected to corruption and the statistical development of corruption cases over time quantitatively, individual legal cases are presented as illustrative examples. Third, we have the Swedish “picture”: when the chapter turns to the Swedish stand on corruption and government actions to countervail corruption. In this vein, we examine several factors affecting the risk of corruption and government actions in the area; i.e. laws about corruption, recent legislative changes and the parliamentary debate on corruption and ethics in the Riksdag. Finally, in the concluding section of this chapter we discuss these findings.

Media coverage of corruption and improprieties

A survey of Swedish newspapers gives a plethora of accounts of political scandals and improprieties. For example *Dagens Nyheter*¹, during the twenty-one month period, which I surveyed, published stories almost every week about improprieties involving the use of public money for private matters. The increased media attention lead to an intense debate about whether the media coverage paid too much attention to coverage of suspected improprieties and perhaps prejudged cases. In this research I do not wish to enter into this debate over the role of the media. Instead, I utilize media accounts simply as way of assessing the extent of

this topic and of locating interesting cases and illustrations of danger zones and types of corruption, some of which cases have had a central role in the debate over media coverage.

From September 1995 until May 1997 I selected all articles published in *Dagens Nyheter* concerning suspected improprieties and corruption. This data set includes 95 cases selected for further study.²

The cases in this catchment, compared to that based upon the narrower legal definition of corruption (see the section below), include more than bribery violations. Only twenty of the ninety-five (suspected) cases dealt with bribes, twelve dealt with cases of fraud, thirteen with embezzlement, ten with conflict of interest (judicially termed disqualification), eleven with breach of duty, and five cases each with breach of trust and with breach of confidentiality. Thus, we see that the cases garnered from newspaper accounts are not restricted to the legal cases presented below and hence we have the opportunity to look also at “question mark” cases – those where behaviour is not strictly illegal.

Many of the cases involved misuse of public resources by public servants or politicians for the own benefit without the involvement of outside influence. About twenty-five of the cases concerned indirect transactions, indicating more unspecified transactions and tending to be of a more collective character. More than half of these involved politicians, mainly in conflict of interest situations in regards to decision-making and political financing. Cases implicating upper-level servants mainly were in the area of public procurement.

Out of the ninety-five cases, fifty-two affected public administration, twenty-nine affected municipalities and nine affected county councils. The remaining cases involved accusations that Swedish companies had bribed officials in foreign countries and cases in which Swedish officials were connected to international political organisations such as the Nordic Council and EU.

Many of the fifty-two cases at the public administration level were due to suspected misuse of public resources for private gain or to suspicions of receiving gifts or favours, such as cars and rental of flats. Another common area was in the domain of public procurement, for example, situations in which the purchasing situation was characterised by disqualification because of a conflict of interest. The particulars of other bribery cases included from police officers being offered bribes by traffic violators and to police officers being enticed to reveal confidential information regarding investigations. Several cases concerned construction and housing such as cases where decision makers should have been disqualified from taking part in bidding for contracts. A further example was falsification of loan applications. There were also cases relating to border control and bonuses and pay-offs to officials by certain companies, which if not technically bribery were on the fringe of bribery.

Of the twenty-nine cases on the municipal level of government, most cases came from the construction and housing sector, a typical example being a municipal commissioner accused of taking money from a building contractor. Other cases, coming to light under the scrutiny of accountants or the public, ranged from favours obtained by politicians to outright embezzlements or fraud cases. For some cases the reaction of the public had a definite moral tone, particularly in the use of travel expense accounts by politicians during visits to nightclubs or strip-tease clubs. In total eight cases involved local government companies.

At the county council level nine cases were identified. They mainly dealt with publicly-owned transport companies and purchasing activities, and implicated politicians and upper-level servants. As well there were case of embezzlement of public funds.

Politicians were involved in slightly less than half of the cases (43) and public officials in a good half of it (48). Among the public official cases, thirty-eight of them involved matters affecting upper-level public servants. About half of the cases involving politicians was at the municipal level (21) with some fifteen cases involving politicians at the state level. Four cases occurring at the county council level were mainly in regards to entertainment and travel expense account used by publicly-owned transport companies. Senior public servants were implicated in fourteen cases at the municipal level, twenty cases at the state level and eight cases as the county council level.

From a general review of these cases, some of the details in the picture of impropriety and corruption begin to emerge. First, we see from the cases that one critical factor is whether people are entrusted with handling of money. Second, we perceive that a sense of morality comes into play in the judgement towards politicians and upper-level public servants in cases where taxpayers' money is used for entertainment expenses such as alcohol and nightclub visits. Third, we note that a sensitive area is that of distribution of privileges and benefits to high officials; under debate as to its legality, many cases have been brought to court. Fourth, notable areas of uncertainty and which are hotly debated lie in the field of contributions to political candidates and parties from companies and organisations (see, for example, *Dagens Nyheter* 1996-09-25). The cases included here involved contributions from a private company to the youth organisation of the Conservative Party, and the contribution of LO (the Swedish Trade Union Confederation) to the Social Democratic Party.³

The Swedish laws and legislation about corruption

From the media picture, let us turn to the legal picture. In Sweden government transparency and openness have been regarded as important mechanisms in avoiding misuse of power and corruption, especially in strengthening external controls through citizen and media awareness. The laws protecting disclosure of information from civil servants to the media (also implying that the civil servant has the right to stay anonymous and it may amount to criminal offence for a representative of an authority to enquire into the identity or for the journalist to reveal it) and the access to official records are key laws, guaranteed in the Freedom of the Press Act and the Freedom of Expression Act (SFS 1949:105, SFS 1991:1469).

In strictly legal terms corruption in the Swedish legislation means that we are talking about bribes. Corruption in the public sector has for a very long time been labelled criminal and punishable. In some county law codes in Sweden in the Middle Ages, bribe-taking by judges and constables was a criminal offence. In 1734 punishment was meted out only to judges and county governors who took bribes, but in 1864 the law was extended to cover all civil servants taking bribes. The other side of the crime, bribe-giving, was made criminal in 1919. When the statutes dealing with special responsibility of officials⁴ was abolished in 1976,

legislation against bribe-taking was extended to all employees in the public sector. In 1978 the regulations on bribery in the public sector was extended to the private sector (Cars 1990: 7).

What does the legal framework for bribery then look like in Sweden? Bribe-taking and bribe-giving is regulated in the penal code chapter 20 §2, respectively chapter 17 §7. Bribe-taking is that crime in which the recipient takes or accepts a promised monetary or other undue reward in exchange for some favoured action in connection with his or her professional responsibilities. This section of the penal code applies to all employees (both in the private and public sector), holders of political commissions of trust, and holders of commissions regulated in the constitution.⁵ Bribe-giving is the crime of the giver when he or she offers a bribe to employees or commissioners who can make themselves guilty of bribe-taking. Even if such transactions are never fulfilled they can be judged criminal. Even if one side declines the offer, it does not mean that the other side is exonerated. This is the reason why there are two separate and reversed regulations, where sometimes only one side is guilty of bribery. An independent employer under this legal definition cannot be seen as guilty of bribe-taking nor can an employer or other principals be seen as bribing their own employees: instrumental to the concept of the bribe is that the influence on the employee is from an outsider (Cars 1990: 9-10).

The bribe is an unwarranted favour and does not need to be of economic value. If the favour is associated with the taker acting in a certain way, whether prejudicial to his or her duty or not, the favour generally is regarded as a bribe. The type of professional responsibilities of the employee is important in judging whether the favour was a bribe or not. Generally it is more sensitive in public positions (Ibid.: 21-20). The higher the post, the greater the importance for integrity and trust, and the less leeway there is for favours.

The classical form of corruption implies that the officeholder is influenced to neglect his or her responsibilities or duties in favour of the giver. However, whether this actually is the case is very hard to prove, and therefore the burden of proof may rely on simply establishing an indirect connection between the favour and the discharging of the duties. It is enough that the giver and taker had or are assumed to have had contact with each other in relation to the bribe-taker's responsibilities. If this is the case it is regarded as sufficient evidence to indicate undue influence. In corruption cases one of the commonest defences is that the interaction between bribe-taker and giver was just a sign of friendship, but this very seldom is accepted as justification for the acts (Ibid.: 19-20).

In Swedish anti-bribery legislation, the conduct may be deemed criminally liable even before the professional post is assumed and liability for criminal charges may remain even after the person has left the position. In other words, the penal liability applies even when the transaction have been undertaken before the taker entered the post or after the taker left the post. In the criminal code chapter 17 §7 and chapter 20 §2 three situational types are described: 1) giver promises– taker accepts, 2) giver offers – taker demands, 3) giver gives – taker receives.

In the first situation it is always the giver who takes initiative, while in the other two situations the initiative can come from either side. It is not necessary that the procedure be

completed to connote penal liability. In other words, the favour does not actually have to transpire. In the other two situations it is the participating party that initiates the action who is deemed guilty of bribery even if the other party rejects the overture and is thereby not culpable. For the potential taker to be seen as non-culpable, he or she must explicitly reject any offer from the giver, otherwise it is interpreted as a tacit consent and thereby punishable (Cars 1990: 17, Leijonhufvud 1998-99: 342).

The intent of bribery regulations and laws is to protect the principal and ensure that the principal receives loyal service and that extraneous circumstances, such as officials being under obligation (material or non-material) to somebody, do not affect the responsibilities of the official. Trying to distance the bribe-giver from the bribe-taker by giving the bribe to a third party related to the person of influence does not free the parties from bribery incrimination. Even a claim that the bribe did not influence the decisions and/or actions is not sufficient to absolve one of bribery, especially for high-ranking public officials when the public is the principal (Cars 1990: 11-12). The penalty for bribe-taking or bribe-giving is a fine or a maximum of two-years imprisonment. If a bribe-taking crime is regarded as gross or major the punishment is increased to a sentence of a minimum six-month to a maximum six-year imprisonment (SFS 1962:700).

Related to the bribery rules are regulations dealing with corrupt marketing. The intent is to stop unwarranted favours (bribes) from influencing decisions. The praxis, developed from the general clause in the Marketing Practices Act, identifies corrupt marketing as being when a company or businessperson offers unwarranted favours to workers acting in their professional capacity in their area. A bribe offered in exchange for a sell or to promote a purchase is also considered corrupt marketing (Government Working Paper 1999, SFS 1995:450).

The rules in the penal code concerning undue influence of voting is also related to bribery. This regards vote buying as well as the taking of undue rewards (SFS 1962:700, Ch. 17 §8). This is not to imply that bribes are regarded as the only legal empirical indicator of corruption. Other criminal legal codes relevant to corruption cases are embezzlement, breach of trust (committed by an agent against his or her principal), fraud, and conflict of interest issues. In Sweden several of those prosecuted in celebrated court cases have been sentenced on the grounds of breach of trust. Embezzlement is defined as the disregard of professional responsibilities, connected with the handling of assets belonging to another, in order to receive material gain or in other ways receive some advantage (SFS 1962:700, Ch. 10 §§1, 3). Breach of trust is regulated in the penal code chapter 10 §5 and denotes that someone, carrying out a commission of trust involving economic or technical matters, misuses this responsibility and thereby causes harm to the principal. Fraud is defined as occurring when someone misleads another party to engage in action that is advantageous for the initiator and harmful for the other person (SFS 1962:700, Ch. 9 §§1, 3, 11). Sometimes statutes addressing criminal violation of secrecy obligations are relevant, especially in cases of disclosure of confidential information, for example, from a police officer to a person involved in a case, which is legally forbidden (SFS 1962:700, Ch. 20 §3). Conflict of interest situations in the public sphere is defined and guided by the Administrative Procedure Act §§ 11 and 12, and

the Local Government Act chapter 5 §20, and chapter 9 §§4 and 5 (SFS 1986:223, SFS 1991:900).⁶

For politicians, the regulations about conflict of interest are generally not as specific as they are for public officials. According to law and tradition, members of parliament have more leeway in their professional responsibilities than a public official. This reflects the importance placed on the needs for members to be active outside parliament and to be open to opinions from the public. Contrary to that of public officials, there are no regulations or norms about the “outside” occupations of members of parliament (Rättsfall från Hovrätten 1995:99, SFS 1994:260, SFS 1986:223). The Administrative Procedure Act, which mainly regulates activities of the public servants but also applies to politicians in carrying out authority, provides detailed provisions on conflict of interest in order to safeguard impartiality of the administration, and affects central and local government administrative agencies. Any public servant with a particular interest in a matter, which might be reasonably supposed to influence the way the matter is dealt with, is obliged to report this and not to take part in its administration. The rules for how cases are to be handled are by tradition relatively formalistic. An important safeguard for the public is the right to appeal against decisions (Petersson 1994: 108-109).

This section has indicated that Swedish legislation dealing with bribery domestically is quite strict. However, like in many European countries, bribes paid by Swedish companies to foreign politicians and officials have been accepted in the past as deductible costs by Swedish courts and have only recently been explicitly forbidden. But recent changes have been made in this area and, furthermore, changes have been made to legislation affecting domestic conditions. This is the topic of the next section.

Recent legislative changes

During the last years the Swedish government have also worked with Swedish legislation in connection with proposals from international organisations in which Sweden is a member. For Sweden the work within the EU, the OECD and the UN have had a direct effect on changes to legislation; effectively adopting the rules of international agreements and in some cases strengthened legislation and made the laws about corruption more stringent.

In the government bill (Regeringens proposition 1998/99:32) regarding EU fraud and corruption, the Swedish government suggested that parliament adopt the conventions and protocols developed in the EU and the OECD. The necessary changes to the Swedish penal code came into force 1 July 1999. The EU-corruption convention is applicable 90 days after all EU member states ratify it. Sweden had legitimated the convention earlier than the 90-day requirement and called upon other states also to apply the convention before that deadline. A similar stance was taken in regard to the changes due to the OECD recommendations (JuU 16:1998/99, Riksdagens protokoll 1998/99:75).⁷

In regard to bribery, these changes meant that bribery of foreign ministers and parliamentarians was made punishable as well as bribery of European Union Commissioners, Members of the European Parliament, and judges in the European Court. Consequences

associated with being charged with bribery were laid out in a government memorandum (Ds 1998: 29) that formed the basis for the government bill together with a memorandum regarding the fraud convention (Ds 1998:1).⁸

Bribery culpability was also deemed to include favours to individuals other than whose responsibilities or duties the favour is intended to influence.⁹ This step clarified for Sweden the issue of whether bribes destined to third parties such as the political party of a decision-maker (the potential bribe-taker) are punishable actions. This resulted in an intensified debate over the contribution of LO to the Social Democratic Party; some claiming it was made with attached conditions and thus constituted a bribe. There is a division of opinion as to whether the new law applies this contribution. Madeleine Leijonhufvud,¹⁰ who at that time chaired the Institute Against Bribes, said that the revision of the law was vague – that a legal examination of the case would principally not be different from that of an earlier case (see below) concerning a member of parliament (*Svenska Dagbladet* 1998-08-11). Essentially, Swedish law requires a connection between the contribution given and a party official's actions that is not in accordance with the implementation of the political program of the party. A contribution made not on particular conditions or reservations is deemed as given to support the program of the party as such and even if it should result in favouring the interests of certain party officials the contribution is not regarded as a bribe from a judicial point of view (Regeringens proposition 1998/99: 32).

In adopting the OECD recommendation that tax deductibility of bribes be prohibited, an explicit prohibition of tax deductibility and other unjustified rewards was consequently adopted into Swedish law (JuU 16:1998/99).¹¹ In the corruption memorandum and the government bill (Ds 1998:29: 98, Regeringens proposition 1998/99:32) it was stated that it is a matter of interpretation as to whether this was already the case in the previous legislation. But it is clear that deductions have been allowable in fiscal courts judgements even though the courts were aware that the transaction could be regarded as constituting a bribe (Cars 1996: 160-161).¹²

Entertainment expenses are deductible to the extent that they have a direct connection to official business, non-deductible are expenses relating to personal hospitality or luxury expenses. Gifts are also non-deductible, except for official hospitality gifts (SFS 1999:1229, Ds 1998:29: 94). In the investigations that developed the initial rules about entertainment expenses, it was concluded that deductibility was not allowed if the expenses provided during official business were unwarranted and thus punishable offences as being bribes. It was recommended that a regulation be included that explicitly prohibited deductibility for expenses constituting a bribe, but instead it was decided to provide general guidelines for deductibility and the National Tax Administration was to enact complementing rules (Ds 1998:29, 95).¹³ What are undue or unwarranted favours? Basically, every transaction intended to influence the agent's disposition of duties is undue or unwarranted. It is also deemed undue if the aim is to coerce the receiver to do something not in accordance with his or her duties or responsibilities. The investigatory group preceding the current rules suggested that the judgement of "undue" must be evaluated on a case-by-case basis taking into consideration all relevant circumstances (Ds 1998:29, 99).

Another important legal change in the mid-1990s was the introduction of the Public Procurement Act (SFS 1992:1528). This act integrated the EU-directives into Swedish law. It established that procurements should be obtained through competition and business-like procedures. Deliberations on tenders should be undertaken without extraneous considerations coming into play. Depending on the size of the procurement there are different threshold values that relates to different rules for how to conduct a purchase and detailed procedures are established for procurements above the thresholds (NOU 1999, SFS 1992:1528).

Legal cases of bribery and improprieties

Thorsten Cars (1996: 168-169) presents about 150 legal cases of bribery in Sweden from 1979 to the first half of 1996. I have singled out for study those cases where at least one party involved is working in the public sector, which provides us with some 130 bribe cases.¹⁴ It is hoped that analysis of these cases will give insights into where areas and activities sensitive to corruption are likely to be found as we determine where corruption and exposure to corruption is common.

Out of the 130 cases forty-four concerned the state, eight concerned county councils and seventy-four concerned municipalities. The state cases constituted activities concerning traffic violations (seven), licenses and permissions (four), border control (police and custom) (three), travelling (three), housing and construction (three) and purchasing and contract by tender (six). In the cases where local government actors were a party to the activity, twenty-seven dealt with housing and construction, twenty-three with care-taking, seven with transports and public transport, five with equipment rental contracts, and three with company establishments. Nine of the cases concerned local government-owned companies, mainly from the 1990s.

Politicians were implicated in sixteen of the cases. Involved in thirteen cases were local government politicians and four cases involved politicians from the central level of government. The cases involving local government politicians were mainly in the area of housing and construction, and in the establishment of companies. At the central government level, a case where a member of parliament gave information to companies in exchange for money was widely covered in the media and debates.

Which sectors can then be pointed to as danger zones of corruption? Among these 130 cases the housing and construction sector had the most cases (thirty). The second most vulnerable area was in service care to the elderly, most often involving patient appreciation of services by caretakers who received favours in form of such things as money or inheritances. These cases, along with cases dealing with the relationship between warden and prisoner, were heavily represented in the study (twenty-four cases). Twelve cases concerned actions where the police were implicated. Most of these cases resulted from drivers attempting to bribe policemen to falsify traffic violation reports, though in one case a police inspector investigating an insider theft was accused of receiving favours during the investigation by the bank's management. Transports and public transport (seven) were another area, in most cases concerning local government public transport. Many of the cases concerned procurement and

purchasing relations. There were also concerned with the granting of licenses and permissions, for example, such as in the pharmaceutical sector.

The extent of the cases as indicated by these figures can be seen as an indication that conditions conducive to corruption do exist at many levels of the public sphere. This is the case especially in public sector interactions with business in housing and construction, procurement, purchasing, permissions and licensing and situations where the official has direct interaction with the client.

The development in number of cases of bribery and improprieties

As a result of the many scandals in the 1990s and the sometimes-weekly media reports of political scandals and corruption a growing suspicion among the public in Sweden was discernible that there was increased malfeasance in politics and the public sector. The topic of improprieties and ethical violations were not just the subject of editorial newspaper debates, but also were topics of radio and television programs. Even though the main task in this research is not to judge whether corruption in Sweden has increased or not, it is worthwhile to look at available data on corruption trends.

Table 4.1 gives the number of people convicted not only in bribery cases but it also in cases of embezzlement, breach of duty, and crimes against the public service. We see that crimes of embezzlement and against public activities were increasing until the mid-1990s and after that slightly receded. We focus on the bribe-giving and bribe-taking categories; putting them together we can see an increase over time of bribery convictions, with a peak in the mid-1990s and then from 1996 falling back to the pre 1990 level. Concerning undue influence over voting, there were no cases of either vote-buying or vote-selling between 1986 and 2000.¹⁵ Given that these data deals only with convictions and not instances of bribery, and that the actual figures of instances are unknown and the numbers are not large, we cannot draw any far-reaching conclusions as to the direction of the trends.

Table 4.1 The number of persons found guilty of criminal offences by principal offence

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Embezzlement and breach of trust	1291	1201	1323	1443	1492	1578	1604	1575	1544	1479	1385	1205	1296	1160	1182
Only breach of trust	22	25	23	26	23	28	30	22	35	29	35	16	30	30	15
Crime against public activities	2825	3083	3009	2970	3059	3166	3193	3565	3438	3419	3031	3095	3423	3325	3064
Only bribe giving	6	5	3	10	16	16	17	12	9	79	14	10	12	7	5
Only undue influence of voting	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Misfeasance etc.	26	14	18	16	29	38	36	54	29	30	40	24	15	20	27
Only bribe taking	12	6	9	3	11	12	12	29	8	8	12	7	3	2	6
Bribe giving + bribe taking	18	11	12	13	27	28	29	41	17	87	26	17	15	9	11

Note: The data are the sum of judgements, summary imposition of fines and prosecution remissions. Data from BRÅ 1996-1998, Thorsson 1999, BRÅ 2000, BRÅ 2001.

In a 1996 newspaper article Thorsten Cars¹⁶ said that corruption is on the increase in Sweden. He based this not on legal statistical data but on perceptions of business

representatives that illegal favours and bonuses were increasing in Sweden. Furthermore, Cars stated that, in his personal contacts with employees and management personnel, many people had related to him stories of favours being increasingly offered to them or others (*Dagens Nyheter* 1996-11-01). A survey conducted among 600 companies in 1995 gave similar results. One-third of the respondents, in most cases the managing director or the financial officer, thought that economic improprieties were major problems. About half of the respondents thought that the problems were increasing while only eight percent of the respondents thought they had declined (*Göteborgs-Posten* 1995-11-02). The data in Table 4.1 regarding bribery convictions until 1996 supports these impressions, though the possibility exists that the actual occurrence of bribery has not increased, but rather that increased focus on the problem has led to more revelations.

The weekly newspaper *KommunAktuellt*¹⁷ surveyed municipal purchasing agents about bribery. Purchasing agents in 187 municipalities out of 287 answered the questionnaire, and 53% reported that they had been offered gifts that could be questioned from a legal point of view during the 1990s. Many said that these offers were even more common during the 1980s. The offers commonly consisted of trips, tickets to sport and cultural arrangements and other types of gifts. About 20% of the respondents answered that they received offers frequently, as often as several times a year or even each month (Rydell 1996).

Illustrative cases of political affairs and corruption

In this section individual cases of political affairs and political corruption are discussed. The cases have all been the subject of judicial inquiries and give us the opportunity to take a closer look at Swedish cases after the more overarching discussions of the previous sections. The instances cover various aspects in the typology developed in Chapter Two concerning levels of government, type of actors, norms broken, transaction types and the public reaction. There are several reasons why the cases below have been chosen. First, the intention is to have cases that illustrate cases of corruption or improprieties at both the central government level and local government. Second, the purpose is also to have cases with politicians and cases where public servants are involved. Third, the cases have been chosen so that we have some situations in which the actions involved have been judged as wrong from a legal standpoint and other cases that concern borderland situations where opinions differ about the correctness of the action. The most clear-cut example of corruption, the bribe, is obviously included but the cases cover a much wider area. As will be seen it is not always easy to judge, even in bribery cases, whether an action is corruption or not. Fourth, some of the cases are included here as being representative of the many political scandals that have been reported in the media regarding extensive entertainment and hospitality expenses, travel irregularities, and other activities conducted on behalf of the public sector. Fifth, all cases selected have been subordinated legal investigations, which is a precondition of being able to say something about whether both legal and non-legal norms were broken and how the case would be

empirically evaluated using the Heidenheimer typology. All cases except for the procurement case have been tried in courts.

Table 4.2 Two sets of cases: court conviction and acquittal

		Direct transactions
Norms broken	Legal	Motala Vänernsborg Dorotea Gävle
	Non-legal	The county governor The MP The public procurement case

Note: Compare the table with Table 2.3.

In Table 4.2 the cases are classified according to whether they concern direct or indirect transactions and whether they break legal or non-legal norms. In the cases selected for study we have cases breaching legal norms and cases breaching non-legal norms. All cases are regarded to constitute direct transactions (this distinction is rough and some of the cases include aspects of indirect transactions as well). Indirect transactions are addressed by examples earlier in this chapter and further examples are dealt with in Chapter Five. I caution that Table 4.2 shows the aspects involved in the cases and are not to judgements of culpability. On the basis of public reactions and legal judgements of the cases, most of the cases would fall into grey corruption, with opinions divided as to whether corrupt or not.

The Member of Parliament and charges of bribery

The first case concerns a member of parliament and is not representative of the other cases. It is chosen as a study case because it deals with a case bordering on corruption. In the specific case the issue was campaign funding and the types of outside activities ethically acceptable for politicians. In Heidenheimer’s terms this is a case of grey corruption. The public especially in the beginning perceived the politician’s action as constituting bribery. However, at the legal level there were different views about whether the actions were bribery, hence, culpable. The district court¹⁸ found the MP guilty but the court of appeal¹⁹ rendered a judgement of not guilty.

The case in question came to public light in 1993 when a local newspaper, *Sundsvalls Tidning*, published an article saying that a Conservative Party member of parliament had been carrying out activities which could be regarded as corrupt (Thofelt 1995: 22-23). The parliamentarian was a member of the Standing Committee of Industry and Commerce and had a private company, which lobbied for companies and organisations. It was charged that during the 1991 election campaign he had sent to some twenty companies a letter offering two-day consultations regarding company decisions and economic policy measures in exchange for a payment of 8,000 SEK per day (Rättsfall från Hovrätten 1995:99). The county prosecutor

asked the Standing Committee on the Constitution to cancel the member's immunity, a necessary requirement in order to try cases against a member of parliament when cases involved parliamentary work. This necessitates a 5/6-majority vote in the parliament. Ultimately, however, the permission from parliament was unnecessary as the committee ruled that the actions lay outside the framework covering immunity regulations in the Constitution (KU 49 1993/94).

In 1994 the district court convicted the MP of bribery and he resigned his seat. A lawyer at the company SCA (a forest company) was also convicted of bribery for paying 96,000 SEK in consultation fees between 1991 and 1993. Both were given suspended sentences and day-fines (60 x 330 SEK and 40 x 700 SEK respectively). The district court regarded the actions of the Member of Parliament to be within the commission of his job as a member of parliament and therefore the remuneration was considered bribe-taking. Based on this, the other side was charged with bribe giving. The case proceeded through the appeal courts and at that level the lower court decision was overturned; both parties being acquitted on appeal. The court of appeal, unlike the district court, did not find the remuneration as improper as the actions was not part of the member's parliamentary work (Rättsfall från Hovrätten 1995:95).

The journal *Etik i Politiken* conducted a telephone survey after the guilty verdict was rendered by the district court. Respondents were questioned about the verdict, whether it was fair and whether a member of parliament should work as a consultant and charge for providing political information. Of 80 randomly selected persons, 72 respondents agreed the sentence was fair (8 of the respondents refrained from answering the question). On the question about consulting, 69 persons said no, 5 said yes and 6 did not know (Rosenberg 1995: 24).

In interviews politicians have themselves pointed to this particular case as an example of improper behaviour even though the actions were judged legal.²⁰ To this can be added that the MP was nominated by the Conservative Party in Västernorrland in the 1998 elections to the *Riksdag* and got a seat as he received about 11% of the Conservative preference votes in the district.²¹

The Gävle case

Let us now move on to consider some of the cases more extensively. In the mid-1900s the county Gävleborg received wide and unflattering publicity as a result of a number of accusations of transgressions by its politicians and officials. For this study it is of particular interest because the Gävle affair is one of the cases concerning misuse of public resources at the local level of government. It is an important case clearly constituting both a violation of ethical norms as well as legal ones. Furthermore, in the case that went to court the transactions were of a direct type. Many of the reported improprieties revealed in the Gävle case did not concern bribes but outright embezzlement of money and the use of public resources in a questionable manner. The embezzlements in this case could be classified either as grey or black corruption, clearly this is a case where both courts and opinion in general

would agree in judging the behaviour as illegal. But whether the acts would, according to public opinion, fall under the corruption definition is more difficult to say.

The case received enormous publicity in media, leading to the resignations of leading politicians and public officials and, along with the scandal in Motala described below, produced strong public reaction.²² Media articles described the public condemnation of the behaviour of the Gävle politicians (see, for example, *Dagens Nyheter* 1996-06-04, *Aftonbladet* 1996-06-02). The improprieties received much publicity, not just in the local press but also in the national media, and contributed to an intensified debate about morality and ethics in politics, especially in connection to visits to nightclubs by politicians and public servants.

The circumstances of the case are as follows. The management of the local public transport company had visited a striptease club in Brussels and the managing director charged the bill (33,000 SEK) on the municipal credit card as if it were a legitimate expense in carrying out official duties. (*Dagens Nyheter* 1996-04-20, *Svenska Dagbladet* 1996-04-20). Moreover, the managing director of the association of local authorities in Gävleborg had used the municipal credit card to play roulette and cards in local restaurants. Even though this behaviour had been going on a number of years, board members had not intervened. A climate of trust had existed and no exhaustive reviews had been demanded. Partly this was because the culprit himself, in his position as chairman, was responsible for oversight and internal reviews. Investigations later discovered that the local transport company's credit card had been used several times for private expenditures.

The scandal broadened; another commissioner resigned when it was revealed he had visited an illegal club, which was the subject of police action. In total the political scandals in Gävleborg county resulted in the resignation of five high-level politicians: two municipal commissioners in Gävle (one of which was also chairman of the association of local authorities in Gävleborg), one commissioner from Hudiksvall, one from Ovanåker, and one county commissioner. As a result of these revelations, the managing director of public transport company X-Trafik had to resign, as did the managing director of the association of local authorities (*Dagens Nyheter* 1997-03-02, TT 1997-10-09).

As a result of the revelations the managing director of the association of local authorities in Gävleborg was tried in the district court. The court case revealed that the managing director had disbursed the association's money to unapproved projects and had transferred association money to his own accounts. He was charged on four counts of gross fraud (134,950 SEK), embezzlement (103,618 SEK), gross embezzlement (503,811 SEK), and breach of trust against his principal. He was found guilty and sentenced to two years of prison and to pay damages of about a million SEK to the association of local authorities (*Ljusdals Tingsrätt* 1997). In sentencing the court gave grave importance to the fact that the managing director, as a head of the association, had systematically used his knowledge about failing in control routines to betray the organisation (*Ljusdals Tingsrätt* 1997: 17).²³

During the district court trial other revelations were made; two other politicians were accused of having paid for prostitutes with taxpayers' money during a trip to Milan. This led to the resignation of a commissioner, who said that he had become a burden to his party even

though he maintained his innocence (TT 1997-10-06). In the course of the prosecutors' preliminary hearings, the case was withdrawn (TT 1998-03-06, Åklagarkammaren i Gävle 1998-01-13).

The Motala case²⁴

The Motala case reflects a clear breakage of both legal and non-legal norms and the transactions involved concerned a direct type. According to the court documents, the case revealed that some acts were planned together by those involved for personal benefit of the accused. Bribery was not part of the charges, which concerned internal affairs as far as the actions scrutinised. The condemnation from the public was strong and those involved had to resign. From a legal point of view this case mainly concerned breach of trust. Using the public opinion as an indicator, it could be classified as a case of grey or black corruption. Motala has also been characterised as an example of the dangers of a small homogenous group of persons developing their own norms and crossing the barrier to illegalities.²⁵ This also points to the dangers present when oversight of small groups is lacking. Another danger zone highlighted in this case is the relationship with businesses and efforts to attract new business establishments.

The Motala case was one of the more publicized, widely covered cases.²⁶ The activities that precipitated the case were the misuse of expense accounts (*Dagens Nyheter* 1995-12-17, *Dagens Nyheter* 1996-01-17, *Dagens Nyheter* 1995-12-19). Private purchases were made with public funds and public monies were transferred to private accounts. Consequently, there were a spate of resignations from influential persons in the municipality such as the chairman of the executive committee, a municipal commissioner, and a member of the select committee on business. Upon awareness of the misuse of funds public reaction was strong; 4,000 people in the city of Motala signed a petition protesting against those that had been involved in the events (*Dagens Nyheter* 1996-02-17). The prosecutor initiated hearings, and in the resultant two trials in the district court seven politicians and public servants were found guilty (Motala Tingsrätt 1998a and 1998b).

The first judicial process covers the years 1991-1995. Before discussing this case I will introduce the major players involved. In discussing the case I will refer to the individuals involved by the positions they held (as most held multiple positions, I will in the discussion identify them only by a single position – the one italicised in the list. The politicians and high-ranking public servants involved held the following positions: a) chairman of the assembly, business consultant and as such *secretary of the select committee on business* and chairman of the technical committee; b) *chairman of the municipal executive committee*, and chairman of the select committee on business; c) member of the executive committee and the select committee on business, and *chairman of the Platen housing foundation*; d) first vice-chairman in the assembly, substitute member of the executive committee, *member of the select committee on business*, vice-chairman of the Platen housing foundation; e) *the administrative director*; and f) *the municipal commissioner* and chairman of the working committee responsible for production in the municipality and evaluation of municipal activities. Several

of the individuals had connections to the select committee on business, which was established by the executive committee.

The district court regarded particular actions undertaken as very serious breaches. Some acts concerned utilisation of public money for private gain and some were misuse of public funds. For example, in one instance, the secretary of the select committee on business transferred 143,665 SEK to his private postal giro account and used public funds for private holidays with his family in Portugal and Tenerife. The secretary charged expenses for his birthday party to the municipality and similarly charged trips abroad, which the court found to be private and not related to his duties for the Motala municipality. Documentation was presented that on eight trips the secretary withdraw large amounts of cash for personal expenses and he had used the municipal credit card to buy clothes, restaurant meals and even a set of golf clubs. The district court estimated that these actions caused damages to Motala Municipality equal to 750,000 SEK, and that the secretary in the select committee on business had personally gained 360,000 SEK (Motala Tingsrätt 1998a: C 66)²⁷.

The secretary of the select committee on business was convicted for gross breach of trust and sentenced to prison for one and a half years and ordered, together with others involved, to pay damages to Motala municipality totalling 800,000 SEK (of that he personally was responsible for repaying about 600,000 SEK). He had systematically abused his commission of trust and furnished himself with private gains to the damage of the municipality, by creating false documents and bills.

The chairman of the executive committee, the member of the select committee on business and the chairman of the housing foundation took part in trips abroad. The housing foundation chairman was also convicted of misusing foundation funds to pay for private items (clothes). The court regarded these crimes as serious as the accused had all been in positions of trust that they had abused by misusing public money and damaging the municipality (Ibid.: C67). The role of the chairman of the executive committee was regarded as especially serious as he was both chairman of the executive committee and chairman of the select committee on business and as such was responsible overseeing procedures. He had, however, not kept protocols or documented decisions taken in the select committee. The chairman in the executive committee was sentenced to prison for four months. The member of the Select Committee on Business and the chairman of the Platen housing foundation received conditional sentences and day-fines (75x100 SEK and 80x170 SEK respectively). All had to pay damages to the Motala municipality.

The municipal commissioner was sentenced for misuse of funds (a private trip to Stockholm) and for breach of trust and for such he received day-fines (60x160 SEK) and ordered to pay damages to Motala Municipality. The administrative head received a conditional sentence and day-fines (75x300 SEK) for the unauthorised expenses charged for trips and dinner expenses.

In his defence the secretary of the select committee on business claimed that he had no commission of trust. He claimed that the municipality owed him for several years of over-time work and that he had been told by the chairman of the executive committee that he could find a suitable way to compensate himself for over-time work within the structures of the

grants to the select committee (Ibid.: B3). He maintained that extensive use of official dinners and entertainment expenses was a long-established municipal tradition²⁸ (Ibid.: B10). The pattern of hiding costs, regarded as problematic by the court, was according to him natural and allowable. The failure to record minutes of the procedures in the select committee on business was, he claimed, not his decision but the chairman's and was because companies that contacted the committee required confidentiality. In line with this, some of the costs were channelled through the accounts at MFS (*Motala Företag i Samverkan*, an association for companies in Motala) and MIAB (a company for business co-operation) in order to hide them and circumvent the publicity principle. (Ibid.: B11). Instructions about transactions concerning these accounts at MFS were made by the secretary in the select committee on business. The court's judgement was that the accounts were used purposely to hide costs (Ibid.: C 8-11).

A second trial concerned activities in the years 1989 and 1990 and involved the main party to the first trial, that is, the secretary of the select committee on business, who at this time was as a member of the executive committee and chairman of the technical committee. Also charged at that time were the municipal commissioner and chairman of both the executive committee and the select committee on business. They received sentences of six months imprisonment, respectively conditional sentences and day-fines for gross breach of trust. They also were ordered to pay damages to the municipality for the economic harm they caused (Ibid. 1998b)

Among other things, the chairman of the technical committee was charged with transferring 141 280 SEK from the business committee via MFS to a private bank account. His defence was that the money was used for entertainment expenses and the payments were secret to protect the parties involved (Ibid.: 14-15). He had also via payments from MFS bought a private car for 131,500 SEK (Ibid.: 24). The chairman of the technical committee, in collusion with the municipal commissioner, was found guilty of using municipal money for a private purchase of a car of 96,000 SEK to the commissioner. The transaction had been carried out by transferring money to a sports club (IFK Motala) and then telling them that it was a mistake and that they should transfer the money to the car sale company (Ibid.: 19-20).²⁹

A public procurement case

This next case deals with a situation of conflict of interest in public procurement. The transactions are not as specific and direct as in the two cases presented above and this case does not concern breakage of legal norms.³⁰ It illustrates that public procurement is a danger zone of corruption, particularly in this case in the public procurement of equipment to the military. On legal grounds nothing wrong could be proven but the dealings highlighted in the case can clearly reduce confidence and credibility, conveying suspicions of nepotism in contract awarding. We can assume that much of the public would see this as unacceptable and thus it could be classified as a case of grey corruption. Situations of conflict of interest are not the same as corruption, but the two are related in the sense that, in the long run,

incompatibility might create a basis for a culture of indifference, if trust in authorities erodes (Kjellberg 1995: 357).³¹

The background to this case is thus. A high-ranking military commander assigned to the Defence Materiel Administration (FMV), the agency in charge of maintenance and procurement to the military, gave a contract to a company which he had founded and had been joint owner, and his wife and his brother were members of the board. When questions were raised about this, the FMV conducted an internal investigation and cleared the commander of suspicions of conflict of interest. When new information was brought forward, the FMV decided to report the case to the police (*Dagens Nyheter* 1996-04-03 and 1996-04-04), but the prosecutor found no ground for initial hearings (*Dagens Nyheter* 1996-10-25).

Älvsborg's county council – the purchasing and resources department

In Chapter Six I will discuss the situation of the purchasing and resources department in Älvsborg³² and another case occurring in the Älvsborg's county council more extensively, but here I will introduce it. In brief, the case concerns breakage of legal as well as non-legal norms. Some of the transactions are of a direct type and imply personal gain for the involved party. In addition to this the case highlights situations and danger zones in the form of outside employment (second jobs) and in relationships with outside companies, including involvement in private companies that have similar activities as the ones that are carried out by the county administrative units. This clearly implies a great risk that the public employees involved in both organisations might mix up their roles and their loyalty to the county council. The case involved a bribe situation, which could be judged as grey corruption, where opinions were divided and the courts' interpretations might be contrasted by others. We also see in this case the difficulties in establishing whether the transaction was a bribe or not, and we can expect different views among the public.

Four persons were found guilty of fraud, breach of trust against one's principal, and embezzlement by the district court. Bribery was also one of the charges but this charge was not proven. The defendants appealed their conviction and the principal defendant, the director, was found not guilty on all prosecution points.

A county governor of Örebro county

The Örebro case is principally interesting because it was a case where non-legal norms were seen as broken by the public, but the legal interpretation of the court showed that nothing illegal had been done. This case represents a situation where the transactions involved were direct and concerned handling of public money concerning entertainment and hospitality expenses. It raises the question of whether established rules were followed or if rules were violated for private gains. It can also be seen that even if it was not illegal, particular elements of the case point to the importance of control, in this case control over the highest official in the administration. Through the media coverage during the case and after the court verdict, we have a case where opinions were divided and one can assume, given the public reaction

expressed in the coverage in media, that much of the public regarded the actions as both breaking formal and ethical norms.

The county governor of Örebro county (1989-1994), was prosecuted for fraud, breach of trust against his principal, and suppression of documents, but was found not guilty on all prosecution points (Örebro Tingsrätt 1997). The case started when it was believed that the county governor had not accounted for entertainment costs in a proper way (*Göteborgs-Posten* 1996-02-14, *Aftonbladet* 1996-05-28). In 1996 the Swedish National Audit Office criticised the county governor about his accounting concerning entertainment expenses during his time as county governor³³ (*Dagens Nyheter* 1996-05-31). The prosecution for breach of trust concerned many transactions where the county governor were accused of having used the entertainment account, which was at his disposal, for expenses which were not allowable by the county administrative board. It concerned entertainment events where companies, associations and other organisations paid for their own expenses. However, the county governor submitted claims for reimbursement of these expenses, falsely saying that he had paid the expenses in the name of the board. According to the prosecutor in this action he had inflicted damages to the county administrative board and tried to hide it by using false verifications. Another point regarding breach of trust concerned ten cases where the county governor had been remunerated in advance for his work as civil commander in the civil defence, with money from the county administrative board, and when these costs were later paid by the civil commander, the county governor did not report this to the county administrative board (Örebro Tingsrätt 1997).

Similar, several cases of suspected fraud concerned bills that the county governor handed in as entertainment expenses but had been paid in other ways, bills related to private entertainments, bills with higher amounts than the real costs, etc. This had, according to the prosecutor, caused damages to the county administrative board and private gain to the county governor. Besides this the county governor was charged with suppression of documents, having destroyed receipts by removing the parts explaining the individual items. On all charges the court found him not guilty.

The county governor maintained that he had not committed breach of trust and that all matters concerned entertainments and hospitality in order to advance the work of the county administrative board, by fostering contacts with the business and organisations. He had to decide himself what were proper expenses related to representing the county. They were extensive but he never was criticized for that. He further maintained that he had kept original receipts at home not just of practical reasons but also to protect the guests. He proclaimed that he had no intention of keeping the public in the dark. He claimed that the reason why he had hospitality events, which in some cases were paid by the guests themselves, was to increase the scope for county representation without increasing the county administrative board's costs. He had not used money from these guests privately; rather all of it was used to further the interests of the county through such representation. The court stressed that the county governor had been allowed to keep advance payments in his own account, and it could not be proven that he had used the account for payments that had harmed the county administrative board.³⁴ In neither of the accusations against the county governor did the court find sufficient

proof that he had any intention to mislead the staff administrating his entertainment expenses or that he had intentionally falsified account figures³⁵ (Ibid.).

In Örebro a model for entertainment expenses was used in which the county governor ordered compensation for representation expenses against receipts. The original receipts were kept by the county governor. The model used in Örebro was not used by any other county administrative board³⁶ (Ibid.).

When the media asked the public's opinion of the case, the public almost unanimously agreed that the county governor should have been found guilty and that he had used public money for private gains. Morally the behaviour was long debated. The storage of receipts used by him was questioned and the acquittal of the county governor did not correspond with the opinion of many people. For many it was surprising that the county governor was acquitted. This led to an intensification of the debate about these kinds of affairs and the portrayal of them in the media. The county governor, as well as others involved in similar cases, has argued that they were convicted in the press before the trials.³⁷ Of course, the press had a key role in informing the public of the happenings and what really happened. However, in this case, an extensive study reported that the press gave a fair picture. The study, based on about 800 articles from newspapers and about 50 TV-elements, concluded that he was not judged in advance and the coverage was fair. The strong moral perspective in the coverage was, according to its conclusions, probably the contributing factor to the great surprise at the acquittal of the county governor (TT 1998-11-17).

Dorotea municipality

The Dorotea case is an example of clear violation of ethical as well as formal norms. It concerns transactions of a direct type and illustrates a danger zone pointed out before, the relationship with building and construction companies concerning public procurement of a building project. It is also an example of black corruption, where there was a similar interpretation between the public and the legal interpretation by the court. This case did not get as much publicity as many of the other cases referred to here, except the local press and television where the case and another scandal³⁸ were debated a lot.

Two persons were found guilty of bribe-taking and bribe-giving by the district court. The bribe-taker was the technical manager in Dorotea municipality. His job included planning and managing the technical department's activities constituting reporting cases for the executive committee, preparing cases for, and being the secretary of, the central housing committee with responsibility for purchasing, and for directing the building and construction activities. The other person charged with bribery worked at the building company Skanska and was one of three foremen in Västerbotten County. According to the district court the technical manager, whom the company regarded as a key person in an upcoming contract on an old people's home, had work on his summer house paid by Skanska (Umeå Tingsrätt 1998).

The technical manager held a very responsible position concerning housing and construction. He had no formal decision right about projects of more than three basic amounts,³⁹ but he was heavily involved in major projects. In this case he was regarded by

Skanska as a key figure in deciding what company would get the contract on the old people's home.⁴⁰ He was also the person reporting on the case in the working committee that handled these questions and suggested who should get the contract. Due to the responsibility the technical manager had, the court regarded the crime as gross (Ibid. 1998: 20). The court considered the crime of such seriousness as to entail a prison sentence, but took into account that the conviction had resulted in the technical manager losing his job and he had undergone already considerable suffering. The judgement was therefore conditional sentence and day-fines (120x200 SEK). He was also ordered to repay 136,230 SEK which he had wrongly gained from the crime (Ibid.: 21-23).

The technical manager denied that he had taken or asked for a bribe or any other improper favours in the discharge of his duties. He further denied any knowledge that Skanska was paying for the work on his summer house. The foreman, on the other hand, testified that he inherited an old commitment at Skanska to make extension work at the summer house and if he had not fulfilled this agreement he would have been fired. According to the foreman the relationship between Skanska and Dorotea municipality was good. The foreman received a conditional sentence and day-fines of 30x60 SEK (Ibid. 1998). Both defendants appealed but the technical manager later on withdrew his appeal. However the court of appeal made a similar verdict as the district court did, but increasing the day-fines of the foreman to 80x30 SEK (Hovrätten för Övre Norrland 2000, Eriksson 2001-09-11).

The Swedish stand on corruption and Government actions

So far this chapter has examined danger zones of corruption by investigating cases in the media and legal cases. Now in this part of the chapter we will add another piece to the danger zone puzzle by tracing the Swedish official stand on corruption and danger zones. The Swedish government has played an active part in the ever-more intensified work against international corruption. The Swedish reply (Government Offices 1997) to an OECD survey about corruption gives a good overview of its position on controlling corruption. The survey asked questions about mechanisms to fight corruption in the public sector (OECD-PUMA 1997b).⁴¹

On the question of legislation proscribing corrupt activities, the Swedish reply drew attention to the fact that bribery (bribe-giving and bribe-taking) are criminal offences under the penal code, and it pointed out the scope and purpose of these rules.⁴² It was also stressed that bribery is illegal under civil, commercial and administrative laws. Other anti-corruption regulations or orders singled out were the requirement for companies and banks to keep books.⁴³ The Swedish Local Government Act has disqualification rules for elected representatives and employees in local government (municipalities and county councils) generally stipulating that an elected representative or employee is disqualified from dealing with matters of personal concern to themselves or their families. Disqualification applies also in any other circumstance that impairs confidence in the persons' impartiality. Investigatory powers to investigate corrupt activity reside with the police and prosecutors, there being no

special authority to investigate corruption. Concerning the related area of the fight against economic crimes, the Swedish National Economic Crimes Bureau is the prosecutor authority in charge since 1998.⁴⁴ The agency is included in the Swedish public prosecution system as an operational unit (Ekobrottsmyndigheten 2001). It is responsible for taking care of coordination and measures against economic crimes. The agency is also mandated to coordinate the national measures against fraud and misuse of EU-funds (SFS 1997:898).

Regarding oversight by the legislature or parliament the Swedish response spoke of the role of the Standing Committee on the Constitution in examining performance of ministers of their duties and their handling of government business. For ministers who grossly neglect their duties, impeachment is a matter of decision for the Standing Committee on the Constitution. The strength of the ombudsman was emphasised. The parliament elects four ombudsmen to supervise applications of laws and rules in the public service. Matters are brought to attention either by the public or by their own initiatives. The ombudsman can be present at deliberations of a court and public authority, has the right of access to all document and information from the court or authority, and may prosecute public officials for criminal offences if they have neglected their duties. The Chancellor of Justice carries out similar tasks on behalf of the government.⁴⁵

On the issue of supreme financial audit, the Swedish National Audit Office (RRV) is independently carrying out external audits of government agencies. RRV's directives regulate the external auditing of governmental agencies, but in the case of government-owned companies and foundations it is regulated by law. The audit consists both of financial audit and performance auditing. Local governments audit themselves: the assembly elects auditors to inspect all activities conducted within the committees spheres of activities, investigate whether activities have been conducted properly, whether control is satisfactory within the committees, and if accounts are true and fair. Auditors are to submit annually a report to the assembly, at which they can express any concerns about committees or individual elected representatives on such a body. The auditors also recommend whether or not to discharge from liability members of committees. If discharge is not granted by the assembly, the assembly may decide to sue for damages. The assembly can revoke the mandate of an elected representative if the elected representative has been refused discharge from liability or has committed a crime punished by two years of prison or more.

Several matters were taken up in the survey concerning financial management controls intended to prevent or deter corrupt practises.⁴⁶ During the 1990s the parliament and government extended the responsibilities and mandate of RRV, which now examines agency management administration from different perspectives, including examining the extent to which rules and special decisions by the government have been followed.⁴⁷

The survey also dealt with organisational management policies, systems and controls intended to minimise opportunities for corrupt activity. The director of a governmental agency is, according to the Agencies Ordinance, responsible for the agency's operations, efficiency and for following the relevant constitutional requirements. An employee who neglects to observe his or her obligations in course of duty risks disciplinary action, unless it was just a minor inconsequential offence. Suspicion of criminal activities concerning

corruption, misconduct, or breach of professional secrecy shall be reported. This is also the case for offences that can lead to penalties other than a fine.

Internal control is the basis for avoiding errors. To achieve fair and true accounting and secure administration of funds in accordance with the Bookkeeping Ordinance, requisite controls must be built into the organisation.⁴⁸ Officers authorised to spend agency funds must be appointed in an appropriate way, and the spending officer must ensure that expenditures are justified and within the framework of the operations of the agency. Payment decisions have to be in writing and transactions need to be checked by another officer. The latter requirement can raise difficulties when the decisions to be checked come from the head director of the agency. The RRV has in its annual report pointed to shortcomings in internal controls of central government agencies. As a result of these observations government approved the Ordinance on Internal Audit (SFS1995:686).⁴⁹

Decision-making procedures, organisation, and rules for elected representatives in local government is regulated in the Local Government Act but it says little about the role of employees in local government. The committees need to ensure that activities are conducted within goals and guidelines given by the assembly and in a generally satisfactory manner (SFS 1991:900, Ch. 6, 7§).

Concerning transparency mechanisms, rules on public access to official documents and the system of protecting media informants were pointed to as important measures in fighting corruption. Public officials can, according to the Freedom of the Press Act and the Fundamental Law on Freedom of Expression, disclose information to media, including in some cases secret information. Objectivity of officials is protected by regulations regarding conflict of interests.⁵⁰

In the area of guidance and training for public officials or politicians, during 1996-97 a number of seminars were conducted for all director-generals. Workshops and orientation programmes have been held to make heads of agencies more aware of the importance of ethics and corruption avoidance.⁵¹ In some local governments there are ethics committees, and others have produced a booklet about corruption designed to inform its members about ethical rules and legal definitions associated with corruption. At the beginning of each mandate period there are orientation sessions and educational seminars arranged for the elected representatives. These include rules about ethics and corruption. Many local governments have re-examined their existing rules of control and some have made appropriate revisions.

The survey asked which anti-corruption mechanisms are perceived as being most effective. In its reply the Swedish government pointed to difficulties in assessing effectiveness of penal code in this area due to a paucity of cases of bribery in international business. The threat of imposing criminal sanctions for such activity as well as the general Swedish view against corruption is thought to serve as preventive measures. Openness and the rights of media informants are also considered important in the fight against corruption.

It is clear from the Swedish reply that there was no formal evaluation of these mechanisms covered by the study. In addressing the issue of new actions against corruption the government said that:

“Bribery is not deemed to be a widespread phenomenon in Sweden. Only a few cases are tried every year. This can be partially be [sic] explained by historical reasons. Another important factor is the tradition of openness in the public administration. Through this, private citizens, the mass media and public regulatory bodies gain insight into the activities of governmental agencies and thereby the opportunity of disclosing the possible existence of corruption. Measures against bribery have therefore not been given priority on the political agenda in Sweden.” (Government Offices 1997).

It was, however, stressed that Sweden had signed instruments against corruption within the EU and that the existing penal legislation will be slightly amended.

Questioned as to whether there was an official awareness or a policy position on the part of government about which areas are of most concern in terms of corrupt or questionable activities involving the public sector, the answer was “not that we know of”. One area identified later in a government working paper as in danger of bribery attempts was the area of procurement (Government working paper 1999: 50). In line with this, the National Audit Office wanted a more effective control of procurement. The proposal meant that the procurement units should improve their control to ensure that the staff follows the rules prohibiting bribe-giving and bribe-taking.

In January 1998 the government initiated an investigation (Dir. 1998:58) into the organisation of the National Board for Public Procurement and an overview of the rules for simplified procurement, which among else regulates procurement under the threshold values. The directives furthermore instructed to review the damages rules. In its progress report (SOU 1999:139) the procurement committee suggested a new authority resulting from a merger of the National Board for Public Procurement with the Swedish Competition Authority. This authority would have expanded supervision of public procurement.⁵² Its role would be to prevent infringement of the Public Procurement Act. Suppliers and the new authority, it was proposed, would have the right to file suit with a county administrative court and demand the imposition of a market damage fee. Previously, this was only the right of the supplier. But it has been argued that suppliers might be in a dependent position and therefore abstain from complaining. The procurement committee listed several typical situations when a market damage fee should be imposed. These concern situations when the procurement unit has been at fault and indirectly all situations listed can be said to aim to avoid risks of corruption. Two of them do so more directly, i.e. when a unit has accepted a tender from someone who gave, promised or offered a bribe or some other improper remunerations to someone deciding or participating in the procurement. Another situation mentioned is in the circumstance in which a tender has been accepted from someone that is disqualified and improper special treatment is a risk (SOU 1999:139: 20-21).⁵³ Among the proposed regulations are the introduction of mandatory electronic advertising, the possibility to refuse legal entities from participation if they have been convicted of business crimes, and the prohibition on acceptance of a tender from someone who is disqualified or who has offered bribes to the procuring unit (SOU 1999:139: 22). In 2000 the government suggested changes that in many cases were in line with the suggestions of the procurement committee (Regeringens proposition 1999/2000: 128).⁵⁴ Procuring units should be able to use electronic transmissions and a new form of procurement was introduced for procurement under the threshold values, selection

procurement (*urvalsupphandling*), which was then recommended by the standing committee on finance in its report (FiU 8:2000/01). The selection procurement is designed to make it possible for the procuring unit, under the threshold values, to make a selection among the tenders before they are invited to tender (Ibid.). The legal changes came into force on January 1, 2001 (Riksdagens protokoll 2000/01:27).⁵⁵

At this point in the discussion of corruption and government response we leave the OECD survey and I turn to government investigations and commission reports to further trace the Swedish stand on corruption.

A response to scandals: the justice chancellor's investigation

In August 1996, the Prime Minister arranged a meeting with the national police commissioner and the prosecutor-general after revelations of corruption in the Swedish police and the public prosecution authority (Haag 1996: 33-36). Initially the revelations were made by *Expressen*, a Swedish evening paper. As a result of this meeting, the Justice Chancellor (JK) was given the task to come up, as soon as possible, with measures to prevent the spread of systemic corruption. This report concerning malfeasance at the state, regional and local levels of government was presented in February 1997; the main recommendations aimed at strengthening control functions in certain key areas (JK 1997).

The government instructed the justice chancellor to investigate means to improve the anti-corruption measures in the public administration. This was obviously a direct response to several recent scandals and allegations of irregularities. The investigatory study was to focus primarily on control of state administrative agencies and municipalities and counties, especially examining the use of public funds. In addition it was mandated to look into the question of control over the higher administrative levels in the public agencies where control might be difficult for the internal bodies to exercise. Furthermore, the risk of corruption when public officials are brought into close contact with organised crime in the line of their duty needed to be recognised (Ibid.: 139-140). In the directives to the justice chancellor the government stated that within the judicial system, both in the police and the prosecutorial authority, there were allegations of organised crime contacts. Furthermore, cases of financial improprieties and other incongruities in the public administration had emerged. In many cases the incongruities were uncovered by the media and not by internal control. This raised questions about the efficiency of control mechanisms in the administration. This was of particular concern, as it seemed in many cases the irregularities had been known by a narrow (sometimes wide) circle of staff without any warning signals reaching the control bodies (Ibid.: 138). The government stated that there was just cause to evaluate and investigate these concerns in order to insure that control measures, at least in the future, would be stringent enough. In many cases high-ranking officials in local government or in state administration had handled public resources in a covert way; this was particularly true in the handling of entertainment expenses. The chancellor of justice noted that there were circumstances implying that staff on lower levels in authorities had acted in an unacceptable way during a

long time, without the management at the authority taking necessary steps to correct the disproportions (Ibid.).

It is apparent that changes in the public sector have taken place in order to increase efficiency. The use of market solutions and competition had increased. Activities are run in form of companies and forms other than those of the traditional public-management form. Such moves toward market-type efficiency also bring greater freedom to choose measures in achieving the goals. This places new demands on controlling bodies and means that informal norms, ethics and moral become evermore important (Ibid.: 7, 95). But decentralisation and increased discretion in the public sector was not followed by an adoption of internal and external control systems (Ibid.: 97). Regarding this it was stated that:

“There are also signs that both within central and local government the control have been sharpened after disclosures in mass media of irregularities. However I have no explicit proof for this” (Ibid.: 98).

According to the chancellor’s report, there was no evidence of general irregularities or corruption within public management. This allowed for solutions to arise within the existing framework. However, the cases of improprieties were regarded as a possible sign that exemplary behaviour was disappearing into the background. The local and central government covers such a wide area of activities that the risks and need for control varies (Ibid.: 98). Furthermore, the disclosures by the media could point to failures in the control systems of the authorities. In many cases of irregularities there were signs that ignorance of the rules and procedures was an important factor explaining why it was not discovered in time (Ibid.: 8, 10).

The importance of clear and appropriate rules and procedures was emphasised. The report urged greater specification and clarification in the Agencies Ordinance and the Local Government Act (Ibid.: 8). It was argued that control of the head of authorities should preferably not be the responsibility of subordinates, instead it was suggested that it be carried out by an independent body. In state bodies that are run without a board and are not part of a regional organisation the control could be exercised by bodies outside the authority, for example, the National Audit Office (RRV). In municipalities and counties the independent status of auditors needed to be strengthened, efficiency increased and citizens needed to be better informed about the audit (Ibid.: 101). Coordinated auditing for local government and their companies was another important issue addressed (Ibid.: 115). Moreover, the overarching responsibility of the board of the systems for internal control needed to be clearer and the committees’ responsibility delineated (Ibid.: 103). It was argued that the state level regulations about internal control needed to be complemented by detailed rules about attestations of bills and invoices. Here it is important that the concept of attestation is given a distinct meaning and that the responsibility of the official is clear (Ibid.: 105).

Regarding local government the report argued that the responsibility should stay at the boards and the committees, but efficiency could be improved by suggestions from the Swedish Association of Local Authorities and the Swedish Association of County Councils (Ibid.: 8). The report called for an extension of the auditors’ right to comment on the audit and

this right be extended to include higher-ranking officials and not be limited just to elected politicians (Ibid.: 108).

Concerning outside employment (extra-occupational activities), it was noted that there are particular situations where the holding of outside employment could be harmful but these are nevertheless not prohibited. The report urged that this be examined further. An especially problematic area identified was situations where persons related to the employee are involved in business activities that have ties or commercial activities connected to the authority. Purchasing officials are in especially sensitive positions and the RRV has recommended that they should be obliged to report their possessions of stocks and if they are members of boards (Ibid.: 123).

The chancellor stated that the laws available in the penal code, notably breach of trust against one's principal and embezzlement, were insufficient. A new paragraph might be needed, emphasising misuse of public resources where the official has been careless (Ibid.: 14). Another concern addressed was problems arising in the event of an official close to the head of the department being involved in irregularities. It would be perceived as being inappropriate and would lead to a lack of confidence in the decisions if disciplinary measures were to be taken by that same head of department (Ibid.: 127).

Regarding forms of government the justice chancellor indicated that risks exist with mixes of government forms,⁵⁶ due to lost ownership control over the development and that systematic control may be missing.

Government commissions

Several government committees have worked with questions of interest in strengthening public administration and avoid improprieties and corruption.⁵⁷ The government directives to the Commission on Public Administration were broad.⁵⁸ Compared to the investigation by the chancellor of justice previously discussed, this investigation was not directly focused on corruption or misuse of public resources but rather on management and organisation of the state sector in general.

One of its major mandates was to evaluate whether the existing forms of management and organisation were suitable given the tasks and goals to fulfil (SOU 1997:57: 176). Studies showed that despite changes, central rule over the public administering bodies did not work satisfactory (Ibid.: 8). The fragmentation of government activities had also affected the traditional civil servant culture. Internationalisation demanded new routines and working forms from the government and the authorities. Here the membership of the European Union plays an important role. The rule of the administration is identified as a democratic issue; the authorities have to fulfil democratic decisions. This requires legal security and effective means to do so. (Ibid.).

Several changes in the public administration were noted by the commission. Traditionally the public servant culture was fairly homogenous. Nowadays the activities in the public administration are so heterogeneous that there is no value in striving for homogeneity again. Instead those factors that maintained togetherness need to be supported and efforts made as

far as possible to create a common ethics and administrative culture (Ibid.: 10). The most significant change in the way the central government operates is the movement towards passing laws that establish only a general framework. The goals have been more oriented towards general objective and guidelines, and less detailed oriented. This kind of framework approach to laws and procedures gives more discretion to authorities to implement directives complementing the regulations (Ibid.: 13).

The commission made several suggestions in regard to different forms of organisation: a) that the form of public authority normally is the one to use in state activities; b) that public law regulations be extended to bodies that carry out state tasks without being authorities, especially relating to public control of state companies and institutions (foundations); c) that when alternative management forms are used the government needs to state the suitability of the body and to what extent public law is applicable; and d) that the authorities' possibilities of engaging in agreements and starting companies needs to be clarified (Ibid.: 57). Furthermore, the commission was of the opinion that layman boards and double responsibilities should be abolished. It was seen as constitutionally doubtful to have members of parliament on the boards of state management organisations, which are responsible to the government (Ibid.: 119).

On the state level the political debate has been intense over the question of changing the current system of today with the division between the National Audit Office and the Parliamentary Auditors⁵⁹ should be changed and substituted with a new independent organisation. The commission argued that the role of the *Riksdag* in controlling and evaluating the public administration needed to be strengthened and more independent. It was suggested that the *Riksdag* auditors could be substituted by an independent body operating under the *Riksdag*. This body should evaluate the whole public administration including the central government (Ibid.: 13, 95). This, it was argued, would give stronger legitimacy to the control function (Ibid.: 101). Among the controlling bodies only the parliamentary ombudsman is independent; the controlling bodies themselves are not as independent as those in other comparable countries.⁶⁰ The role of the National Audit Office as the auditing body of the cabinet has become more important over time, and it should be noted that Sweden is among the countries that spend the least on auditing on a parliamentary level in relation to the size of the public sector (Ibid.: 96-97).⁶¹

The political parties have agreed to merge the Parliamentary Auditors with the National Audit Office and give the new audit a position independent from the government. The two organisations will be joined into one in January 2003. It will be subordinated to the *Riksdag* and be responsible for efficiency audits and security auditing. The responsible board will consist of members from all the parliamentary parties and will have a high degree of independence. The authority will be headed by three auditor generals which will be appointed on six or seven years with no possibility for re-election (KU 8:2000/01).⁶²

The commission pointed to the effects of fragmentation on the role of the civil servant. It stressed that citizens are the principal, that the activities are financed by public money and that civil servants must be held accountable to the public and must treat citizens equally. The commission argued that it would not be meaningful to codify a special ethics code. Instead it

regarded it as central that there is a consciousness about the administrative culture and the civil servant role. Values central to the activities such as objectivity, legal security, and loyalty to overarching goals needed to be strengthened. This was regarded as a main task in the education of civil servants (SOU 1997:57: 18).

Lennart Lundquist argued in one of several reports from the commission that democratic values, legal security and public ethics had come second to economic values in later years (SOU 1997:28). He argued that this could be corrected, partly by strengthening the public control system, to increase obedience to democratic values. Lundquist noted that, as the job security has decreased and with the setting of individual wage rates, the dependency of the civil servants on their superiors has increased, making the civil servant more silent.⁶³ Several surveys conducted on this matter indicate that indeed public servants are afraid to criticise disproportions. One survey conducted in 1998 showed that every third public servant thought that employees at their authorities had been more afraid of criticising their employers during the last years. About a fifth stated that they avoided expressing critical views (*Dagens Nyheter* 1998-11-08).⁶⁴

Other aspects pointed to were the lack of knowledge about the principle of public access to official records, the tendency to a more closed administration, and membership in the EU. It was also argued that the rise of information technology might decrease insight and public access to official records (SOU 1997:57: 16). The protection for public officials disclosing information is greater than that demanding loyalty. In many cases this applies as well to secret information. This is sometimes not understood at the authorities (Ibid.: 131).⁶⁵

Officials interviewed in a survey expressed that they regard it as improper for an agency head to criticise the government (Ibid.). A former chancellor of justice was of the opinion that market orientation in the authorities might lead to a change in the culture of the authorities. He saw a change in the view of conflict of interest and outside jobs, perceiving that limits have been weakened. The chief chancellor of justice noted a tendency that legal security is overshadowed by demands on efficiency including in the police agencies (Ibid.: 146).

In the government bill (Regeringens proposition 1997/98:136) dealing with public administration being at the service of citizens many of these aforementioned matters were discussed. The basis for the bill was the report from the Commission on Public Administration, as well as the study of the chancellor of justice. In the bill the government states that the head of authorities must take responsibility for the education of employees in the fundamentals of state public-management and in the duties of the civil servant. The government decided to introduce a special authority for quality development and maintenance of competence, in order to influence and develop activities. The new authority was established in 1999. One of its tasks is to support a common basic state management culture and management ethics (KU 31:1997/98:8, Statens kvalitets- och kompetensråd 2002).

The key role of civil servants is given special emphasis, as is their importance in implementing the decisions of elected representatives. This role, and the responsibility accompanying it, needs to be highlighted, through improved education and clarification of existing rules.

“The government agrees with the Commission on Public Administration that to introduce an ethics code is not the best way to increase awareness about the role and responsibility of public servants. It is regarded as more useful to uplift the awareness about ethics and the content of the civil servant role by continuously discuss these matters at the authorities” (KU 31:1997/98: 12).⁶⁶

The proposal of the Commission on Public Administration to investigate the judicial responsibility of public officials was leading up to the introduction of a new regulation of official duties, but this was rejected by the government on the grounds that the existing rules were regarded as suitable and sufficient. Regarding the issue of outside employment by employees in the state administration, the government intended to examine the obligation to report such employment (see below). Rules on malfeasance (*tjänstefelsbestämmelserna*) were according to the government too new to evaluate (KU 31:1997/98:11-12).

The government bill asserted that organisation of state activities should normally be managed as public authorities. This carried, it was pointed out, the advantages of clear general principles about openness, public access, and responsibility. Flexibility is reached through framework management and governing by goals, thereby giving opportunities to adapt activities to the objectives⁶⁷ (Ibid.: 15-16). The government did not agree on the proposal that layman boards should be abolished; rather management forms should be flexible depending on the activity. But regarding interest representation on the boards the government agreed with the commission that this should be abolished (Ibid.: 19).

The government directions to the committee investigating extra-occupational activities (SOU 2000:80) articulated the need to investigate broadly extra-occupational activities and in particular analyse the regulation of extra-occupational activities adversely affecting confidence and the control of them (Ibid., 213). This was done against the background of the above-mentioned proposals, and after the investigations from the government and the justice chancellor and an earlier investigation of the judges’ work (SOU 1994:99). Public servants employed by the state, the county councils and the municipalities are not allowed to have extra-occupational activities that adversely affect confidence in their impartiality. In the previous regulations, for state employees this was covered in the Public Employment Act (SFS 1994:260), while for employees in municipalities and county councils it was covered in collective agreements (SOU 2000:80, 20-21). In the investigation the committee saw no general problem with extra-occupational activities.⁶⁸ However, it was suggested that the regulations of extra-occupational activities in the Public Employment Act should apply throughout the public sector, including county councils and municipalities. Furthermore, it was stressed that information to employees and checks to ensure that rules are followed could be improved. As well, it was proposed that occupations in which the risk that confidence was adversely affected should be listed in the law and that employers should be obliged to instruct employees to desist or not to undertake damaging activities. Judges employed as a result of a government decision, director-generals, county governors, and other administrative heads reporting directly to the government should on their own initiative report their extra-occupational activities. The committee saw no need for new rules for judges, but regarded that the much-debated activity of judges as arbitrators was inconsistent with the current Public

Employment Act (SOU 2000:80, 22-26, AU 02: 2001/02). In the government bill (Regeringens proposition 2000/01:147) the proposals of the enquiry mainly was followed such as extending the Public Employment Act to cover the entire public sector. The legislative changes came into force on January 1, 2002 (Riksdagens protokoll 2001/02: 33). But the suggestion to list extra-sensitive occupations was not agreed upon; neither was the view that judges could not serve as arbitrators.

Local government

Several committees have worked specifically with questions concerning local government, among them the Committee on Renewal of Local Government and the Committee on Local Government Audit. These two committees focus on aspects of particular interest to us. The directives instructed the Committee on Renewal of Local Government (*Kommunala förnyelsekommittén*) to investigate consequences of organisational change and new forms of organising activities concerning democracy, efficiency, quality, the distribution of local government utilities and economic consequences (SOU 1996:169, 175). The committee concluded that during the 1990s the publicity principle, giving citizens access to public authority documents, had been negatively affected by re-organisations and reductions in local government. During that time loyalty of the employee to the employer had been stressed even more than before (Ibid.: 126, 214). As to measures to improve public control, it was suggested that activities are to be governed by the principle of public control irrespective of management form. Activities on contract by tender must give the same access to official records for the public as in activities managed in the usual form. It was suggested that local government authorities would be required to ensure this in agreements with the contractor (SOU 1996:67: 11). Furthermore, it was stressed that internal legal systems in local government needed to be developed, such as giving the elected auditors a more independent and stronger position (SOU 1996:169: 126). Another proposal was that should be further investigation into whether auditors should be obliged to examine the lawfulness of activities (Ibid.: 131).

The Committee on Local Government Audit was instructed by the government to suggest legislative changes and other measures to increase efficiency and competence and to strengthen the independence of auditors in local government. The government stressed that the current system of elected lay auditors had been criticised and it agreed with the justice chancellor on the importance of inhabitants of municipalities and county councils being confident that the audit is efficiently and competently undertaken (SOU 1998:71: 159-161). Moreover, it was underscored that several parliamentary motions had also called for an investigation into this area (K215:1996/97, K526:1996/97, K527:1996/97).

No changes were suggested in qualifications needed to become an elected auditor. The existing general qualifications were deemed highly suitable in drawing a broad spectrum of people from which to choose and in keeping the mission a commission of trust. Instead, it was suggested the elected (lay) auditors should be assisted by expert auditors, a codification of the situation already present in the municipalities and county councils. But certification of these

expert auditors was not suggested. Previously there were no rules regarding disqualification for auditors, other than a general rule stipulating who could be elected as auditor. To remedy this, the rules in the Local Government Act about disqualification were made applicable to the auditors (SOU 1998:71).

All activities of the municipality, it was recommended, are to be scrutinised annually. However the degree of auditing of different activities is left to the municipalities to decide themselves. This follows a similar recommendation that the Association of Local Authorities and the Association of county councils already have. The auditors are given the right to address questions in the assembly, executive committee and other committees during the year. This is similarly applicable to the elected person, which before was unclear, but is now clarified. To further strengthen the auditor's position it was recommended that the annual report be presented at an earlier date to the assembly (April 15 the year after the year of investigation) to provide actual information as a basis for the decision to discharge liability (Ibid.).

It was suggested that the person designated to be an auditor in a municipal company be selected among the elected auditors in the municipality. This is designed to strengthen the audits overview of activities. The regulations defining the auditors' tasks are complemented by a stipulation that the municipal audit also includes municipal companies. As before, auditors will not take on prosecutorial functions nor be obliged to report to the legal authorities suspected crimes. But the auditors are obliged to report to the concerned committee if they suspect crimes; if the committee does not report the suspected crime to a prosecutor this failure should be reported to the assembly. No change was suggested regarding the present rule that only elected officials (politicians) have audit liability (Ibid.). Mainly these recommendations were followed in the government bill (Regeringens proposition 1998/99:66) and the changes came into force on January 1, 2000 (KU 30:1998/99, Riksdagens protokoll 1998/99:96).

In the government directives to the investigation concerning financial management in municipalities and county councils one of the tasks was to investigate how follow-up could be improved. This also included considering how to give the audit a more active role in promoting good economic administration (SOU 2001:76, 255-263). The investigation also stressed the importance of a more active role for the audit and that it is important that the audit judge whether the political majority has fulfilled the goals for the financial management. The investigation did not however propose any change to the system with the elected auditors (Ibid.: 18). This was criticised by the National Audit Office, which regards the proposal to increase the possibility to hold more clearly the politicians responsible, as not practical as long as the audit is not carried out by an independent professional audit not connected to party politics (Riksrevisionsverket 2001a)

The debate in the parliament and among the political parties

Looking at the debate about political ethics, political financing and other corruption issues during the 1990s, there has clearly been more action than in the 1980s. We see this both

within Sweden and internationally; in Sweden and in other European countries the ethics of politicians has been hotly debated. In the *Riksdag*, for example, topics such as ethical guidelines for politicians and the introduction of a public record of the economic undertakings and outside employment of members of parliament have been part of the parliamentary debate. The introduction of the preference vote has raised questions about party financing and campaign contributions; some advocating for the necessity to pass laws regulating political financing, while others maintain that the parties themselves voluntarily abide by extralegal rules and agreements. Other questions that have been posed concern the public sector and transparency, possibilities of increasing control, whistle-blowing, the principle of public access to official records, and means by which these general functions can be supported or strengthened (se for ex. KU31:1997/98, KU23:1995/96). Furthermore, lobbying and outside employment are issues that were on the parliamentary agenda and often were debated in connection to changes resulting from membership in the European Union.

Another area in focus for the debate has been the status of the National Audit Office, its principality and whether it should be merged with the Parliamentary Auditors. In addition, the role of local government and state companies received attention, with some parliamentarians voicing the opinion that these factors have been decisive in creating many of the problems leading to scandals. It was speculated that this was especially a factor because levels of transparency had been lower and scrutiny less tight. For several years parliamentary motions asked for formalization of rules of conduct in order to increase trust in politicians and for registration of economic interests such as outside employment stocks, and financial interests. This latter proposal, regarding registration of parliamentarians' financial interest, had often been called for by members of the *Riksdag* ethics group. The proposal was finally approved and the law came into force in 1996 (SFS 1996:810).

As to regulation of public funding of political parties, the political parties decided that there need not be any regulation in this area following the introduction of the preference vote. The introduction of the preference vote did not according to the personal vote committee require legislation (SOU 1993:21: 72-77). The standing committee on the constitution concluded that these matters must be carefully scrutinized but saw no need for laws (KU16:1996/97).⁶⁹ Rather it was up to the parties to establish their own policies and make agreements with each other about voluntary rules.

In a later stage a government commission was mandated to evaluate the role and effects of the preference vote in the 1998 elections. The commission was charged with investigating if extraneous economic factors influenced the election results, if there was a need for legislation, and evaluating rules concerning state financial support to the political parties (SOU 1999:136, 207, 211). The committee suggested openness and voluntary agreements as the best measures and that candidates should be offered to take part in a voluntary register of their financial interests (Ibid.: 15, 135). In these matters no legislation was proposed, but it was suggested that to be entitled to state financial support a party must have a certified accountant and the annual report must be handed in to the political committee (*Partibidragsnämnden*) responsible for deciding about financial support to political parties. This suggestion was

included in the government bill (Regeringens proposition 2001/02:53) and proposed to come into force on March 1, 2002.

In a government commission report (SOU 1999:92) Gidlund and Möller (1999: 69-70) asked party officials if they thought the importance of money in politics would increase and if they thought corruption would increase as a consequence of the introduction of the preference vote. On the importance of money, 81% of the respondents said that its importance is likely or very likely to increase. But on the issue of corruption the figure was much lower, 30%. From this survey we can see that the majority foresee risks for campaign financing and many see risks for increased corruption. In general, it is the parties most sceptical of the preference vote that see higher risks.

In addition to state party funding in Swedish election campaigns, funding comes from private contributors, mainly from individual sympathizers, from sales (for example lottery sales), and contributions from trade unions. In the individual campaigns the most common form of financing of candidates to the parliament is provided by the regional party district, followed by the candidates themselves financing it. Contributions from companies are rather uncommon (Gidlund and Möller 1999: 65-67).

A majority of the party officials regarded regulations of individual election campaigns as “fairly important” or “very important” (72%). And 92% see public accounting of candidate finances as “fairly important” or “very important”. On the topic of legislation 48 % regarded this as “fairly important” or “very important” (Ibid.: 72-74). This is somewhat in contrast to the preferred Swedish tradition of voluntarily agreements among the parties in this area. The relationship is that those that favour legislation are those that think corruption will increase.

But the control of rules and recommendation adopted among the parties seems not to have been that well developed. As many as 11% of the party officials did not even know whether external financing had taken place or not (Ibid.: 66).

The parties in the parliament struck a new deal about their financial accounts of revenues in 2000 (Överenskommelse angående redovisning av partiernas intäkter 2000). The agreement aims to make it possible for the electorate to know how the parties are financing their activities and how individual candidates finance their individual campaigns. The agreement concerns all activities of the parties at the central level and the parties commit themselves to develop common accounting forms to fulfil the principles in the agreement. Among the points in the agreement are that: a) contributions from legal persons should be accounted for by amount and name, and from individuals the total amount and the number of contributors; b) the annual reports should in an easy to read form show the financing of activities, and individual candidates should make public their accounts in a way similar to that of the party; and c) the annual reports should be available for anybody that wants to examine them.

Parliament and the political parties during the 1990s took several initiatives in terms of ethical principles. In 1991 a parliamentary group was founded by a group of politicians from different parties in parliament, with the aim of keeping an ethics debate alive and increasing the public’s confidence in politicians and politics (Westerholm 1995). In 1994 the Standing Committee on the Constitution approved two motions (K309:1992/93, K309:1993/94) calling

for making public the economic interests and outside employment of members of parliament thereby clarifying if these circumstances might cause conflict of interest. The register (SFS 1996:810) is something that each member of parliament can choose to take part in or not. Similar motions have been rejected before (KU 12 1989/90). In June 2001 295 out of the 349 members took part in the register.⁷⁰ A vast majority in all parties has chosen to take part, though many in the Christian Democratic Party and the Conservative Party opted not to take part. One of the critiques against the register is that members with a business background will be more reluctant to be parliamentarians if engagement in business is viewed as suspicious. One motion asking for the *Riksdag* to give the ethics group the mission to further work with confidence and ethics in politics was turned down by the committee, suggesting the *Riksdag* would not approve it (Motion K8:1995/96 in KU13:1995/96).⁷¹

However, even before this several similar motions had been turned down. Motions were submitted calling for records of the economic situation of members of parliament and registering outside employment (K214:1988/89, K813:1989/90, K223:1990/91). Others called for mapping out a chart of ethical rules in other democratic states, and establishing a parliament-authored code of ethical conduct to increase the confidence in politicians (K257:1989/90, K226:1989/90, K214:1990/91, K223:1990/91, K249:1990/91, K251:1990/91, K319:1991/92). The Standing Committee on the Constitution rejected these motions on the argument that income and wealth was already public in Sweden. It is regarded as up to the parties to assure that the nominees are capable of handling their mission in a way that creates confidence. Moreover, it was asserted that establishment of a code of ethical conduct or registers of the economic situation and outside occupations could affect the freedom of internal party life (KU12:1989/90, KU 1 1990/91, KU 32 1990/91, KU 5 1992/93).

After the many scandals from the mid-1990s, the interest in working with these questions and their importance increased in the political parties. Let us look at some examples from the two biggest parties in Sweden, the Conservative Party and the Social Democratic Party. The party leadership in the Conservative Party developed guidelines as to what is expected from a candidate. People with ambitions of becoming a candidate for the Conservative Party must promise in advance to be decent and honest. Furthermore, the central organisation started to give all regional party districts recommendations in these matters (*Svenska Dagbladet* 1996-05-10).

The Social Democratic Party appointed a group, which worked with questions of moral and ethics both in the private and public domain. It concluded in the report (Socialdemokraterna 1997) that people were indignant about favours, severance pay-outs (golden handshakes), excessive entertainment and hospitality expenses, etc. The report pointed to the risk of increased legitimacy for cheating the system if the impression is that politicians are doing so. Some important societal changes were noted. It was argued that the old authoritarian morality has been abandoned but has not been replaced by a new morality. In the increased market orientation of the public service, with introduction of many state and local government-owned companies the public sector has adopted patterns of behaviour from the private business sector, which have not always been suitable in the public sphere. As well, the media has increased its coverage of these matters. The report suggested measures based on

three principles: openness, clearness and reasonableness. Among measures mentioned were the need for rules in accordance with what citizens regard as acceptable and the need to strengthen auditing. Accessible information was suggested as the most important counter-measure to combat bribery,⁷²

During the second half of the 1990s there has been much debate about municipal and state companies and their role in many scandals. The Standing Committee on the Constitution (see, for example, KU12:1996/97, KU13:1997/98, KU24:1998/99) has handled several motions and government bills dealing with the issues around the formation of such companies and whether formation possibilities should be extended, limited or prohibited. The possibility to control and audit these companies has been of general concern, but the ways to increase the efficiency of control vary. The *Riksdag* has worked on improving transparency in municipal companies. In principle, after legal changes that came into force in 1994 and 1995, the same rules apply to local government companies, where the local authority has a decisive control, as they apply to other local government activities concerning public access to records and the protection of public servants for disclosure of information to the media (KU13:1993/94, Regeringens proposition 1993/94:48, Riksdagens protokoll 1993/94).

Another central question has been the status of the system with politically elected auditors in local government and whether these can fulfil their task or if expert auditors should have an increased role. Several parliamentary motions have asked for increased oversight in this area, for example, by introducing new control bodies, or by having the opposition in the majority on auditing committees, or by increasing professionalism of auditors (see for example K215:1996/97, K21:1998/99, K526:1996/97, K527:1996/97, K25:1998/99, A607:1996/97).

Conclusion

The result from the legal cases of bribery, which involve politicians and high-ranking public servants, pointed to public sector relationship with the building trade, the public transport sector, procurement and purchasing, and permissions and licenses as being areas that can be seen as danger zones of corruption. When the public sector is studied, it is easy to see that there are many reported cases of bribe attempts in duties where the official has direct interaction with the client. In general, however, the spectra covered in the cases reported in the press were broader than this. Many of the cases concerned people entrusted with handling of money. We see in the situations with politicians and upper-level public servants that the moral aspect has been an important element, i.e. cases dealing with use of taxpayer-funds for entertainment expenses such as alcohol and nightclub visits. Some cases concerned privileges and use of benefits by high-ranking officials, resulting in public debate and sometimes court cases.

Looking at which level of government was most involved, the findings from the press review identifies the central government as comprising the majority of cases. This was contrasted by statistics from the legal cases on bribery where almost twice as many cases concerned the local government. The national media (which were used in this study) naturally

pay more attention to events at the central level of government than those at the local level. Nevertheless, some of the scandals at the local level did receive much attention in national news.

The press survey revealed that nearly half of the cases concerned politicians. This is a large share, especially if compared with the statistics from the 130 bribe cases analysed, where only a fraction of the cases involved politicians. This implies that politicians are not the ones who, in absolute figures, are most involved in discovered corruption and improprieties. But when they are, they receive major coverage in the press.

The empirical material covers transgressions of non-legal norms as well as legal norms. Naturally, the press coverage, compared to the legal material about bribes, concerns to a greater extent cases of breaking non-legal norms. The same is true of the issue of whether direct or indirect transactions were concerned in the cases, even if direct transactions dominated in both results provided. Looking at the cases reported in the press, we see that some cases are direct transactions, for example bribes to obtain a favourable decision. These transactions are often violations both of formal and ethical norms. But at least as interesting are the cases that concern indirect, more vague transactions that do not concern persons directly. In Sweden this debate has been most intense around the issue of contributions from organisations and companies to political parties and the risks related to this. The contribution of LO (the Trade Union Confederation) to the Social Democratic Party has been the focal point for this debate. These kind of contributions from organisations and companies are approaching the demarcation zone for corruption, where the opinions are divided whether we are dealing with corruption or not, but where the laws so far have not regarded this as improper.

Cases of political affairs and corruption that have been referred to judicial inquiries were presented to cover and illustrate the scope of the typology developed in Chapter One. Relationships with business, side occupations, contributions to political candidates, public procurement and purchasing, privatisation of activities are some of the danger zones and aspects that were illustrated by the cases. Others concerned situations where officials who had private interests in companies sought to take over the public activities where they worked. Some of the cases also pointed to dangers with friendship connection between the persons involved and persons supposed to scrutinize and control.

Turning to the government stand on corruption and danger zones and actions taken against corruption, taking into account the recent legislative changes in force, Sweden can be said to have strong legislation against bribery, both domestic and foreign bribery. Earlier this was true only for the former. On the issue of whether to have legislative rules regulating party financing, Sweden has chosen to follow the traditional Swedish line of limited legislation. In a similar way there has not been much emphasis on formal codes of conduct for politicians. It appears that the voluntary rules to which the parties have agreed have not developed much control. But studies show that the position of the parties concerning legislation might change: almost as many party officials now regard legislation as important as those who do not.

Overall, concerning regulations and risk of corruption the Swedish policy points to an awareness of the risks of bribery while other areas have been more neglected. Some of the

investigations referred to have noted that legislation needed to be changed in certain areas as well as the need for increased information and education about corruption and ethics. Regarding danger zones of corruption the Swedish responses to the OECD survey connotes no official awareness or policy position about which areas are of most concern in terms of corrupt or questionable activities, though bribery in the area of procurements is mentioned in later reports. Measures suggested in committee reports and investigations in many cases concern control systems and oversight procedures, including audits, particularly in public companies and local government. The investigations pointed to dangers of mixed forms of government suggesting that ownership control over the development is lost and systematic control may be missing. It was noted that controlling bodies in Sweden are not as independent as in other comparable countries. Furthermore, it was pointed out that outside employment needs to be examined and is an especially problematic area when persons close to the employee is engaged in a business related to an area where the authority also is engaged in business. The heterogeneity of the public administration means that support is needed for a common ethical and administrative culture. Positions where officials have contacts with organised crime was another vulnerable area.

Several changes in politics and administration of relevance to the issue of corruption were identified in the investigations. The push in the public sector to increase efficiency creates new demands on controlling bodies. But, decentralisation and increased discretion have not been followed by an adoption of internal and external control systems. Furthermore it was argued, that democratic values, legal security and public ethics have come second to economic values of later years. A negative trend was noted regarding possibilities of whistle-blowing and expressing criticisms within the administration, a vital factor in corruption control. Additionally, internationalisation, especially the membership in the European Union, is characterized as demanding new routines and working forms from the government and the authorities.

Finally, corruption has traditionally not been high on the political agenda in Sweden, mainly due to the notion of the country as free from corruption. With the mid-1990s this notion has started to change. Many scandals, principally the ones at local government level, have turned the focus on improprieties and the possible effects on legitimacy. Even though this chapter did not focus on the question of whether corruption has increased in Sweden the analysis shows that there are some indications that there has been a tendency in the direction of increased exposure to corruption.

¹ *Dagens Nyheter* is the biggest-selling Swedish broadsheet newspaper.

² In the categorisation below, the sum might not always be 95 due to overlapping categories or that some cases are not applicable on the certain categorisation. For example the same case may involve both politicians and officials and a case might involve actors both at the local and national level.

³ These cases can be seen as examples of indirect transaction types. So far neither of these contributions are illegal, but according to those regarding them as improper they constitutes violation of non-legal norms. Concerning the contribution to the Social Democratic Party, a central point in the

discussion was whether the contribution from the LO had provisions on certain decision or not, where it was pointed to statements in that direction by the chairman of the Union.

⁴ The general rule was that official responsibility concerned all local government and state officials dealing with tasks. There were four different types of crime: violation of obligation of secrecy, bribe taking, misuse of duty and misfeasance. This judicial responsibility was complemented by a disciplinary, concerning the authorities' punishment of its staff. Besides this, there were also damages assessed if the official had made mistakes causing damage to the state or an outsider, and finally officials responsible for payments could be liable to pay damages irrespective of whether caused by a mistake or not. The official responsibility was reformed in 1975, meaning the public sector sanction system approached the private sector (Pettersson, Söderlind 1993: 144-45).

⁵ In addition to these categories, the regulations include persons with commissions of trust to deal with legal or economic affairs or independent responsibility for technical affairs, or the supervision of such matters.

⁶ Compare these legal indicators with Leijonhufvud (1996-97: 944-948).

⁷ Later on in a second supplementary protocol to the fraud convention, further steps were taken to strengthen the protection against money laundering and handling stolen goods. The legal changes came into force on January 1, 2002 (Regeringens proposition 2000/01:133, JuU 2: 2001/02, Riksdagens protokoll 2001/02:17).

⁸ Bribery culpability (guilt) also includes favours to European Commissioners, members of the European Parliament and judges of the European Court of Justice and the European Court of Auditors. This was supplemented to 20 chap. 2§ second section the penal code. Bribery culpability includes also those with a commission of trust to carry out scientific research or equivalent investigations or supervise tending of such. The same is valid for culpability regarding breach of trust committed by an agent on his principal. In order not to change the category of persons where bribery regulations are applicable a technical change was done concerning compulsory national service (Ds 1998:29: 84-90). This implied changes in 20 chap. 2§. Culpability was extended to include bribery of foreign parliamentarians and ministers as well as foreign equivalents to the categories in 20 chap. 2§ second section 1. It was made punishable to bribe persons that carry out duties for a foreign state. This was adopted from the OECD convention, also stating that persons that carry out duties for a foreign state without being employed is included. This supplemented 17 chap. 7§ the penal code (Ds 1998:29: 88-90). For courts to be able to prosecute bribe-givers bribing officials within the EU organisation or bribery of foreign parliamentarians and ministers, it is not a required prerequisite that a crime has been reported for prosecution nor is it required that be demanded publicly in the home country of the bribed official. This implied changes in chapter 17, 17§. Similarly these office-holders within the EU administration are exempted from the demand that the crime be reported for prosecution in order to prosecute for bribe-taking (20 chapter 5§) (Ds 1998:29: 90-91).

⁹ This was supplemented to the penal code 17 chapter 7§ and 20 chapter 2§ first section (Ds 1998:29, 87).

¹⁰ Leijonhufvud resigned 2002 after having served as chairman for five years.

¹¹ The prohibition of tax deductibility for bribes paid was supplemented to the Municipal Tax Law 20§ (SFS 1928:370). Later this law was replaced by the new law (SFS 1999:1229) where the prohibition against deducting bribes is found in chapter nine, §10.

¹² Thorsten Cars has interpreted the consequences of the Swedish legislation before the recent changes. He distinguished three types of situations when a Swedish company bribed a person in a foreign country. In the first case the penal provisions and applications coincide with the Swedish counterparts and therefore the briber can be prosecuted and convicted in Sweden and tax deductibility is not allowed. In the second case the taker is a private employee and the foreign country only punish corruption in the public sector. In the third case the foreign country does not react irrespective of their legislation. Hence, a Swedish public prosecutor could hardly find it necessary in the Swedish public interest to prosecute the briber. Allowing the taxpayer to deduct the bribe was not against the Swedish legislation in the last two cases. However, it was up to the authorities to ascertain that the favour had adequate relevance to the givers' business activities and a reasonable value (Cars 1996: 160-161). For

courtinterpretation of cases concerning whether bribes have been deductible or not (see Cars 1996: 289-93).

¹³ If the Tax Administration suspects bribe-giving it should make a report to the prosecution authority (SFS 1990:1236).

¹⁴ When these cases are used in the different classifications below, they might not add to this figure due to overlapping categories.

¹⁵ But between 1977 and 1984 the paragraph was used nine times (Thorsson 1999). In the church election 2001, a politician was prosecuted for having falsified votes to his own advantage, when he helped old voters voting at home (Blekinge Tingsrätt 2001, *Blekinge Läns Tidning* 2001-10-20).

¹⁶ Thorsten Cars is a former head of the Institute Against Bribes.

¹⁷ *KommunAktuellt* is a weekly paper (40/year) published by, the Swedish Association of Local Authorities.

¹⁸ District courts have a Lay-Judge majority.

¹⁹ A court of appeal has a lawyer-majority.

²⁰ Also the former head of the Institute Against Bribes, Madeleine Leijonhufvud has stated that this kind of contribution is not to be recommended (*Svenska Dagbladet* 1998-08-11).

²¹ The MP received 2,339 votes (threshold 1730) (Riksskatteverket 1998).

²² The scandals in Gävle were very sensitive; the municipality had been in Social Democratic hands for 75 years, and the party secretary was called to take part in a crisis group to resolve the problems (*Aftonbladet* 1996-05-24, *Dagens Nyheter* 1996-05-25).

²³ In defence the accused pleaded that no harm had been intended using the money on gambling. According to his lawyer he was addicted to gambling and the defence pleaded for treatment instead of prison in proceedings at the Court of Appeal. Neither the appeal nor the reduction in sentence was successful; the Court of Appeal upheld the district court decision (Hovrätten för Nedre Norrland 1998).

²⁴ I will come back to Motala in Chapter Five. For an extensive book entirely focused on the Motala case, see Citron 1999.

²⁵ For a discussion about the role of group dynamics concerning loyalty, norms etc (in Motala) see Granström and Rosander (1997).

²⁶ Britt-Marie Citron, the journalist at Motala Tidning who uncovered the improprieties, received *Stora Journalistpriset* for her work. The role of the journalists and local newspapers have been scrutinised in a study from Demokratiutredningen (SOU 1998:63).

²⁷ The judgements are often divided into sections for example A, B, and C. In this case the reference refers to section C, page 22.

²⁸ In the secretary's defence to the charge that he handed out unaccounted funds on business trips, he said that in retrospect he should have taken receipts from the other members, but he had regarded the members as unswerving loyal to each other and did not want to demand receipts. The other defendants maintained that the journeys were official business trips, and to bring relatives with them was a method of compensating them for their extra work (Motala Tingsrätt 1998a: B4-18). According to the court it was not established in the investigation that the secretary in the Select Committee on Business inherited an existing culture of extensive representation. The court rejected the defendants' reasoning, maintaining that the journeys were private and if relatives participated on behalf of the municipality it would have had to concern official matters. The court judged that there was little relationship between the alleged purposes of the journeys and their costs (Ibid.: C 15-16). Further it was unreasonable for participants to decide for themselves their levels of compensation.

²⁹ The municipal commissioner told that he thought that he got the money as a private loan from the chairman of the technical committee and the chairman told that he was ordered by the municipal commissioner to transfer the money to IFK Motala and that it was sponsor money and he never got to know that the payment was regarded as wrong. All sentences of guilty were appealed to the court of appeal, but the verdict of the district court was in principle upheld. Some adjustments in amounts of damages to be paid were made and some readjustment in the distribution of this financial responsibility among the defendants (Göta Hovrätt 1998).

³⁰ It is anyhow classified as a direct type due to its individual character concerning family members.

³¹ Furthermore, Kjellberg establish that conflict of interest is neither a necessary nor a sufficient condition for corruption practice.

³² In 1996 it was discovered that high-level public servants working in or having connections to the purchasing and resources department had been engaged in questionable activities. Among else the suspicions concerned overcharging for overtime work, cheating with holiday salaries, leasing of more expensive cars than allowed. The county council had paid the director and the purchasing manager for private travelling expenses and cost for accompanying wives. Additionally some of the involved servants had second jobs in private companies which sold products to the county council and that they used working hours at the county administration to carry out these private company activities.

³³ As a result the former county governor had to resign as chairman of the commission that scrutinised the investigations of the murder of Swedish Prime Minister Olof Palme.

³⁴ Concerning the other point on breach of trust, the county governor denied that he had not accounted for the expenses, and he maintained all expenses were entertainment and hospitality expenses. He asserted that he did not know that the county administrative board had processed the bills; he had sent them in just for information purposes. The court found that it could not be established when the bills had been sent by the county governor to the county administrative board; this was a decisive factor in the court's decision on dismissal of the case.

³⁵ Concerning receipts which the county governor kept home, he denied that this was wrong since he was not obliged to account for this according to a decision by the county administrative board in 1991. He clipped the receipts for practical reasons in order to fit more receipts on paper arks. The court established that the county governor, were not obliged to show receipts regarding housekeeping. The receipts were his own private receipts.

³⁶ Before 1990 the grants for county governors entertainment expenses was decided on in the state budget and given in official documents placing appropriations at the disposal of the authorities concerned. Since then entertainment expenses have been included in the budgets of the county administration boards and decided by them. There is no law of what is representation but it must be connected to activities of the county administrative board. The ultimate responsibility for what is representation lied with the county governor (Örebro Tingsrätt 1997: 16-17). In Örebro the amount for external representation was about 100,000 SEK a year. The county governor ordered payment in advance for entertainment expenses about four times a year, which was deposited in his personal account. At the county administrative board there was a clearing account for the payments in advance and an entertainment expense account. No internal control was possible because the county governor was himself responsible for deposits and withdrawals. There was also missing elements in the specifications of the purposes of the representations and payments had been made against copies instead of originals. The head of the finance department did not know that some guests paid for their own entertainment costs.

³⁷ The county governor has expressed that the media portrayed a picture of him as a criminal and that legal actions should be taken against those that overstepped the mark (TT 1997-12-01, TT 1997-12-17).

³⁸ This other case concerned a financial director at the municipality who had a side occupation carrying out duties for a church (financial matters at Dorotea-Risbäck Church Association). It was proven that he, in excess of what the amounts he was entitled to for his work at the association, had made extra payments to himself and his consulting firm, worth a total of 649,185 SEK during 1994-1996. Many of the transactions made were not accounted for and there were no receipts. The defendant defended himself with that the tasks he had to do grew over the years, and that it was a tacit understanding between him and the association that he should be paid in excess of the amount from a former contract, which he took over and was the base in the relation. However, this tacit understanding was not confirmed by the other party and the court did not take notice of it (Lycksele Tingsrätt 1998). The court regarded the crime as gross and sentenced him to imprisonment for one year and three months for breach of trust against his principal. He was also ordered to pay damages, constituting the amount together with interest. In the Court of Appeal the verdict was reduced to one-year imprisonment, since the financial director was fired after the verdict in the district court (Hovrätten för

Övre Norrland 1999). This case illustrates the general risk when someone is entrusted with handling money. As this is a risk factor very hard to avoid, control is vital in being able to discover violations.

³⁹ The basic amount is related to the annual cost development. In 1995 a basic amount was 35,700 SEK (SFS 1994:1967).

⁴⁰ There had been suspicions about the technical manager resulting in initial hearings before and the municipal commissioner from the Centre Party was especially critical of the technical manager's handling of the contract for the old people's home and wanted to have him removed. But the majority in the executive committee supported the technical manager at that time (*Västerbottens-Kuriren* 1998-04-02).

⁴¹ The purpose was to provide an indication of the way OECD countries, address the problem of controlling corruption. The respondents were asked to include mechanisms that had been introduced for an anti-corruption purpose as defined in the local context.

⁴² Sanctions for bribe-giving and bribe-taking are fines or imprisonment for at most two years, or if the offence of taking a bribe is deemed grave maximum six years. The primary purpose is to protect public authority against irrelevant and undue influence and in general to promote healthy methods of influence and to promote fair competition.

⁴³ A non-profit organisation, the Swedish Institute against Bribes, connected with the Swedish chamber of commerce, gives advice and guidelines to companies to avoid committing bribery.

⁴⁴ The Bureau handles cases from Stockholm County, Västra Götaland County, Skåne County, Halland County and Gotland County.

⁴⁵ The other main type of ombudsman institution is the Danish one that differs from the Swedish type in several aspects (see Lane and Ersson 2000: 172-176).

⁴⁶ The annual audit report can include objections or comments, which then shall be supplemented with a special audit memorandum. The observations is reported to government and concerned agencies. Action on the comments shall be taken by the agencies or the government within a year of the audit.

⁴⁷ The government financial ordinances over agencies are often formulated in overall terms. The financial management ordinances generally authorise RRV to introduce further regulations when necessary. The financial management department is responsible for central government accounts, government budget forecasts, compiling statistics on central government finances and checking expenditures against appropriations. But from July 1, 1998 activities concerning profit and financial control have been taken over by the Swedish National Financial Management Authority (ESV), which is the government agency for financial management in Sweden.

⁴⁸ The Ordinance on Government Agencies' Payments and Administration of Funds regulate how agencies shall administer funds and handle payments. The Bookkeeping Ordinance and other Ordinances provides minimum requirements for internal control, but it is up to the agencies to organise this after the actual needs.

⁴⁹ These shortcomings were regarded to be due to; that the former accounting centres had been abolished; far reaching delegation and responsibilities for management; and extensive changes in government rules, which has not been accompanied by increase in the qualified staff working at the agencies. Furthermore, management of control system and working routines have not always been given sufficient attention.

⁵⁰ Conflict of interest regulations for judges are regulated in the Code of Judicial Procedure and the Code of Administrative Judicial Procedure and for administrative authorities in the Administrative Procedure Act. In the latter case this regards cases where the matter concern the official or someone closely related, or if the person, or someone closely related can expect special advantages from the outcome of the case, if the case has been brought before the agency by a complaint over another authority's decision in which the official has taken part, or if some other special circumstance exists that is likely to undermine the confidence in the official's impartiality. As for government ministers there are rules obliging them to make public their possessions of shares and other securities.

⁵¹ The same measures were referred to on the question about human resources management procedures intended to prevent corruption.

⁵² In 1999 the investigation was transferred into a parliamentary committee and was given supplementary directives. Among other things the supplementary directives concerned judgements of what criteria should be used when accepting the economically best offer (Dir. 1999:34).

⁵³ Concerning damages it was suggested damages be limited to an amount that is reasonable in relation to costs and lost profits, a change from earlier wording of the rules.

⁵⁴ However, the proposal concerning a new authority and its organisation and powers such as the right to file suit with a county administrative court and demand the imposition of a market damage fee needed further investigation according to the government.

⁵⁵ In its final report the procurement committee suggested changes that implies that the procuring unit can consider other aspects than the best economic offer such as labour market policy considerations. Municipals and companies owned by municipals should be able to sell and buy goods and services from each other without the normal procurement procedures (SOU 2001:31). These proposals as was the proposal to introduce a new authority has been criticised by the National Audit Office for decreasing both transparency and efficiency of public procurement (Riksrevisionsverket 2001b).

⁵⁶ This was done with problems in the national road administration in mind.

⁵⁷ Government committees' task is to prepare government proposals for measures. The committees shall present facts and suggest measures. Committees usually consist of party representatives and representatives of interest groups (Peterson and Söderlind 1988: 46, Larsson 1995: 51).

⁵⁸ It instructed the commission to describe, analyse and examine the state sector from a public administrative perspective, with changes in economic and organisational terms as a background.

⁵⁹ Compared to RRV with about 300 employees the Parliamentary Auditors, which investigate and examine all kinds of state activities mainly in the form of performance auditing, is a very small organisation with about 30 employees headed by 12 politicians and 12 substitutes (Riksdagens revisorer 2000).

⁶⁰ According to Shirin Ahlbäck (1999: 265-267), the examinations carried out by the Parliamentary Auditors were more independent than by the National Audit Office. The study asserts that the National Audit Office was very open to the view of the Government Offices, both concerning what to examine and with what perspective. According to Ahlbäck the reports from the Parliamentary Auditors were not given much attention to in the *Riksdag*.

⁶¹ The objectives of the National Audit Office (RRV) are defined by the Government. In its audits RRV examines the accounting and performance of all government agencies and public enterprises, and certain state-owned companies and foundations. The RRV selects independently the agencies and activities, which shall be the subjects of its audits (Riksrevisionsverket 2000).

⁶² The demands for these changes, especially from the opposition parties, was intensified after a very much publicized quarrel between the director-general of the National Audit Office and the responsible minister in the government, namely the finance minister, in relation to the government's decision to prolong the term of office for the incumbent director-general. But despite these suggested changes there is a debate about whether this new organisation will be too dependent upon the will of the political parties as the board will consist of members of the parliamentary parties.

⁶³ Furthermore Lundquist has argued that in the public sector increased commercial orientation of providers of public service, while the traditional civil service norms and demands are still expected to be upheld, contributes to uncertainty. Various ethical codes, which are not fully compatible, are mixed and consequently, the rules that individuals within government organisations are expected to follow are unclear. Lack of clear rules from central government and parliament increases this uncertainty (Lange 1996:8).

⁶⁴ For a similar article about the silence at workplaces, see *Dagens Nyheter* 1998-11-07.

⁶⁵ Data from the parliamentary ombudsmen to some extent also back this up. During the 1990s the number of reports to the parliamentary ombudsman (JO) concerning violations of crime against the freedom of speech have increased. Between 1977 and 1987 JO received 24 reports from public employees and between 1987 and 1997 JO received about 90 complaints (*Dagens Nyheter* 1998-11-08).

⁶⁶ Author's translation.

⁶⁷ For activities that work under competition, the company form should be considered. In these cases the commercial activities need to be kept apart from the authorities other activities. If an activity is under competition, normally it should be separated from the authority and run in the company form. From January 1 1998, state authorities cannot form companies, foundations or buy stocks. The specialisation of state activities should continue according to the government.

⁶⁸ 21% of the public servants had extra-occupational activities compared to 29% in 1966 (SOU 2000:80, 137).

⁶⁹ The introduction of the preference vote, however, caused some reactions in parliament asking for stricter regulations of election campaigns chiefly in accounting for contributions and rules for grants (see, for example, motions K17:1996/97, K19:1996/97, N256:1996/97, K22:1996/97, K25:1996/97 in KU16:1996/97).

⁷⁰ In November 1996, 210 out of 349 MPs had registered (Dagens Eko 1996-11-01). Before the 1998 elections this figure had risen to 310 MPs (Rune 1998).

⁷¹ As a response to the government bill (Regeringens proposition 1997/98/136) about public administration at the service of citizens, one motion called for ethics in public management to be emphasised as one of the basis, to raise quality and competence in public management, and therefore the international work in this area should be considered. This could be integrated in the new suggested body to be responsible for development of quality and ethics in public management. The majority in the standing committee did not approve this call, arguing that it was already within the intentions of the government bill (see motion K36:1997/98 in KU31:1997/98).

⁷² It is regarded as important to account openly for favours and terms of employment and the political system must be open to public influences (Socialdemokraterna 1997: 5-9). The group also thought that it should be obligatory to take part in the registration of parliamentarians' economic interests outside the parliament. Entertainment and hospitality expenses in local government need to be clearly justified (Ibid.: 38, 41). Regarding the charge cards, which have been an ingredient in many scandals, it is suggested that these have a personal pay responsibility. It is also suggested that auditing in local government be carried out also by expert auditors, and that the elected auditors are not taken among persons that recently have served in central elected posts nor have been full-time politicians in the organisation (Ibid.: 44-45, 47). The closed culture involved in many of the scandals was according to the group pointing to the importance of openness and internal democracy, as a countervailing action against scamp and misuse of public resources. The group did not believe in formulating formal ethical rules of conduct. Instead they stressed the importance of an ongoing discussion about ways of directions and the probable situation you might end up in as an elected representative. This was proposed be given a central place in the education of politicians (Ibid.: 58-60). Anyhow the group suggested possible guidelines for social democratic representatives. As elected representative of the social democratic party: you represent the party and its voters; you represent the values of the party; you practice what you preache; you fight for welfare and possibilities for everyone; you dislike deceptions and manipulations; you fight for openness and publicity (*offentlighet*); you can account for what you do in your political mission; and, you are careful with tax payers' money (Ibid.: 60).

5

Corruption and Danger Zones: Perceptions Among Young Citizens and Political Actors

Introduction

This chapter addresses an area of major importance in the study of corruption: the perceptions and attitudes about corruption from the viewpoints of young citizens and relevant political actors. Does the public differentiate between different types of corrupt behaviour? Are some types of corruption regarded as worse than others and do people differentiate between various types of corrupt behaviour? And, if we turn to politicians and public servants, what are their perceptions of corruption and danger zones?

There is previous research showing that respondents differ on their views of what is or is not corrupt. One such study undertaken in Australia, a country in the least corrupt category concluded that one of the problems in combating corruption was that views of what constitutes corruption differed sharply among public servant (Transparency International 1996a). In this chapter I turn to Swedish perceptions of corruption and try to deepen our knowledge one step further than in earlier chapters, where it was demonstrated that Swedish attitudes are quite harsh toward bribery. In order to do, this chapter consists of two parts based on studies of two groups. First, young citizens' perceptions of different types of corruption are investigated through a survey conducted on students at Umeå University in Sweden. This survey is compared to a similar study conducted on Canadian students by Kenneth Gibbons (1989a).

After that, I turn to the perceptions among political actors. This part looks at their perceptions regarding political scandals, danger zones, different types of corruption, causes of corruption and means to combat corruption. The data is drawn from more than forty interviews conducted with politicians and public servants at local government level in two Swedish municipalities – Skellefteå and Motala – and with politicians in the national party organisations. Local government has been more associated with corruption than has the central government and many of the scandals revealed in Sweden have concerned the local government level. The selection of Motala¹ and Skellefteå gives us one municipality that has been exposed to a major scandal and another that has not. Neither had experienced alteration of powers for a long time and, thus, shared that corruption risk factor. I point out here that these two cases are presented not with the intention of generalizing to all local governments but rather to provide in-depth illustrative examples.

Attitudes in Sweden towards different types of corruption in the light of a Canada survey

This survey builds upon a Canadian study. The design of the study required the respondents to evaluate scenarios representing political and administrative behaviour described in the corruption literature (Table 5.1) by choosing between semantic differential pairs such as corrupt versus non-corrupt, democratic versus non-democratic etc. As Canada is, like Sweden, usually classified as a “least corrupt” society, the study and its findings were deemed relevant to the Swedish experience. The Gibbons study concluded that indeed people are able to distinguish evaluations about the concept of corruption. Gibbons expressed it thusly:

“They see differences in types of corruption; they perceive some types as more corrupt, more common, etc., and the components employed in the survey seem to have meaning to people in most respects” (Gibbons 1989a: 777).

Additionally, the respondents generally saw corruption as common, unnecessary, important and ultimately undemocratic. The Canadian study also pointed to the usefulness of the Heidenheimer perspective as the respondents may define behaviour regarded as non-corrupt by the academic literature or by law as corrupt but also vice versa (Gibbons 1989a).

Table 5.1 A brief presentation of the scenarios

A (Nepotism). Nepotistic nomination to a government job.
B (Patronage). After election victory, loyal party supporters replace employees on government jobs.
C (Pork-barrelling). Candidate ties election promises for the district to re-election of the candidate.
D (Bribery). A citizen wants favourable ruling and offers a TV to the civil servant
E (Campaign finance). Private person gives large sum of money to a political candidate which accepts.
F (Legislative conflict of interest). A legislator takes part in vote on bill concerning sector where he has stocks.
G (Influence-peddling). A Parliamentarian makes references in the legislature to business in her constituency that contributes to her campaign fund.
H (Party discipline). Voting against the party lead to lost party support for nomination and funding at election time.
I (Bureaucratic conflict of interest). Government officials employed in a department establish a part-time consulting firm, which give advice to private clients.
J (Impropriety). A civil servant decides to compensate himself economically for overtime without informing the responsible politicians. (Only Sweden).

Note: The party discipline scenario is not identified in the corruption literature as corrupt, but it is included to keep comparability, since Gibbons included it because many students had raised this as a corrupt phenomenon.

Below I present relevant results from the Gibbons study and point out the comparisons with the Umeå study. The two studies are not identical comparative studies, rather the Canadian study is seen as giving relevant reference frames. Students are respondents in both studies, both concern “least corrupt” countries and the content of the evaluated scenarios is the same.

In this part I have adjusted the two studies so as to include only the semantic pairs and scenarios comparable (in the Swedish study ten scenarios are used). After comparing the results I will analyse more deeply the Swedish survey results. The scenarios used are presented fully in Appendix III (and briefly in Table 5.1).

As seen in Table 5.2 we see that respondents were asked to associate the various scenarios with different levels of government and to characterise them as being rare or common, democratic or non-democratic, important or unimportant and more associated with the domestic arena or the non-domestic (foreign) arena.

Table 5.2 Evaluation of corruption scenarios in rank order by comparing conceptual pairs. Canada.

Comparing apprehensions (1-9)	SCENARIO Canada Gibbons (adjusted)								
	A	B	C	D	E	F	G	H	I
Corrupt- not corrupt	2	6	7	1	9	3	8	5	4
Common- rare	5	1	2	9	4	6	7	3	8
Important-unimportant	5	4	7	2	8	3	9	1	6
Federal-local	9	5	6	8	2	3	7	1	4
Undemocratic-democratic	1	6	8	2	9	3	7	4	5
American- Canadian	5	4	8	2	1	3	7	9	6

Table 5.3 Evaluation of corruption scenarios in rank order by comparing conceptual pairs. Sweden.

Comparing apprehensions (1-9)	SCENARIO Sweden								
	A	B	C	D	E	F	G	H	I
Corrupt- not corrupt	2	4	9	1	8	3	6	7	5
Common- rare	6	5	1	9	8	2	3	4	7
Important-unimportant	1	3	9	1	6	4	8	4	7
National level- local level	9	3	6	8	1	4	5	2	7
Undemocratic- democratic	2	5	9	1	7	4	8	3	6
Sweden- other EU-countries	7	6	2	8	9	5	4	1	3

Key: Scenario A. Nepotism D. Bribery G. Influence-peddling
 Scenario B. Patronage E. Campaign finance H. Party discipline
 Scenario C. Pork-barrelling F. Legislative conflict of interest I. Bureaucratic conflict of interest

All scenarios in the Gibbons study were regarded as corrupt (including the party discipline scenario) except for the one dealing with campaign finance. This indicates that some acts, like those in the party discipline scenario, the campaign finance scenario and the pork barrelling-scenario, are judged attitudinally different from the law.² In my survey fewer of the cases were regarded as corrupt (Table 5.4), if by that we mean that a majority of the respondents regarded the behaviour as corrupt, which in the Swedish case occurred in the following scenarios: nepotism (A), patronage (B), bribery (D), legislative conflict of interest (F), and bureaucratic conflict of interests (I).³ The three scenarios evaluated as being most corrupt were the same in the Swedish and the Canadian study (Table 5.2 and 5.3). Both groups ranked

the bribery scenario as the most corrupt as well as the rarest. Similarly, both groups evaluated this form of corruption as being important, undemocratic and a local phenomenon.

The nepotism scenario also shows a similar agreement in evaluation in the two studies. The only difference between the two groups is that it was evaluated as more important in my study than in the Canadian study.

The third most corrupt scenario was the legislative conflict of interest. The major difference in evaluations was that legislative conflict of interest was regarded as only the sixth most common practise in the Canadian study, while it was ranked second in my survey. This difference may be the result of attention paid to the current debate in Sweden about politicians occupying many positions concurrently, or it may be in response to the lack of regulations regarding the role of parliamentarians, in terms of codes of conduct and rules for financial interests.

Turning to the scenarios regarded as least corrupt there is also a similar pattern between the two studies. The least corrupt case in the Canadian study was the campaign finance scenario and this was evaluated as the second least corrupt scenario in the Swedish survey. In both studies it was evaluated as among the least important, the least undemocratic and it was judged as being the second most-associated with the federal or national level of government. The major difference was that it was evaluated as the fourth most common in the Canada study but the second most rare in my study. This can be a reflection of less emphasis on the individual candidate in the Swedish election system and the little role of private party financing.

The eighth most corrupt in the Gibbons' survey is the influence-peddling scenario and in my survey it is the sixth. Here the main difference is that it is evaluated as the seventh most common scenario in the Canada study, but as the third most common in the Swedish. One explanation could be that traditionally connections between interest groups and parties have been strong in Sweden.

The pork-barrel scenario was ranked the seventh most corrupt by the Canadian respondents and the least corrupt by the Swedish respondents. In both surveys it was seen as common, unimportant, and among the least undemocratic scenarios.

In the Gibbons' survey party discipline was evaluated as corrupt, while in my survey it was evaluated among the least corrupt and evaluated as somewhat rare and important and associated with the national level. Despite being evaluated as the third most undemocratic scenario in my survey, the Swedish students, unlike the Canadians, differentiated between this and corruption. As both countries have parliamentary systems, party discipline can be an expected and natural part, but here a likely explanation of the difference between the two surveys is the traditionally stronger emphasis on party discipline in Sweden and less emphasis on candidates in elections than in Canada. Bureaucratic conflict of interest and patronage were among the scenarios evaluated in the middle in terms of corruption in the Canadian survey as well as the Swedish.

Besides the nine scenarios used in both surveys, one additional scenario was added to try to measure the definition and assessment of a scenario representing recent improprieties and scandals reported in the Swedish press. This tenth scenario was regarded as the third most

corrupt of the scenarios and as the second most common and the second most undemocratic of the scenarios. It was equally associated with the national level of government as with the local government, which is somewhat surprising since most of the corruption cases or scandals have concerned the local level though scandals on the national level have been given prominent media attention. In Table 5.4 the evaluations of all the ten Swedish scenarios are presented with the percentage representing the number choosing the first alternative in the dichotomy choices. In Table 5.5 the ranking of each of the ten scenarios on the measure of corrupt versus non-corrupt is shown as well as the mean for each scenario (corrupt is coded as 1 and not corrupt 2; a mean under 1.5 imply that a majority regarded the scenario as corrupt). In terms of this, six of the scenarios were regarded as corrupt: bribery (D), nepotism (A), impropriety (J), legislative conflict of interest (F), patronage (B), and bureaucratic conflict of interest (I).

I also analyse two more evaluation choices, conservative versus social democratic, and Sweden versus the EU countries in general. It can be seen that all the scenarios were more associated with European countries other than Sweden. The scenarios most associated with Sweden were the party discipline scenario and the pork-barrelling scenario and the least were campaign finance, bribery and nepotism. Bribery and nepotism were also regarded as the most corrupt scenarios.

Table 5.4 Evaluations of the ten scenarios in Sweden

Evaluation of scenarios (percentage choosing the first alternative)	SCENARIO									
	A	B	C	D	E	F	G	H	I	J
Corrupt- not corrupt	90.4	55.8	15.8	98.1	40.9	66.5	47.1	44.8	53.5	88.6
Common- rare	47.0	50.3	76.9	24.8	42.7	72.3	55.5	54.1	46.2	73.9
Important- unimportant	93.4	86.9	53	93.4	66.9	80.4	58.8	80.4	59.1	78.7
National level- municipal/county council level	12.2	70.3	34.4	18.4	93.3	64.9	56.3	75.9	33.3	47.6
Democratic- undemocratic	5.8	29.3	63.3	1.9	40.8	26	42.4	25.5	38.3	6.5
Conservative- Social Democratic	60.3	47.2	53.1	62.8	94.3	81.8	69.2	29.1	81.2	44.5
Sweden- the EU-countries in general	7.3	15.1	33.1	5.9	0.7	17.8	22.1	43.4	23.4	29.0

Table 5.5 Corruption ranking of the scenarios and their means

Evaluation of the scenarios	SCENARIO									
	A	B	C	D	E	F	G	H	I	J
Corrupt- not corrupt (means)	1.1	1.44	1.84	1.02	1.59	1.34	1.53	1.55	1.47	1.11
Ranking	2	5	10	1	9	4	7	8	6	3

Key: Scenario A. Nepotism
 Scenario B. Patronage
 Scenario C. Pork-barrelling
 Scenario D. Bribery
 E. Campaign finance
 F. Legislative conflict of interest
 G. Influence-peddling
 H. Party discipline
 I. Bureaucratic conflict of interest
 J. Impropriety

Note: To count the means corruption is coded as 1 = corrupt, 2 = not corrupt.

The choice between conservative and social democratic was seen by the respondents as difficult to evaluate. The campaign finance scenario was the scenario most associated with the conservatives as were the majority of the scenarios. Here we must bear in mind that a vast majority (2/3) of the respondents were politically sympathetic to the left bloc, to which I include the Left Party, the Green Party and the Social Democratic Party. The big exception was the party discipline scenario, which was most associated with the Social Democrats, and there was also associations with the impropriety case and the patronage scenario. This may have been affected by the fact that recent scandals regarding improprieties have concerned local governments headed by the Social Democrats.

In judging the scenarios on the basis of applicability of legal regulation of the behaviours, the nepotism scenario is clearly both illegal and regarded as corrupt as is similarly judged the bribery case. In the Swedish perspective the legislative conflict of interest and the impropriety case are not that clear. The former is not illegal, though there is a voluntary register in the national parliament where parliamentarians register their economic interests and thus signal possible conflicts of interest. In the case of improprieties there have been cases similar to that in the scenario where the act has not been regarded as illegal due to unclear regulation of the duties. In the patronage and the bureaucratic conflict of interest scenarios, which were regarded as corrupt by about half of the respondents (Table 5.4 and 5.5 - mean under 1.5), a legal evaluation depends upon the particular circumstance. For example in the patronage scenario whether it is corrupt or not has to do with what kind of staff is replaced. Concerning the bureaucratic conflict of interest the charge of corruption is dependent upon the current rules and whether the staff has asked for permission. There seem to be some ambiguity in the assessment of the evaluations in these scenarios: while legislative conflict of interest, patronage and bureaucratic conflict of interests were all regarded as corrupt by a majority, they were not judged as harshly as the bribery and nepotism scenarios.

The pork-barrelling scenario, which is not illegal, was regarded as the least corrupt. Similarly the campaign finance scenario, that was regarded as among the least corrupt, is not illegal although in Sweden the parties have voluntary rules that restrict campaign contributions (see Överenskommelse angående partiernas intäkter 2000, Gidlund & Möller 1999).⁴ The influence-peddling and the party discipline scenarios were considered as slightly corrupt. The party discipline scenario is clearly not regarded as corrupt by law or in the literature on corruption, but it appears to be seen by many as undemocratic and by some as corrupt. The influence peddling scenario is on the fringe of what is allowed but is not directly illegal since campaign contributions from companies are not illegal. In a Swedish case similar to the scenario, a parliamentarian was charged with bribe-taking by the district court but found not guilty by the court of appeal (see Chapter Four).

The relationship between the scenarios and the robustness of the results

There is a relationship between the scenarios, though it is weak. Only about a tenth of the outcomes show significant correlations. This is an indication that from the perspective of the respondents the scenarios are not that related to each other (do not concern the same things)

and that to some extent the persons that evaluated the scenarios as corrupt differed depending on the scenario.⁵

Forcing respondents to choose between only two measures – corrupt or not corrupt – is a rather crude measure even though useful in facilitating the comparisons. To test if this affected the evaluation in a negative way I had the respondents also evaluate the scenarios on a four-point scale. The relationships between the two measures are significant and rather strong implying that the two measures give essentially the same result. Even though this two-choice method might force a person who wants to choose a middle alternative to take a more extreme position stand, I rather see this as an advantage and the two-choice method also allows the findings to be more accurately compared to those of Gibbons' study.⁶

Impact of background variables

To be able to compare to the Gibbons study, background questions were asked of the Swedish respondents.⁷ In my survey I employed 13 background questions covering similar items as in the Gibbons survey. These background variables were age, gender, place of living while growing up (both region and type of town), social background, satisfaction with the way democracy works, feeling that politicians care about the opinions of the respondent, trust in other persons (interpersonal trust – IPT), believing that corruption has increased in the last ten years, a moral issue (how to handle a found wallet), and political knowledge (ability to name the chairman of the European Commission and the Swedish defence minister). The variable most frequently associated with the different scenarios was the satisfaction with the way democracy works, whether the respondent thought that corruption had increased during the last ten years and party preferences (Table 5.6).

Table 5.6 Associations between background variables and the corrupt-not corrupt evaluation

Scenario	Background variable	Cramer's V	Significance	Spearman C	Significance
A. Nepotism	Date	V = .23	.005		
B. Patronage	Gender	V = .18	.025		
	IPT	V = .17	.050	SC = -.17	.050
	Moral			SC = -.17	.046
C. Pork-barelling	Democracy			SC = -.21	.011
	Increase in C	V = .26	.049		
E. Campaign finance	Childhood hometown	V = .25	.006		
	Democracy			SC = -.18	.025
	Politicians care	V = .23	.042		
	Party preference	V = .39	.005	SC = .36	.000
	Increase in C			SC = .23	.012
F. Legislative CoI	Childhood hometown	V = .22	.025		
G. Influence-peddling	Democracy	V = .23	.041	SC = -.22	.007
H. Party discipline	Age			SC = .18	.019
	Party preference	V = .35	.025		
	Increase in C			SC = .19	.044
I. Bureaucratic CoI	Democracy	V = .23	.042	SC = -.19	.020
	Party preference	V = .37	.010	SC = .25	.006
J. Impropropriety	Social background	V = .26	.020		
	Knowledge	V = .19	.020	SC = -.19	.019

Note: For nominal data relations Cramer’s V is used and for ordinal Spearman correlation. Only data significant at the .05 level is presented.

The impact of the variable “satisfaction with democracy” on the scenarios concerning the pork-barrelling, campaign finance, influence-peddling and bureaucratic conflict of interest indicate that those less satisfied with the democracy were the most censorious.

Party preference had an impact on campaign finance, party discipline and bureaucratic conflict of interest. Respondents on the left side in the political spectrum were more censorious than respondents on the right side in regards to campaign finance and bureaucratic conflict of interest, while in the party discipline scenario the differences did not divide along the left-right cleavage.

Respondents’ perception of whether corruption had increased during the last ten years had an impact on the evaluation of the pork-barrelling scenario, campaign finance, and party discipline. Those that thought corruption had increased were inclined to be more censorious.

I also applied multivariate analysis to see whether the background variables together had a substantial impact on the evaluations of the scenarios and to see if the variables remain significant. In half of the cases it can be concluded that the background variables had a substantial impact on the variation. The scenarios where the variation in answers were to the greatest extent explained by the model were campaign finance, influence peddling, patronage, nepotism, and legislative conflict of interest (Appendix IV, Table 4). In these cases there were at least some variables that had a significant impact on the dependent variables.⁸ The background variables that were significantly affecting most of these four scenarios were

gender and interpersonal trust. Gender was significant in all four scenarios, but the direction of this influence was ambiguous. Regarding campaign finance and influence-peddling, women were more condemning than were men, but concerning nepotism and legislative conflict of interest women tended to evaluate the scenario as less corrupt than men. Interpersonal trust had a significant impact on campaign finance and influence-peddling. Respondents with low trust who replied that “you cannot be too careful” evaluated the scenario as more corrupt than ones who said that “you can trust most people”.

Relating this back to the literature, we see, as was the case in the Canadian study, that variables related to system trust and interpersonal trust have an impact as does party preference. The clearest link between influencing factors and evaluation of corruption in the Canadian study was the link between alienation and censoriousness, which according to Gibbons is empirical support for the often-stated justification of corruption research (Gibbons 1989a). Furthermore, background variables not measuring attitudes such as age, gender, and social background had an impact. That gender also could have an impact has been addressed in the literature. For example, studies have shown that the greater the female representation of women in parliament, the lower the level of corruption (Dollar et al. 1999) and also that ethical behaviour might vary between the sexes depending on the situation (Andreoni and Vesterlund 2001).⁹ The impact of the independent background variables needs to be treated with caution. As the number of respondents was very limited in this survey, I cannot generalise from the results. It should also be noted that for several of the scenarios the spread in answers is low.

Perceptions of political actors

Having as a foundation this broad picture provided by the survey of perceptions of young citizens (students), in this part of the chapter the focus turns to the perceptions of political actors both at the national and local level concerning types of corruption, danger zones, causes and ways to combat corruption.

Black, grey and white corruption?

One of the particular goals of this part of the study was to identify the types of corruption to which individuals had been exposed. Respondents were asked about whether they had experienced corrupt situations, such as anyone offering them gifts, favours or other inducements in exchange for influencing decisions. Two-thirds responded that they had not, with one-third indicating that they had. Similarly when asked if they had heard of colleagues being made such offers, two-thirds replied negatively, one-third affirmatively.¹⁰

But even more revealing in Table 5.7 is the classification of the type of experiences and situations experienced in connection with their work in political parties or as public official. The most common situation mentioned was being given tickets from companies to sport or

cultural activities, dinner invitations, and other types of gifts. Some of these offers were regarded as in a grey area, with respondents feeling that it would be improper to accept them. In other cases, the value of the offers was clearly high enough to be improper. For example one interviewee reported members of a parliament standing committee being invited by a company to a major sports event including dinner, worth about 1,500 SEK. (Interview 36) All-expense trips paid by companies (or in some cases foreign public officials) seeking contracts were another area where people reported receiving offers. One interviewee turned down an offer from a foreign official of one week’s holiday in the home country of the foreign official (Interview 34)¹¹.

Table 5.7. Types of corruption experienced by interviewees and their colleagues.

Tickets to events (sport and culture)
Gifts, Christmas gifts
Embezzlement
Dinner invitations, Business lunches
Using goods privately
Conflict of interest and Nepotism (ex. Permission granted for association supported by the official, Chairman of committee selling service to municipality)
Trips and business trips paid by company
Exploitation of the subsidy systems
Trips to foreign countries (offer from foreign official)
Extortion and threats
Offer of 150 000 SEK from a pharmaceutical company
Projects are started without formal permission
Bribes in construction and housing decisions
Deliver goods free to public official privately
Having local government to pay for private goods
Favours from companies to choose their offer
Contributions from TUC (LO) to the Social Democratic Party

Several cases of embezzlement were also told about concerning people working in parties and likewise public officials using goods privately. One of the interviewed succinctly revealed the way offers were sometimes made by business in order to gain advantages approached:

I visited a businessman who delivered gravel to the municipality. He told me that if a purchasing agent at the municipality were ordering gravel for his own private uses, the businessman would not send a bill. Nobody had to say anything – he would just refrain from sending the bill. That is how you do it according to the businessman. (Interview 15)

Conflict of interest was another type mentioned. One interviewee told of a chairman of a local housing committee, who owned a printing firm, from which the municipality bought services. The firm was not the cheapest provider but the service specifications could be tailored to serve to his advantage (Interview 1). While not necessarily being classed as corruption, it is a

case of conflict of interest that could concern corruption if it is the case that the specifications were tailored to serve the chairman's advantage. The contributions from the Swedish Trade Union Confederation (LO) to the Social Democratic Party (SAP) were also deemed questionable activities by some of the interviewee subjects.¹²

Overt bribery such as money offers or direct favours were also listed as having been experienced by interviewees, even though a substantial number expressed the view that this was uncommon. Surprisingly, even extortion – clearly black corruption – was reported as having been experienced, in this case in the form of a threat not to take certain actions to avoid ending up in trouble (Interview 31).

What are the characteristics of these cases? Employing Kjellberg's scheme (Table 2.3, Chapter Two) we can see that many of the cases constitute direct forms of gain and often breach of legal rules, such as some of the cases of favours and embezzlements. We should not assume that these cases are necessarily more common; it may be due to their being easier to identify. Other forms were mentioned, but to a lesser extent. The cases of nepotism mainly concerned politicians (at the local government level). The cases of embezzlement in most cases concerned public officials often working in the lower echelons of the bureaucracy. Power abuse (using power to subvert the rules) was mentioned both in Skellefteå and Motala and again concerned politicians. The case of extortion occurred at the national political level. Several situations of conflict of interest were related. One example previously mentioned is of an indirect type – that of the contribution from LO to the Social Democratic Party. The story about the chairman of a local housing committee, who sells services to the municipality, can be regarded as concerning a direct gain. It may not breach formal rules, but according to the interviewee, it is a breach of non-legal norms as the criteria for the purchase can be adopted to the chairman's advantage.

In a similar way the cases experienced by the interviewees mainly concern black and grey corruption. Some of the cases are clearly regarded as black corruption, such as the extortion case and the offers of large sums of money. Other are probably grey as is the case with contributions from organisations to parties, implying that some would regard them as corrupt but others not and the legal definition would not judge it corrupt. Similar grey judgements apply to some minor offers and dinner invitations from companies. Some of the actions brought forward by the interviewees, such as Christmas gifts, which concern small sums and are under the established norms for what is acceptable would probably be judged as white or grey. In the wake of public scandals it is likely that the citizens have a rather strict interpretation of these situations mentioned here, but it could also be the case that the interviewees have a stricter view than people generally have.

Connected to the discussion above is also whether the interviewees thought that the wash of last years' wave of improprieties was due to an increase in corruption and irregularities or simply the effect of greater disclosure of such improprieties. Given the changes in the tasks of the municipalities and growth of economic activities of local government, even an increase in absolute figures does not mean that the problem itself has worsened. As expected the respondents found this question difficult to answer and divided over the answer. About a quarter of the respondents thought corruption was more common now, another quarter

thought the contrary; the remaining half was undecided if it was more frequent.¹³ Respondents also mentioned the changed role for media as a scrutiniser of politics, making it harder to tell whether the increased exposure of irregularities is due to a real increase or tougher scrutiny.

Danger zones of corruption

The responses to the questions about danger zones of corruption includes both answers concerning functions and areas of activities, and answers pointing to causes or ingredients which creates a vulnerable situation. Here the discussion is more concentrated on the activities, areas and positions where the respondents saw risks. Causes are discussed more extensively in the section on causes of corruption. In Table 5.8 all answers on danger zones of corruption are listed and categorised according to the transactions and causes they concern.

Table 5.8 Perceptions of danger zones*

<i>Areas, positions</i>	<i>Causes and practises</i>
Purchasing and contract by tender Housing and construction Concessions	Contract nepotism Conflict of interest More extensive legislation increase public officials authorities
Municipalities economic policy and business relations	Bribery
Local government and local government companies	Weak control system, Transparency, High remunerations distancing politicians from the public. Low remunerations for public servants.
No alteration of power Small deciding groups and concentration of power Organisations where leadership gives no norm guidance	Own culture is developed Brotherhood Power connected to the person
Handling of money and the financial area	Risks for embezzlement
Areas depending on permission to sell	Bribery to get licenses
Press subsidies	Favouring the own party
Defence area Infrastructure decisions	Big money and interests involved
Financial director Industry and trade director Purchasing positions	Exposed and sensitive positions
Credit card holders	Embezzlement and personal morals
Preference vote	Increased exposure to influences from contributors
Side occupations Member of company boards and authority at the same time	Conflict of interest
The contribution of LO to SAP	Bribery
Extensive state intervention	Regulations creating incentives for alternative ways
Far-reaching delegation	Weakens possibilities to control

*Question: What areas or activities do you identify as vulnerable for corruption and improprieties?

Procurement is identified by many interviewees as a danger zone, especially by the officials at the local level, due to its direct connection to political decisions and the risk of self-interest. One of the interviewed stressed the difference between the national and the local level, emphasising the more direct link between decisions and influence at the local level. Among the local government interviewees who mentioning purchasing, one person commented that:

I see two [vulnerable] areas: nepotism and irregular influences from suppliers, you favour friends or family. Influencing by personal contacts, there is a thin line between lobbying and corruption... But I do not think anyone is taking bribes. (Interview 4)

Another singled out anything dealing with purchasing as vulnerable and positions such as heads of purchasing, municipal director, and financial director. That same individual pointed out that there were no special rules for these categories, but they are identified as being particularly sensitive and exposed positions (Interview 16).

Housing and construction are other areas where there is high risk for bribery or undue influence on the officials deciding on contracts, permissions and concessions. Overall, municipal relationships with business, particularly those associated with attracting companies, purchasing, and tendering, were seen by many as danger zones.

Local government in general was seen as more sensitive than central government, being under less scrutiny or transparency and having more informal friendships networks taking the decisions. In referring to the local level one interviewee observed that:

You more often have connections with individual companies and persons. (Interview 34)

Other respondents said that the greater risks at the local level were attributable to less scrutiny both by the press and the political opposition. The county council was perceived as being less transparent and its work less understood by the public; this was pointed to as something that could imply less scrutiny (Interview 31 and 39). Another area and explanation of the greater risk at the local level is that effective audit procedures were not in operation, reported several of the respondents.

Another issue, the level of remuneration and its relationship to the propensity for improprieties, was seen by some as important, but its effects were interpreted differently. Two respondents thought that low levels implied a risk for individual compensation; on the other hand, two others thought that high levels would create a gap between the public and their representatives, with a negative result on norms and views on what were necessary expenditures. The lack of oversight and scrutiny was in many cases in reference to the local government-owned companies. One of the interviewees, who thought it was hard to point out danger zones, said:

I can imagine municipal companies as being such an area, depending on what basis members, politically elected or others are recruited. You end up far away from the ordinary municipal organisation and its control routines. (Interview 23)

Small decision-making groups was another area mentioned by many in the interviews, especially among those interviewed at local level. Many pointed to risks with concentration of power and reduced insight and that these constellations develop their own norms and loyalty to the group, superseding loyalty to the party or the electorate. Associated with the close knit in-group function is the risk that such groups would be male biased, which many interviewees regarded as problematic. One of the respondents in Motala said in a self-critical manner:

We did ask to few questions in the executive committee, we should have required written reports and minuted protocols [from the select committee on business]. We knew that the secretary in the select committee on business was a 'free agent', but no one could think that it concerned improprieties. X [a politician] had more loyalty to the group and the Municipal Hall than the political party; you should not forget where your mandate comes from. Meetings with the group had priority over party meetings. We did not notice this signal. It was only men – it was a brotherhood. More women are needed. (Interview 25)

No alteration of political power was another issue addressed by several respondents. There was risk in having the same constellations in power for a long time, it was said and examples from all levels of government and from other countries were given. The need to be aware of such power dysfunction was stressed (Interview 38 and 41). In Motala several respondents particularly stressed the importance of alternating power, with one remarking:

It is important with alteration of power, we thought that also before [the scandal], but now we have really understood the importance of it. (Interview 25)

Handling of money and other financial matters was a key danger zone and many spoke of the importance for vigilance and internal security to avoid risks for embezzlement and fraud. Special mention was made about the users of government credit cards. One of those interviewed said:

The Finance Department deals with a tremendous amount of money. This management also requires far-reaching delegation. Therefore you must be careful about who is responsible. You have to be careful with internal control. (Interview 11)

Interviewees also emphasised the large amount of money that finance management handles and the importance of a secure system (Interview 8). It was also stressed that previously routines had been slack (Interview 19).

Other areas and positions singled out were the defence area and situations dealing with infrastructure decisions due to the big interests at stake for the potential contractors. One interviewee told about the way regional actors, also political representatives, had tried to influence government representatives concerning infrastructure decisions, which the interviewee regarded to be on the fringe of what is proper (Interview 37). Similar, positions in local government such as head of purchasing, head of industry and trade and head of economy were referred to as more exposed positions than others, according to those interviewed at the local level.

One person saw great risks for bribery in areas where there is big money at stake and the companies depend upon permits to continue their sales, such as the tobacco and the chemical pharmaceutical industry (Interview 30). But the respondent continued to say that bribery is not common, rather it is corrupt relationships that are common, such as the ties between organisations and parties, i.e. the relationship between the LO labour union and the Social Democratic Party. This contribution was also deemed by other interviewees as a questionable, falling into a grey zone for what is proper. Another area mentioned by a couple of persons was the subsidies to the press, where party interest was thought to be important in the allocation of subsidies (Interview 29 and 31).

In general these answers were much in accordance with what was suspected. Business relations, purchasing, concessions, housing and construction were taken up by many. It is of special note that even though many brought up friendship connections (*vänskapskorruption*), not many reported nepotistic appointments.

Greater risk at central or local level of government?

The politicians at the national level were explicitly asked about which level of government had the greatest risks for corruption. The overwhelming majority thought that risks were greater in local government, due largely as a result of weaker scrutiny, both internal and external by the media and the public.

No distinction was made between municipalities and county councils, but many of those referring to local government thought that the risks were greatest at municipalities. However some noted that the public knowledge about county councils and their activities and the exposure in media were low and stressed that this was a risk factor. Though we cannot draw any firm conclusions from this, we see that the local level is thought to be more vulnerable as it is assumed that political and administrative controls are weaker. We will come back more to the reasons why in the section below.

The causes of corruption and improprieties

All causes identified by respondents are grouped in Table 5.9. Many different causes are taken up by the persons interviewed, who in many cases see several causes rather than a single one. The lack of alteration of power was a cause mentioned by most of the interviewees. Among the most stated causes of problems were shortcomings in the control system, lack of insight in local-government owned companies and public officials trying to imitate private business. Table 5.9 shows all the explanations given by respondents, listed and grouped into four categories of causes. These categories are derived from the factors in my combined approach presented in the theoretical framework in Chapter Two. In many cases it is very hard to draw a distinct line between the four categories and, hence, to allocate the answers to one of the categories. However, this is an attempt to do so.

The first category, individual morals, concerns personal character and morality. The institutional setting concerns answers referring to such causes as inadequacies of the control

system, organisation, insight into activities as well as incentives for corruption. This is the area which most of the answers fit. The culture category concerns change in norms, leadership and changed ethics in society, political relationships to the party and the electorate, and the local political culture of running things. The last category, political power conditions, concerns answers dealing with political competition between parties and the relationship between the bureaucracy and politicians.

These explanations put the emphasis on the institutional setting and the “political culture” especially in discussion of the local political level and its local culture. The control system and audit routines of elected auditors were questioned by many, as were the possibilities of public control of local government companies, and indeed oversight of and scrutiny of local government in general. Additionally, another important scrutiniser, the press, was thought by many to have played a weak role at the local level as a scrutiniser.

Table 5.9 Causes of corruption and improprieties

Causes referred to by interviewees	Categorisation
Personal responsibility, Unscrupulous persons, Personal and social problem [alcohol], Human behaviour, The interpretation of commissions of trust, Lack of sound judgement, Disturbed perception of reality, Get carried away by power	<i>Individual moral</i> (10)
The control system, Lack of insight in local government companies, Closed structures, Compensation for work not paid [enough] for, Lack of insight in local government, Little transparency, The audit is not working, Municipalities economic policy (<i>näringspolitik</i>), High remuneration gives a culture more similar to business, High remuneration increase distance to the electorate, Small resources for opposition parties’ scrutiny, Weaker scrutiny at local level by media, It is unpleasant to say no, Shortcomings in local government, Persons [friends] control each other, Purchaser-provider contracting system, Unclear regulations, Expansion of the public sector, Economic gain-low wage, Bad accounting routines, Pressure on politicians and officials, Self setting the terms and rules, Possibilities, Low pay, Municipal companies	<i>Institutional setting</i> (42)
Imitating private business, A culture is developed, Leadership, Homogeneous (male) group of people in power, Forgiving climate, Small groups based on loyalty and no insight, Media accepted the rules at the local level, Low status for politicians, Wrong perception of the culture in the EU, “Buddy” relations between parties (local government), Habits develop over years, Moral change, Combination of local government companies and alcohol, Culture where group of persons work on the informal level, Changed moral [society], Friendship – no one blows the whistle, Less social control, Changed moral [inner circle], The relationship between the official and politicians [leadership style], How leaders use their authority	<i>Culture</i> (39)
No alteration of power, Few persons in power, No real opposition – all parties are part of the decisions [local government], Connections politicians and officials, A dominant majority decreases insight at municipal level, The influence of the labour organisation on SAP, Power and person are fused together, Occupying several positions, the way of recruiting people to auditing	<i>Political power conditions</i> (27)

Note: In brackets the number of causes stated by respondents referring to the category. Question: What do you think are the causes to the problems that have arisen?

On the topic of culture, some interviewees thought that over the years morals have changed making some behaviour more acceptable today than before. One person said that:

I think misuse of public money depend on slackness and a change in moral. It has become commonly accepted. Social control is relaxed. (Interview 11)

One respondent commented that there is another culture at the local level where all parties are part of the decisions and there are friendship relationships between the parties. Further it was stated that on the local level:

Municipalities with a dominating majority lead to limited insight. The media have accepted the conditions and rules of the game; this is valid for both county councils, municipalities, and local government owned companies. (Interview 40)

Political power conditions were also judged as a rather important determinant of scandals and corruption cases. Two quotations illuminate many of the interviewees' position. One of the respondents in Motala expressed that:

The majority has not been changed. If there had been a bourgeoisie majority for 56 years, the same would happen. It becomes my municipality, one has owned the municipality and is not able to see the difference between the private and the public. (Interview 19)

Similarly one person in Skellefteå said:

There is always a danger with constellations such as the one we have here in Skellefteå with majority of long duration, certain work procedures have been worked out in detail. If you have variation in the constellations of power, working procedures is also changed. (Interview 27)

Regarding leadership, the role of leaders as an example was stressed. One Motala interviewee thought that the scandal in Motala could not have happened without a strong charismatic person trusted by the others (Interview 14). In Skellefteå a respondent said that:

I think that in connection to the scandals disclosed it was even more obvious how careful our municipal commissioner was. It influences the others. He is careful and he is strong. One does not run own races here [we do not go off on our own]. This can be one of the reasons why nothing has happened here. (Interview 10)

Individual morals were the factor least often stated among the four categories. This category refers to answers stressing the individual and the role of personal responsibility and morals as the main cause. Some also point out the importance of alcohol as an aspect involved in many of the scandals relating to entertainment expenses.

A quotation that summarises some of the important and stressed causes is the following:

I think there are great risks at local government administration. It is not the same insight there. It is valid for both municipalities and county councils. It is a weaker coverage by the press and the scrutiny is weaker. A "buddy" mentality is easier created between the parties. There are also parliamentary situations where the same party, usually the Social Democratic Party, has been in power for a very long time. You have been in power to long with a simple majority. In many cases it has been absolutism both in municipalities and county councils. There are similar situations in other places. The competition is low and you easier become "buddies" between parties. It is a different culture, you try to co-operate and have a permanent majority government

where all parties in the executive committee are part of the decisions. In central government the opposition role for the opposition parties is clearer, which is good from this aspect. (Interview 31)

This quotation also illustrates the fact that most of the respondents saw greater risks at the local level of government. If we compare the interviewees at the national level with Motala and Skellefteå, some interesting differences can be distinguished. In Skellefteå the picture was similar to what was told above with most interviewees emphasising the institutional setting and then cultural factors. In Motala, culture has a dominant position in the answers, evenly followed by political power conditions and the institutional setting. This might not be that surprising since much of the discussion about the Motala scandal has focused on the local political culture and the long duration of power for the Social Democratic Party in the municipality. Power of long duration is the same in Skellefteå, but Skellefteå did not experience a major scandal as did Motala. We find that in Motala individual morality was emphasised by more interviewees than in the other cases, which also might be explained by the media focus on individuals involved in the scandal. Connecting this to the previous section, we can see that the measures discussed or undertaken concern all four categories of causes.

The politicians at the national level were asked specifically if they thought any changes in society had taken place, which affect the occurrence of corruption. Several changes were suggested, and these changes are listed in Table 5.10.

Table 5.10 Societal changes that can affect the occurrence of corruption (in ranking order)*

More international contacts
Increased distance politicians-electorate
Medias role, harder scrutiny
Increase in taxation
Change in morality
Adoption of public service to the market values
Easier to become decision maker today
Changing political culture, EU
Perception about weaker norms abroad
More aware electorate
The economic crisis
Expansion of the public sector
Over-regulation
Deregulation of the economy

*Question: Changes on societal level that can affect the occurrence of corruption.

Internationalisation and increased distance between politicians and the electorate were the changes most often listed. International contacts involve more travelling and exposure to different cultures and norms. Some of the interviewees had the impression that the perception

in Sweden of what their colleagues in other countries are allowed to do is wrong. Also social control becomes weaker the more distance one is from home. Similarly increased distance between the electorate and politicians is thought to affect social control and the contacts with what “ordinary” people think is proper behaviour. Two of the respondents commented that the political culture is somewhat changed by EU membership, affecting distance both in terms of remunerations and the geographical distance to decision makers. Some mention the municipal mergers that have reduced the number of elected officials drastically, and others point to high remunerations as a distancing factor between politicians and the electorate. Additional factors delineated were the adoption of public services to market criteria and changing morality.

As seen in Table 5.10 a range of changes were mentioned as being instrumental in revealing the occurrence of corruption, and thereby serving as a control function. Among them are increased media coverage of politics along with harder scrutiny than previously. One respondent also regarded the increased awareness among the electorate as an important factor, seeing this as a reflection of the public’s higher level of education.

Effects of political affairs and corruption on politics and measures to counteract corruption

This section deals with the effects of corruption scandals on politics and the work done to combat corruption and suggestions to decrease the risk of corruption. Having gauged the interviewees’ perceptions about danger zones, types of corruption, and the causes of corruption, it is worthwhile to turn to the discussion about the measures that have been taken or are suggested by them to combat corruption. It should be remembered that the question about the effects of corruption was explicitly asked only in interviews at the national level (see interviewing methodology in Chapter One).

Effects of corruption and improprieties on politics

The interview subjects were asked about what they saw as the principal effects of corruption. As we see in Table 5.11, almost all of those interviewed listed decreased confidence in politicians as a result of improprieties. According to respondents this shaking of confidence in politicians as a result of scandals extended not just to those politicians involved but to those uninvolved as well:

It has been painful for elected representatives that, even though only a couple of hundreds at most have done something wrong, everybody is treated alike. Politicians have been synonymous with cheating. (Interview 36)

There was no agreement as to whether the scandals have hurt the parties and their potential to recruit candidates. Some said that no direct effect had so far been seen on party recruitment while others saw it as a major problem. One respondent was concerned about the effect on the politicians’ perceptions of themselves, stating:

It [scandals] makes people abstain from politics, you are not allowed to take the risk that one mistake have consequences for your family or private life. Therefore, there is a risk that we get a group of politicians that is more thick-skinned than people in general. (Interview 40)

Another of those interviewed was concerned about the effect on the public’s perceptions of their own behaviour. This respondent posed the concern, in reference to a report saying that working without declaring one’s earnings has become more acceptable. There is a risk noted among interviewees that if people think that elected representatives are not fulfilling their obligations they will ask “why should we follow rules” (Interview 32).

Table 5.11. Perceptions of effects of corruption and political affairs on politics (in ranking order)

Decreasing confidence in politicians
Parties are more observant
Harder to recruit people
Decreasing confidence in parties
Low interest for party engagement
Changes in morality
Measures concerning political candidates
Decreased moral among the public

Furthermore, the scandals have, according to many of the interviewed, increased the public’s awareness in general and raised questions about candidates and the regulations affecting candidates. The political parties in general have responded, according to these respondents, with more awareness of such concerns:

All parties are extremely careful and listen to warning signals in the party organisations and party structure in general. (Interview 40)

In connection to the scandals it should be noted that they have not been used in a partisan manner by the political parties.¹⁴ Why have the parties not used them to attack each other? From the interviews it was clear that the overwhelming majority thought that such a use would be inappropriate and would be perceived as being opportunist to do so. Many said that parties could not really be blamed for what individuals have done. One representative of an opposition party in Motala said that they had been both criticised and congratulated for not using the scandal. But they took this position because they believed it was individuals who were involved and responsible (Interview 18). Another interviewee stated:

You stay out of it, they have to sort it out themselves. I do not comment on scandals, I need to hear both parties. The other side of the story may not have been brought forward, because then it would not have been as sensational. I think that also other political parties think that they are not the right body to judge this, it is not ethical to do so. We have to see if the preference vote results in changing the actions taken. So far it has not done so. (Interview 30)

Only one of the fourteen interviewees said that these matters should be explicitly brought forward as a party political question. This interviewee stressed the importance to criticise on matters of such importance so as not to lose the confidence of the public in politicians:

I have been criticising when it has been the time to criticise. It is an important task for the opposition to do, but it is done too little, instead you back each other up; and when asked why. You are afraid to end up in the same situation yourself, so you keep your mouth shut; there is a tacit agreement or sometimes explicit [between the parties]. (Interview 31)

The same respondent said that probably another reason why parties stay quiet about these concerns is a feeling that it would hurt the political system as a whole if criticism about such matters were too overt.

Generally there seems to be a perception that politicians have been hurt by the scandals but that parties have not suffered that much. But some comments point to a potential long-run effect on the legitimacy of the system as a whole

Measures to counteract corruption

Different kinds of measures are discussed, covering the danger zones and causes of corruption pointed to previously. Several of these measures deal with local government and ways to improve oversight and control. In many of the areas below, examples from Motala and Skellefteå are drawn upon to indicate some concrete measures and solutions designed to reduce corruption risks.

Procurement

Procurement was discussed more among the interviewees at the local level, similarly many of them identified procurement as a danger zone of corruption. One person said that earlier there was a tendency to set aside procurement regulations in order to support a local provider. After the introduction of the Public Procurement Act, purchasing had become cleaner according to an interviewee (Interview 2). When it came to presentations and fairs made by companies and invitations to them, a general principle in Skellefteå was: if it was valuable for the municipality to take part one could do it, but the municipality paid the costs, not the supplier. A similar pattern applied to municipal enterprises (Interview 11). The purchasing organisation in Skellefteå was centralised to decrease the direct contracts between the suppliers and the departments and to increase the quality in purchasing deals by focusing the procurement competence centrally (Interview 3 and 8).¹⁵

Outside employment

Regarding outside employment most of the interviewees at the national level said that they were in favour members of parliament registering any outside economic interests they have. But it was also a common opinion that this register would not have much effect. The Conservative Party was the political party most negative to this suggestion and has stated that it will be more difficult to recruit business people to politics.¹⁶ Overall, the Left Party and the

Liberal Party seemed to be most enthusiastic about this measure; the Left Party thought it would be good if it were obligatory to register (Interview 32).

In Skellefteå the Liberal Party introduced a motion introducing a similar register of outside employment and travel agendas, but this motion did not gain support among the other parties. According to one of the group leaders, it should instead be the responsibility of every party to control their own members (Interview 5 and 9). On the political agenda was an upcoming investigation about secondary occupations held by the municipality employees.

Political control and public control

Interview subjects drawn from politicians at the central level focussed on the role of political parties regarding political and external control. One politician saw positive aspects of control from the increased role of the preference vote, reasoning that it would be easier to get rid of a person who is acting inappropriately even if that was against the party's wishes. In general the bourgeois parties have been more enthusiastic about the introduction of the preference vote and the least supportive has been the Left Party. At this time the national parties did not see risks that money would have a corrupt influence in campaign funding and did not see a necessity for legislation.

Opposition parties were seen to have a role in scrutiny. This was stressed by one interviewee saying:

You need to have a real possibility for opposition parties to make real opposition. It should be nationally decided about how to finance parties at the local level. Small parties have no resources to be independent, they are dependent upon the big party for resources. There needs to be clearer rules about party financing. Resources are needed to enable opposition parties to stand up. (Interview 31)

On the topic of regulation of party financing, a clear majority opted for voluntary agreements among the parties. Many of the interviewed stated they believed voluntary agreements were enough.¹⁷ Only a few thought that legislation was necessary in this area. One of them, in reference to the preference vote, said that:

We want clearer rules, we want maximum rules for how much you can receive. Elsewhere it is believed that no one is willing to pay to get in a person as a member of parliament, I think it can be of great importance, one person can be enough to turn a parliamentary group. (Interview 31)

But in general this is an area where the parties themselves want to run their affairs without legislation. All parties have internal guidelines for the finance of candidates.

Another example of politicians controlling themselves was that in Skellefteå every committee had one vice-chairman from the opposition party to increase oversight of decisions and to increase channels of communication to the opposition parties. The municipal commissioner's bills were signed by the opposition commissioner and vice versa (Interview 3). This pattern was followed in all the committees (Interview 4).¹⁸ Travelling reimbursements required the individual making a report of the trip's purposes and accomplishments. Any invitations for others to accompany the individuals on such trips had

to be approved by the vice-chairman prior to the trip. In these measures we can see that while the press scrutiny had not specifically resulted in concrete changes, it had in all likelihood resulted in increased the awareness.

In Motala several of the respondents said that the ongoing debate per se was discouraging improprieties and corruption because everyone was more attentive (Interview 23). This awareness included measures such as the increased funding for auditors (Interviewee 4). New travel expense policies were instituted. Greater measures were established for the public to be more informed.¹⁹ Information was now also more widely dispersed and more available to the politicians. All protocols were given to every member of the executive committee instead of only to its working committee. Criteria for establishing proper decisions were accepted. Several working committees were introduced to have more politicians involved in decision making. Another highly significant step was that specific working committees were mandated to identify weaknesses in the system and submitted a report for the parties to comment upon²⁰(Interview 21).

Audit

There was a consensus among those interviewed that auditing of the local government level needed to be strengthened. However, the roles of expert auditors and authorised auditors were seen in slightly different ways. Many wanted a stronger role for authorised auditors. This view was particularly emphasised by members from the bourgeois parties, some pointing to the risk of selecting friends and supporters as auditors. On the other hand, some held the opinion that new rules about using expert auditors as assistants to the elected auditors might reduce the importance of the elected auditors negatively (Interview 32). It was also suggested that as a rule the opposition parties should have the majority among the elected auditors (Interview 40).

In Skellefteå the opposition party had the majority among the auditors, in order to increase public control and the credibility of auditing.²¹ In Motala the auditors took random sample inventories of invoices to ascertain if regulations were upheld. These regulations required disbursements to have two signatures plus authority control.²² The auditors were given the responsibility to certify how well the committees controlled municipal financial affairs, to ascertain improprieties were not present and to check if attestations were correct (Interview 3).²³

The distribution of auditing reports was also changed; every member of the Motala assembly receiving auditing reports, while previously reports went only to the chairman and vice-chairman of the assembly. Another change was that committees' replies to the auditors' reminders were presented together with the auditing reports for the assembly (Interview 24).²⁴ The auditors' budget was increased substantially, and many of the persons interviewed had noticed increased auditing activities as a result (Interview 13).

Administrative and internal control

Most measures discussed and suggested among the interviewed politicians at the central level concerned the local government level and the weight given to expert or elected auditors in

particular (see above). But some interesting comments were made about administrative and internal controls at the local level.

In Skellefteå the general guiding principle in the organisation was that no one should handle a transaction through the entire transaction chain. Pointing to the enormous amounts of money that financial management deals with and which require far-reaching delegation, One of the interviewees commented:

In all areas where money is handled someone will be tempted. It is about to create an environment where the possibility of revelation is big and the internal control is frightening. (Interview 11)

To increase knowledge about internal control in Skellefteå, information about regulations for internal control was scheduled to be distributed on the internal computer network and would reach about 1,200 persons in the first phase (Interview 8).

In Motala all financial regulations were re-examined after the scandal. Internal control rules were publicized and had to be acknowledged. Verifications and bases for verification was strengthened and regularized (Interview 22). Use of credit cards was limited and it was no longer possible to make cash withdrawals on the municipal credit cards.²⁵ Furthermore, in 1996 new entertainment and hospitality expense regulations were adopted.²⁶

Education, information and discussion

Several of the interviewees talked about education and information as a measure to prevent improprieties.²⁷ It was regarded as important to keep the discussion going²⁸ and to include questions about ethics and morality in the education of elected representatives (Interview 36). One interviewee said in this regard that:

There is a great interest in ethics among the public, in local papers the interest is pretty good, in the Riksdag the interest is low, around 30 persons are interested. The interest is low in Sweden but high internationally. (Interview 30)

In Skellefteå service delivery points and the bureaucracy were formally informed about the municipal policy on bribery. Furthermore, in-service educational programs at a municipal company and the municipality management had begun to inform all about the new Local Government Act and the introduction of challenge regulations from the administrative Procedure Act in the new Local Government Act. One interviewee said:

I believe that if a survey were done among all the managers in the municipality it would show that they know what to do. We have been talking about these matters for a long time; it is nothing new. (Interview 8)

But on the topic of education of elected representatives about the legislation, one person said that:

I do not think it is clear enough. We had a course in the beginning [about the current rules] but it ought to be brought up more. (Interview 9)

In Motala several of the interviewees stated that there was an ongoing talk about ethics and morals. The working committee on proposals for measures to prevent scandals again emphasised the need for an ongoing discussion and stressed that it was the responsibility of every department head to ensure this (Interview 15). There was an extensive discussion about representation, which resulted in stricter rules (Interview 22 and 24). Seminars were held about ethics. Additionally, information programs have been put in place to inform personnel about the regulations in force (Interview 21). However, one of the interviewees said that there ought to be more education on these matters (Interview 23).

Conclusion

In the first part of the chapter I looked deeper into attitudes about different types of corrupt behaviour. I compared a survey conducted among students in Sweden with results from a similar study from Canada, also a low corruption country. In both these studies the respondents indeed did differentiate between different types of corrupt behaviour. In general the results between the two studies were rather similar but there were also some interesting differences. The scenarios evaluated as the most corrupt in the Swedish survey was similarly evaluated as the most corrupt in the Canada study. The scenarios that was ranked as the most, second most and third most corrupt concerned bribery, nepotism and legislative conflict of interest. The least corrupt scenario in the Swedish survey concerned pork-barrelling, campaign finance and party discipline. In the Canada study the campaign finance, influence-peddling and pork-barrelling scenarios were regarded as the least corrupt.

Some differences are worthy of being highlighted. Legislative conflict of interest was regarded as only the sixth most common in the Canada study, while second in my survey. One possible interpretation of this is that in Sweden there has been, over a long time, a discussion about politicians holding multiple positions concurrently. Furthermore, the definition of parliamentarians' duties is very open with few regulations. Campaign finance was evaluated as the fourth most common in the Canada study but the second most rare in my study. This can be a reflection of the much less candidate orientation of the Swedish election system. In my Swedish survey the party discipline scenario was evaluated among the least corrupt, compared to being in the middle in Canada, and evaluated as somewhat rare and important and associated with the national level. Here it is interesting to note that in my survey also it was evaluated as the third most undemocratic scenario, while fourth in Canada, but despite this the students in the Swedish case, compared to their Canadian counterparts, did differentiate between this and corruption.

In the Swedish survey I added one impropriety scenario to catch behaviour similar to cases that has caused disapproval from the citizens in Sweden. This scenario turned out to be the third most corrupt in the Swedish study, and it was also regarded as one of the scenarios most connected to Social Democratic governance together with the party discipline scenario and the patronage scenario. Furthermore, the respondents associated all the scenarios more with other EU-countries than with Sweden.

In about half of the scenarios the background variables together had a substantial impact on the evaluations, with some of the variables having a significant and rather robust influence. In the Canadian study the most notable relationship was between alienation and censoriousness. In the Swedish survey satisfaction with the way democracy works and opinions of politicians had an impact in the direction that those respondents more dissatisfied with democracy's functioning were also more censorious of politicians. Concerning interpersonal trust, we find that those expressing less trust in other people were more censorious. Another variable associated with the evaluation of some of the scenarios was the gender of the respondent, its impact varied depending on the scenario.

It is shown that indeed people can distinguish between the various behaviours described in the corruption literature. Some of the behaviours were almost unanimously regarded as corrupt or not corrupt. But the survey also indicates that it seems rather difficult to make these judgements. It was also indicated that several background variables affect opinions, which underscores the fact that we cannot take for granted that corruption has the same meaning to different individuals. This is also important to keep in mind when thinking about danger zones and how to combat corruption. One cannot just say that it is enough for "people to simply use their common sense" definitions of what is acceptable as these may vary from person-to-person. Finally we should remember that the survey is conducted on a limited number of persons, thus the results have to be interpreted with caution.

From these findings about attitudes of corruption among student respondents, we turn to decision makers, politicians and public servants and their perceptions of corruption and danger zones. The experiences of corruption and improprieties, either directly experienced by the interview subjects or through hearing of such reports from their colleagues, covered a broad spectrum, ranging from clear-cut examples to cases bordering on corruption, and even cases not illegal and which most people might not regard as corruption. Many of the cases recounted stories where there were direct gains for the parties involved and breach of legal norms. We also had reports of cases of breach of non-legal norms and in which indirect gains were a factor. Some interviewees referred to the contribution of the labour union to the Social Democratic Party as corruption. This contribution was not illegal even if the introduction of new legislation, with stricter emphasis on favours to parties initiated the discussion about this. Using Heidenheimer's classification this could therefore be regarded as a case of grey corruption, some regarding it as corruption while others not. The experiences affected both politicians and public officials. The cases of nepotism mainly dealt with politicians at the local level acting in situations of conflict of interest. Further cases of embezzlement referred to mainly arose from lower echelons of the bureaucracy. In Motala and Skellefteå there were examples of power abuse violating established laws. At the national level one person had experienced extortion and another told about being offered a large bribe.

Many different kinds of business relationships were identified as danger zones of corruption. Purchasing, tendering, and efforts to attract companies to municipalities were seen as danger zones particularly targeting the local government. Being in power for a long time and having decision-making groups consisting of few persons were factors seen as conducive to undermining control and accountability, especially according to some interviewees when

these small groups only consist of men developing their own norm and loyalty to each other. Handling of money and matters in the financial area, the defence area and decisions about infrastructure were also pointed to as being vulnerable to the risks for bribery and other undue influences. In local government certain positions such as head of purchasing, financial director, head of industry and trade were regarded as exposed positions. It can be concluded that among the national politicians local government was seen as more vulnerable than central government, mainly because of weaker control possibilities both internal and external. Political conditions in general are regarded as more risk prone. Examples of this are lack of alteration of power, no real opposition, weaker control and less stringent audit and less scrutiny by the press. Local government-owned companies were seen particularly lying in a danger zone.

Causes of corruption and improprieties referred to by the respondents were grouped into institutional, cultural, political power conditions and individual morality explanations. The respondents mainly focused on the institutional and cultural factors as explanations of corruption and improprieties. Political power conditions such as long duration of the same power constellation and the strength of the opposition were also mentioned by many of the interview subjects. Fewer used individual morality as an explanation. Those who did in many cases connected this to social problems, drinking problems, lack of judgement and power-mad persons. In comparing the cases analysed, we see that the interviewees in Motala stressed the local political culture more than those either in Skellefteå or at the central level. Similarly, individual morality and the role of the individual actor were emphasised more in Motala. This is not that surprising and can be explained by the focus on individual actors and cultural factors after the Motala case was made public. But there were voices in both Motala and Skellefteå that linked the likelihood of scandals to the strength of leaders. The difference is that in Motala strong and charismatic leaders explained why the scandalous events were able to take place, while in Skellefteå strong leadership was seen as the reason politicians and public servants followed the rules. This indicates that actors play an important role in setting the example, but also to the danger of relying too much on strong leaders instead of a strong institutional framework.

Politicians at the national level were asked specifically if they thought any changes in society had taken place which affect the occurrence of corruption. Internationalisation and increased distance between politicians and the electorate were the changes most often listed. International contacts involve more travelling and exposure to different cultures and norms. Social control also becomes weaker the further one is from home and similarly social control is affected negatively if politicians distance themselves too much from what citizens in general think is proper behaviour. Additional factors named included changes in the economic system and management forms, such as the adaption of public services to market criteria, and changing morality. Furthermore a range of changes were mentioned as being instrumental in revealing the occurrence of corruption, and thereby serving as a control function. Among them were increased media coverage and harder scrutiny of politics than previously. Another important factor was argued to be increased awareness among the electorate because of a higher level of education.

There is a major consensus that scandals have a negative effect on the confidence for politicians. Regarding effects on parties and their potential to recruit people the picture was more positive, but some thought that negative effects could result from some people abstaining from engaging in party politics due to the risks involved if mistakes were made. As to whether parties should be criticised and condemned when improprieties and corruption have taken place, most respondents thought that it would be opportunistic and wrong to use this against parties, judging that such improprieties were the result of individual transgressions.

Measures suggested to combat corruption and improprieties included legislative changes as well as information and education. Several of the measures concerned local government and how to improve oversight and public control procedures. Many of the interviewees regarded education as the most important measure against corruption. In general the party representatives were very sceptical towards legislation concerning funding of political parties and candidates, an area where they preferred self-regulation and voluntarily agreements between parties.

No general stand can be drawn from the interviews about whether there has been an increase or not in corruption. The respondents were even divided between those who saw an increased rate and those who saw a decreased rate. One of the key factors mentioned here is the role of the media and whether the increase in reported cases is a result of more coverage or reflected a real increase in corruption. It was stated that there was not much attention paid to corruption, ethics and related problems by politicians in the *Riksdag*, but on the other hand, many noticed the increased focus on these questions (as was seen also in Chapter Four).

¹ The “Motala scandal” is presented in Chapter Four.

² Gibbons stresses in the study that, for example, in cases like nepotism there is a congruence between the attitudes and the law but the law is either restricted in its application or in its interpretation.

³ I added an extra case in my study to catch some of the improprieties that have been widely discussed in the media. This will be discussed below.

⁴ The parties did allow contributions from private persons but the rules concerning how contributions should be handled or, accounted for, differed.

⁵ See Appendix IV, Table 1.

⁶ This is more elaborated in Appendix IV, Tables 2 and 3.

⁷ Gibbons employed 29 background variables and the result was that region, federal party preference, alienation, provincial party preference, political knowledge and age were seen to influence the evaluations. Age affected campaign finance and bureaucratic conflict of interest, where older respondents were more condemning than the younger. Political knowledge in terms of knowledge about corruption events had an impact on legislative conflict of interest, party discipline and bureaucratic conflict of interest, where in the conflict of interest cases the more knowledgeable were more censorious but less censorious concerning the party discipline scenario. Alienation had a strong impact and was linked to five of the nine scenarios where the more alienated (expressed in such terms as “politicians do not care about what people like me think”) were more condemning.

⁸ I mainly discuss the variables with a t-value of 2 or higher. In the patronage scenario no single item reached this level.

⁹ A substantial amount of contributions in the social science literature suggests that women may have higher standards of ethical behaviour and be more concerned with the common good than men (Dollar et al. 1999: 6). In an article by Andreoni and Vesterlund (2001), the authors conclude that the answer to which is the fair sex is complicated. They conclude that concerning altruism women are more

altruistic than men when its expensive, but when it is cheap men are more altruistic. Another of their results is that men are more likely to be either perfectly selfish or selfless, whereas women tend to be equalitarians who prefer to share evenly.

¹⁰ Naturally asking it in this way implies a risk that respondents refer to the same case which is then multiply counted. But since I asked about their own experiences and experiences of colleagues and followed up on what type of things it concerned I controlled for this risk as much as possible.

¹¹ As explained in chapter one respondents are promised confidentiality. The respondents are all listed in alphabetical order in the references, but only the author has the key to combine the interviewees with their code number.

¹² One person regarded this contribution as the most flagrant example of how interest in the form of organisations affect the government. The person was of the opinion that the contribution was conditional as the LO threatened to withdraw its contribution when the government considered changes in the labour laws. The threat was withdrawn but conditional in terms of certain actions from the government and increased public funding of activities where LO are a main actor (Interview 29).

¹³ Question: Do you think that there is more improprieties today than before?

¹⁴ In Motala this was confirmed by an interviewee who also said that the parties not involved in the scandal did not use it in party politics. (Interview 12)

¹⁵ In order to increase security when inviting for tendering more than one person will be present when opening envelopes in order to avoid improprieties or suspicion of improprieties (Interview 1).

¹⁶ One of the conservative interviewees said that partly, the register inflicts on personal integrity but on the other hand the electorate have the right to know about the economic interests (Interview 28).

¹⁷ Some persons here referred to an initiative from the Liberal Party aiming at a common agreement among the parties which was greeted positively by other small parties, while the Conservative Party and the Social Democrats were more sceptical.

¹⁸ The attestations are then controlled by the economy department. If there are not the necessary receipts on the transactions these are withdrawn from the salary (Interview 6).

¹⁹ A new initiative was the possibility for the public to ask questions to politicians after assembly meetings.

²⁰ In the select committee on business several organisational changes have been made after the scandal to avoid former improprieties.

²¹ This principle was also discussed in Motala or whether the chairman of the auditors should be a representative of the opposition or the majority.

²² According to the interviewee, malpractice is quite often discovered in the activities by the personal and then they ask the auditing staff for help. The auditing department then gives support and follows the measures taken up.

²³ The assembly has given the auditors the task to elect auditors to the municipal enterprises as well. The municipal auditing thereby has insight by the elected auditors in the company. These auditors work together with the auditors hired by the company. The municipal auditing has scrutinised the payment system in the municipality, which will be changed in 1999 (Interview 3).

²⁴ One person expressed that it would be valuable if every auditing report was followed up in a year, but this was a question of resources (Interview 19).

²⁵ The number of credit card holders was reduced and credit cards were made personal implying that the holder gets the bill and has to show this to be reimbursed.

²⁶ Spirits are not allowed and wine is restricted.

²⁷ Referring to the former party program of the Centre Party one interviewee expressed that, just as for doctors and scientists, ethical rules ought to be common in many other areas, a complement to laws (Interview 40).

²⁸ One person said that it was important to emphasise that a political post is a commission of trust. To keep the implications of this alive an ongoing discussions is needed (Interview 17).

6

A Case of Failed Delegation – From a Policy of “Green Light and Flexibility” to “Order and Method”

Introduction

In this chapter, we study delegation of responsibility (hereafter referred to simply as delegation) in the purchasing and resources administration from a principal-agent (PA) perspective. We will apply our analysis to the case of the Älvsborg county council, which had several problems, associated with this. The first part of this chapter introduces factors common to this chapter and the two following chapters concerning principal-agent (PA) analysis and changes in county councils during the period investigated. I first give a descriptive analysis of the purchasing and resources (P&R) administration in Älvsborg and delve into the scandals that occurred in that area. The section on scandals is rather extensive as I wish to set into context the problems of the organisation. This is followed by a section about the delegation chains and PA-aspects, in which I detail the steps in the chains of delegation and the function of the measures to overcome agency problems. In this empirical case study I seek to spot weaknesses in the chain of delegation and to identify aspects that give us greater understanding of them.

In these three chapters (Chapters Six, Seven and Eight), two county councils (Skaraborg and Älvsborg) and one region (Västra Götaland) are the principal objects of analysis, specifically their P&R administration. We look not just at the P&R departments themselves but we also examine the whole delegation chain from politicians to purchasing agents (henceforth referred to as purchasers), using the principal-agent based delegation perspective.

Chapter Two gave examples of actor-oriented approaches that could be used to explain the variation of corruption among countries and of actor-based criteria to select variables for study. Here my use of the principal-agent approach is structured around the approach's variables that focus on chains of delegation, agency problems and measures to overcome the problems.

The purpose of this discussion is to give an in-depth description of the delegation chain in the county councils, instead of trying to summarise these parts in a more overarching manner in which we risk losing many important aspects of the PA-analysis. Moreover, the goal of this exercise is first to study Skaraborg and Älvsborg, then compare them (in Chapter Seven) and finally look at what lessons might be learnt from this experience and applied in the establishment of the new region of Västra Götaland (VG) (Chapter Eight).

There are several reasons why I have chosen to study these two particular county councils, the Västra Götaland region, and their purchasing and resources administration. First, my overall interest is danger zones of corruption using a principal-agent analysis. I feel that it is particularly fruitful if this can be done by comparing different solutions and their possible impact on outcomes. Second, P&R administration involves many interesting features related to corruption. The procurement process itself is a vulnerable transaction involving parties that might gain from a corrupt deal. This means that laws and regulations in this area need to take this into account. Third, a further reason these two councils are of interest is that Älvsborg has experienced numerous problems and improprieties in their P&R administration as well as in other branches of the county council, while Skaraborg did not have any such scandals during the period studied. In other words, it appears that Skaraborg is a case where delegation worked as expected, at least in terms of the principal being satisfied with the outcomes of the department. Fourth, in the newly established Västra Götaland region, a very large organisation, it is useful to see how these matters are handled but also how earlier experiences have been integrated in the organisation.

The principal agent (PA) analysis

In the following chapters I describe the structure of the delegation chain, first by using mainly the formal documents on regulation and delegation in the county councils, which regulate the relationships between the different steps in the delegation chain. My discussion is structured around the steps in the delegation chain and deals with screening and selection mechanisms as well as monitoring and reporting requirements and institutional checks. This is followed by a presentation based mainly on interviews with actors who were positioned in the various steps of the delegation chain, including responsible politicians and public servants. I utilized in this section PA-analysis (screening, selection, monitoring and reporting requirements and institutional checks) and for each of these PA aspects the views of the actors in the different delegation steps are taken into account.

To some extent it may seem contradictory that I divide the presentation first between the institutional and formal aspects of the delegation chains, and then the views of the actors, when the intention is to spot how institutional mechanisms affect on actors actions and how the interplay between actors and the institutional setting works. But actually in the analysis this makes it easier to identify how mechanisms and changes in them affected actors and also how actors had an effect on the efficiency of institutional mechanisms.

Background history

It is worthwhile at this point to give a brief history of county councils in general, and particularly the two under study – Skaraborg and Älvsborg. During the 1980s and 1990s the public sector in Sweden, especially the county councils, were in a period of rapid change. This was in part the result of the economic downturn that seriously affected the county councils, forcing them to try to reduce costs. The former ongoing economic expansion of the

local government economy was broken in the 1990s. This was a consequence of the economic recession during the first years in the 1990s, leading to reduced tax revenues and government subsidies which did not pick up until 1997 (SOU 2001:76). There were also general moves by government and public administration towards decentralisation from the state level to the local government level. Instead of detailed procedural steering from the central government, “steering with goals”, “management by results” and “lump sum grants” became common key phrases in the 1980s. At the same time the public sector was more and more influenced by the private sector and undertook to operate in a businesslike method (Gustafsson and Svensson 1999: 74, 95). Changes (1988) in the Local Government Act allowed the local governments to give the executive committee and other committees general grants, letting them run their affairs according to the goals and directives given by the county council (Landstinget Skaraborg 1989). In 1992 a reform (*Ädelreformen*) was carried out in Sweden that transferred from the county councils to the municipalities the responsibility for housing of old and disabled persons and for primary care in old people’s homes and sheltered housing (Jonhäll 1999). Many of these changes directly affected Skaraborg and Älvsborg. This could be seen in discussions about new forms of organising the county councils’ activities, increased emphasis on delegation and decentralisation and a role for politicians directed more at setting the goals for activities rather than determining the details of the activities. The responses in Älvsborg and Skaraborg could, to a varying extent in terms of management reforms, be regarded as a change from the traditional rule-driven management towards increased emphasis on management-by-results. It could also be characterised as what has been described as the third and fourth phase in management reforms in Swedish Government (see Gustafsson and Svensson 1999: 96-98). The third phase concerns changing culture, attitudes and behaviour in government so that continuous improvement becomes a built-in feature in the efforts to improve service and have better value for money spent. It stresses features such as to keeping strategic policy and resource decisions at the centre and devolving the implementation of decisions to the unit responsible for the result where processes for agreeing on performance measures are established, as are contracts between the centre and the responsible units. The fourth phase concerns large-scale structural organisation, i.e. re-organisation of public service delivery systems where management-by-results is the more common approach. Some features of these approaches are decentralisation of operational management responsibilities to units, creation of a business management perspective, competition between providers, and treatment of the citizens as customers in a purchaser-provider contracting system (Gustafsson and Svensson 1999: 97-98).

Overview of the Älvsborg purchasing and resources administration in the county council, and scandals

In 1995 the Älvsborg county council had 14,350 employees serving 450,000 residents (Landstinget i Älvsborg 1996a). Its political organisation was the traditional sectorial model with a committee responsible for an area of activities. During 1992-1994 a non-socialist

coalition government ran the council with the Conservative Party possessing the chairmanship of the executive committee. After the 1994 elections the socialist parties obtained majority position and the Social Democratic Party took over the chairmanship of the executive committee (SCB 2001).

The county council's department for purchasing and resources (also referred to as Emma Vårdvaror) was in Älvsborg a detached organisation but was not a public company. The intent in creating it was that its activities should be business-like, and effective and cost-efficient (Vänersborgs Tingsrätt 1998: B10-12¹). The department was organised into different divisions for purchasing, logistics, and consumer service (Interview 81, Interview 51)². At the end of 1991 there were 105 employees, but coordinating activities and applying cost-reduction measures reduced the number of employees to 67 at the end of 1993 (Landstinget i Älvsborg 1994a). While in the beginning goals such as price reductions for county council customers in the range of 5% annually on articles of consumption and cost-reductions of 6.5 million SEK annually for operating expenses were reached successfully (Landstinget i Älvsborg [1994b]), over the whole period 1992-1996 the P&R department actually showed losses. The explanation for these losses was multifaceted: problems in coordinating the operations and services as quickly as had been expected, a slower staff reduction than expected, higher costs for staff education and training. Another explanation given was that the charges (plant-wide burden rate) on services and supplies bought by county councils activities from the P&R department was too low (Landstinget i Älvsborg 1993-1997).

From 1992-1994 in the political organigram Emma Vårdvaror was subordinated under the service committee, but from 1995 it was placed directly under the working committee of the executive committee (Vänersborgs Tingsrätt 1998: B17). It was a profit centre (Ibid.: B10-12), with responsibility for its own budget and financing its activities with external and/or internal billings.

Emma Vårdvaror was created in order to make purchasing and resources handling more efficient. Costs had to be reduced and greater professionalism achieved.³ To reach these goals one approach was to turn the activity into a public company. However, this initiative could not find support from the political majority so it was never accomplished. Instead the solution adopted was a compromise one in which the department, formally structured along traditional administrative lines as were other departments, would now be run along business principles (Ibid.: B39). Initially the plan had been to run the department as a traditional government service with the intention eventually to transfer it to a company owned by the county council. It was, however according to the county council director, never the intention to turn it into a private owned company (Ibid.: B42).

The creation of Emma Vårdvaror partly had its origin in the new policy initiative of the 1980s, the Green Light (*Grönt ljus*) policy. This policy was introduced in the county council with the goal of making departments more flexible and innovative. The staff, under the Green Light policy, was to be more active and independent than previously and detailed regulations were to be used less frequently (Landstinget i Älvsborg 1986, Vänersborgs Tingsrätt 1988: 39-40).

When the economy worsened in the 1980s, budget cuts were needed. This led to a more decentralised organisation in which the overall budget process gave more freedom to departments in decision-making and the carrying out of their activities (Landstinget i Älvsborg 1993). Accompanying this increased freedom was a shift towards more businesslike procedures and, with the Green Light administrative policy, increased flexibility and efficiency. The economic situation encouraged the politicians to cooperate and there was an agreement that all departments should cut their costs by 10%, though it was up to the departments themselves to choose the modalities of so doing (Interview 66). In 1986 a re-organisation was undertaken in the county council: the introduction of primary health care committees. At the same time costs increased dramatically and economic problems started for the county council. These factors prompted a review of the whole organization (Vänersborgs Tingsrätt 1998: B40). In the beginning of the 1990s it was decided to dramatically cut down county council expenditures. Substantial savings in the range of 10% were needed. This was a new development and was difficult to accomplish because healthcare was exempted and not affected by this directive. There were additional problems related to high costs in service activities.⁴ P&R administration was an extensive area and therefore this administration was examined. The P&R department of the county council had been created during the 1980s (Ibid.: B13, and B42) and needed changes to become more professional, functioning in a more businesslike mode (Interview 47). Investigations were conducted aiming at constructing a new purchasing and resources administration with rationalised activities and reduction of costs. The county council decided based upon the findings of the studies to create Emma Vårdvaror. As stated in the previous section, it was never intended to be transferred to a private company but it was envisioned that, after an initial period of functioning as a traditional government service, it would be converted into a county council owned company.

Why then was Emma Vårdvaror and the other service activities not converted into publicly owned companies? One of the reasons was that it would have entailed complicated restructuring and costly expenditures, for example in the property area (Interview 46, Interview 61). There were some general discussions about turning departments into local-government owned companies or privatisation of services, particularly in the areas of purchasing and resources administration, laundry and property administration, but there was no support from the political majority for this. Some of the aspects regarded as obstacles to such moves toward privatisation or conversion to government-owned companies were certain matters concerned with staffing policy and the loss of transparency as the public access to information would not be valid (Interview 47, Interview 48, Interview 49, Interview 65). As for the plans for Emma Vårdvaror, an interviewee said that even if there had been no formal discussions about turning Emma into a company, the issue had probably been brought up at some meeting but not entered in the minutes (Interview 48).

In the autumn 1993 the director of the purchasing and resources department reported that he had fulfilled the goals established when he entered the position. He presented at a planning meeting a proposal for privatisation of Emma Vårdvaror. This proposal envisioned a company owned by the staff, but there was little support for the proposal. The county council director then asked the P&R director to contact the chairman of the executive committee. In the

following spring the chairman of the executive committee reported back to the P&R director that there was no interest in privatisation (Ibid.: B42).

Nevertheless, the P&R director and representatives of the transport company Bilspedition, the projected partner in a future privatisation, did not regard this as a total setback for the project since major cost-reductions were still needed by the county council. There had been political discussions in the county council about privatisation, though never majority support for either privatisation or for transforming the service departments into county council-owned companies. Despite this the P&R director along with a researcher who had been employed by the council as a consultant, took a different view. They saw in the restructuring of Emma Vårdvaror a vehicle to privatise departmental services. The two, in addition to their employment connections, had formed together a private company Emilia, created to prepare for privatisation of Emma Vårdvaror. According to the consultant, for P&R administration to receive maximum effectiveness and cost advantages required larger quantities than the amount handled in the county council. There were contacts with many different parties, Bilspedition was one but there were also other potential financiers. So the preparations in Emilia continued, especially through contacts with Skaraborg's county council (Ibid.: B22-24). These Skaraborg contacts utilised cooperation and fusion to increase volumes in purchasing and thereby bring down prices (Ibid.: B31).

As was later revealed neither the county council director nor the council's lawyer were aware that the P&R director had taken such measures to alter the nature of the operations of the Emma Vårdvaror. After the 1994 elections the county council director received documentation of the registration of the Emilia company. On being questioned about the company, the P&R director replied that Emilia was not an active company. Had the county council director known Emilia's aim was to take over the activities of a privatised Emma, he would have regarded it as a serious issue and brought before the politicians (Ibid.: B42-43). That the P&R director had an additional outside professional tie to a private company, whose goal was taking over the activities of Emma in the event of privatisation, would surely have been judged by the council's lawyer and director as a violation of P&R director's contractual obligations in regard to outside employment.

Scandals

The 1990s were marked by several scandals taking place in Älvsborg's county council. At least two received nationwide media attention; one concerned the purchasing and resources department, and the other the county council laundry.

In 1996 it was discovered that high-level public servants in Älvsborg's county had engaged in questionable activities. All persons involved had connections to the purchasing and resources department, Emma Vårdvaror. The charges were deemed quite serious; in 1996 all employees of the county council who were involved were disbarred from their offices and later fired, except for the purchasing manager who resigned (Ibid.: B10-12). There were suspicions of overcharging for overtime work, cheating on holiday salaries, leasing of more expensive cars than allowed. There were charges that employees had second jobs in private

companies that sold products to the county council and that they used working hours at the county administration to carry out these private company activities. As a result of such suspicions the prosecutor started initial hearings against four employees of the county council involved in the case (*Göteborgs-Posten* 1996-06-13, 1996-07-17, *Dagens Nyheter* 1996-07-20, 1996-07-25, 1996-08-13, 1996-08-21, *Göteborgs-Posten* 1996-08-30). In 1998 charges were laid against six defendants, five of whom worked at the county council Älvsborg, and the sixth was a researcher/consultant from the Chalmers University of Technology (CTH) who for several years had held consultant contacts with the county council as well as being joint owner of a company which hoped to sell goods to hospitals. Four people were found guilty of fraud, breach of trust against one's principal, and embezzlement by the district court. Bribery was also one of the charges but was not proven. The defendants appealed their conviction and the director of Emma was found not guilty on all prosecution points.⁵

I shall try to present in the following section a brief recounting of the particular cases, the persons involved, charges laid, and the disposition of the cases. I begin with the case dealing with the P&R director and purchasing manager. It was alleged that the two had submitted falsified claims for a business conference in Brussels. They had, it was charged, used county council funds to pay for private expenses on a trip to Bruges for themselves and for their accompanying wives. The financial manager had assisted in the deception by having the purchasing manager falsify the names on receipts so to make the receipts seem to be appropriate entertainment and hospitality expenses. The court found the P&R director and the purchasing manager guilty of fraud and the financial manager guilty for complicity in fraud (Vänersborgs Tingsrätt 1998). Later, however, the court of appeal acquitted all of them on the basis of there being insufficient evidence that the P&R director did not have the right to treat the costs as legitimate entertainment expenses. The contract between the P&R director and the county council did not stipulate what his authority was concerning expense accounts and no other document was presented indicating any relevant restrictions of the P&R director's authority. Furthermore, the appeal court judgement indicated that Emma Vårdvaror was perceived as operating under business modalities with no detailed limiting regulations for the management. Thus, the P&R director was thereby regarded as free to decide about expenses as long as they stayed within the stated departmental objectives (Hovrätten för Västra Sverige 2000a: 8-9).

On the charge of taking non-authorised holiday leave, the purchasing manager was found guilty (Vänersborgs Tingsrätt 1998, Hovrätten för Västra Sverige 2000a). The P&R director was similarly charged with taking a vacation without giving notice. Additionally he was charged with working in private companies without having permission for outside employment. He was found guilty of fraud by the district court (Vänersborgs Tingsrätt 1998: 54), but later in the Court of Appeal he was acquitted.⁶ Regarding the remuneration for the days working in his company on holiday trips the appeal court regarded his authority as director as decisive. The employment contract stated that his work time was unregulated; the definition of this was not clear. It was also indicated that the P&R director had a fairly independent position and that his employment contract allowed him to decide when to take

release time. There was nothing to indicate that he was required to apply for such vacation (Hovrätten för Västra Sverige 2000a: 12-13).

The financial manager was charged with fraud and found guilty. During 1994 he worked with the director for ten days at the director's company in Costa Rica while on council salary. He was also found guilty of breach of trust for unauthorised use of the council's petrol credit card, only allowed to be used in Sweden for official business, for private travel abroad (Vänersborgs Tingsrätt 1998, Hovrätten för Västra Sverige 2000a).⁷

One prosecutorial matter concerned bribes. In 1995 the company EDP (intended to work with data questions) was founded, so that Emilia should be able to merge with Bilspedition, which had a competition clause concerning data questions, by transferring the data program operations to EDP instead. A company, represented by the consultant, contributed to the capital stock in EDP in the form of property other than cash in payment for shares. The consultant distributed these stocks to the other shareholders (the county council employees). The prosecutor regarded the stocks as undue favours because the takers took them without compensation or doing something in return. The consultant was prosecuted for bribe-giving and the P&R director, the financial manager, and the manager of staff were prosecuted for bribe-taking.⁸ All were found not guilty because it could not be established that the stocks were designed to influence the carrying out of their duties at the county council nor that they constituted undue favours in relation to their duties (Vänersborgs Tingsrätt 1998: C22).

At the time of the foundation of EDP, the consultant, who together with the P&R director constituted the board of that company (Ibid.: B77), was a consultant to Emma. The court in the proceedings expressed grave misgivings about the fact that the P&R director, the financial manager and the manager of staff were all high-ranking officials in the county council and they had such close relations with the consultant, since it was the consultant who created EDP wherein they received stocks. But the court stated at the same time that even if there was a business connection between the giver and takers it did not necessarily constitute a bribe (Vänersborgs Tingsrätt 1998: C 21, cf. SOU 1974:37). The court did not exclude the possibility that the other company (Emilia), in which both the consultant and director were involved, had intended in the future to take over the activities of Emma along with another party. The director's involvement was probably in conflict with the conditions in his employment contract, but could in other circumstances not be regarded as wrong. The director was part owner of Emilia and therefore it was natural that he became owner in EDP.

As to the issue whether the stocks were undue favours, the defendants gave divergent explanations to why they gave or received the stocks and their value.⁹ According to the court this indicated that the stocks constituted undue favours, as the prosecutor had pleaded. But on the other hand, it could not be ruled out that they had received the stocks as a share of their involvement in research results, or that the stocks constituted a way of connecting them to the firm for future contributions. These were the main rationales for the verdict of not guilty on bribery charges.

The second major scandal concerned the Älvsborg county council laundry and involved many politicians and public servants. The circumstances at the laundry received great media attention. The council had strict rules about the use of alcohol; a decision in 1979 in the

county council expressly forbids the use of alcohol in entertainment or hospitality events. It was reported that a “scrap cash box” had been used by some employees to pay for entertainment expenses such as restaurant bills and alcoholic beverages. (The scrap cash box had been created by selling rags, machines, and unclaimed lost items found in clothes.) The five politicians prosecuted denied knowledge of the scrap cash box (*Göteborgs-Posten* 1998-09-06, *Göteborgs-Posten* 1998-10-09). This was contradicted by the former managing director who was in charge of this scrap cash box and who maintained that the politicians had approved his actions and were aware of the scrap cash box and how the funds were used. It was suspected that about 100,000 SEK had been spent through the years until 1995 when a new managing director took over. The managing director said he reported the situation in 1995 to the politicians but the reports were silenced. The vice-managing director maintained he had informed the leadership in the county council about the crooked dealings in 1995 and implied that three county council commissioners had also been informed.

Two of the county commissioners took a leave from their positions as they waited for the result of the police investigations (*Göteborgs-Posten* 1998-09-08). The third county council commissioner (by then region commissioner in Västra Götaland) initially took a leave of absence when he was prosecuted, but after discussions with the party (Social Democratic Party), returned before the trial to his position as commissioner (*Göteborgs-Posten* 1998-09-09).

The central issue in the case was the prohibition of alcohol on behalf of the county council during entertainment and hospitality events and whether the rules regarding this had been followed by the involved parties. Related to this was the question of whether the involved politicians had known that the director of the laundry used the scrap cash box to pay for entertainment costs, which included alcohol as a way of getting around the alcohol prohibition. The prosecution case included unauthorised trips and entertainment expenses such as for the director of the laundry’s sixtieth birthday celebration, clearly judged by the prosecutor as a private function, in which funds from the county council were used to pay for alcohol.

The court regarded the director of the laundry and the vice-director of the laundry as having a commission of trust concerning these events and the use and buying of alcohol. The court also regarded politicians as having a responsibility to uphold the alcohol prohibition ensuring that alcohol was not commanded on behalf of the county council. If they knew that the alcohol expenses were to be paid by the county council that would be a violation of their commissions of trust (Alingsås Tingsrätt 1999: 17). The politicians implicated in the situation in question were a) the chairman of the laundry board (1983-91) and of the county council executive committee (1992-1994); b) the chairman of the laundry board (since 1995); c) the vice-chairman of the laundry board (1995-1998) and county council commissioner; d) the chairman of the county council executive committee (since 1995); and e) the chairman of the laundry board (1992-1994).

The director of the laundry was sentenced on charges of embezzlement (10,000 SEK), breach of trust (580 SEK), and fraud (300 SEK). The vice-director was convicted of breach of trust (580 SEK and 1,808 SEK) and fraud (2,476 SEK and 300 SEK). The chairman of the

laundry board since 1995 was convicted on breach of trust (2,476 SEK). The court did not regard this crime as serious, perceiving it to a matter of overstepping the regulations on prohibition of alcohol.¹⁰ The fact that the county council director did not undertake measures when the scrap cash box and its use was reported to him in 1995, attested to the court that he did not regard the matter as being very serious (Ibid.: 44).

The other four politicians involved were found not guilty. But the court also stated this acquittal was based on strict legal terms. Some of the activities concerned, such as the attendance at the birthday party and a visit to a night club/restaurant, according to the prosecutor were private visits and thus the use of council funds was clearly a violation. In its acquittal judgement the court referred back to a statement of the prosecutor to the effect that there were no rules for how to judge these situations and none had been set-up by the management of the county council. The judgement by the court was influenced by the fact that the cases were being tried in criminal law as breach of trust or fraud cases and not under a civil law suit on the basis of whether the actions were proper according to the employment contract. The court established that the defendants' statements, claiming the congratulatory birthday visit at the hotel was official and not private, had to be accepted (Ibid.: 38). Basically this case underscores the fact that the formal rules had been adjusted over time in regard to application and interpretation, and that some activities were operated on the borders of what is deemed proper.

Later on April 4, 1999 the former director of the laundry was arrested, for actions not connected to his involvement in the black scrap cash box case (Alingsås Tingsrätt 2000, *Göteborgs-Posten* 1999-04-27). He was suspected to have taken bribes from a German company. The deal concerned procurement of water pipes for the laundry, a deal worth about 15 million SEK during 1992-1994. According to the prosecutor the director of the laundry had misused his commission of trust. Without knowledge or approval of the county council, he had together with a company representative received a kickback of about 13%. The money had been paid out on several occasions and in different ways (Alingsås Tingsrätt 2001). The court made it clear that disbursements had been made to the account as stated by the prosecutor, that it had been opened in the names of the director and the company representative, and that the director had access to the account. The court also made it clear that the purpose of the account was to facilitate payments to the director, and this was confirmed by the company representative. Even more awkward for the director was that he could not explain or remember any of the large deposits made by him in his bank accounts during the same period in time. The court concluded that a common sense judgement of the case pointed to the hypothesis put forward by the prosecutor being very likely, i.e. that payments had been made to the director under a false name, and that the explanations given by the director were not trustworthy. Nevertheless, the court found him not guilty because it could not be totally ruled out that someone else had received the funds and had used his name without authorization. Central to this argument was that the information given by the German company representative was treated with caution since it was argued that the company representative would benefit from the director's conviction as the representative would be free

from suspicions of tax fraud in Germany (Ibid.). The judgement was later affirmed in the court of appeal (Hovrätten för Västra Sverige 2001).

Changes were undertaken in the 1980s and 1990s in the public administration with new forms of organising activities mainly in service activities. In Älvsborg these activities were not converted into publicly owned companies or privatised. The traditional forms of organisation were formally kept, with the proviso that they should be in a business-like way. With the aforementioned scandals in mind having occurred in these areas, it is interesting to delve deeper into questions about the formal organisation regarding rules, delegation and responsibility versus how these aspects were handled in reality.

The formal structure of the delegation chain

Delegation from voters to the county council assembly: from the assembly to responsible committees

In examining the political organisation we see that the assembly delegated to the executive committee the mandate to steer and coordinate the administration and supervision of other committees' activities. The executive committee oversaw matters that could affect the development and economic position of the council and it had a number of responsibilities. The committee gathered the relevant data information from other committees and authorities and was responsible for staffing policy. It monitored the political and administrative organisation of the county council so as to warrant that they were fulfilling their functions and to initiate changes where required (Landstinget i Älvsborg 1991d). Additionally, it appointed the working committee (a select committee), which, among other things, acted as a consultant body between the executive committee and other committees in matters of overall or fundamental importance, and was responsible in its capacity of board for the central administration that the organisation was functional and staffed as necessary. In addition to the executive committee members (and their substitutes), the county council director, the vice-director and county councillors who were not members of the executive committee had the right to take part in the discussions of the meetings but not in the decisions (Ibid.)

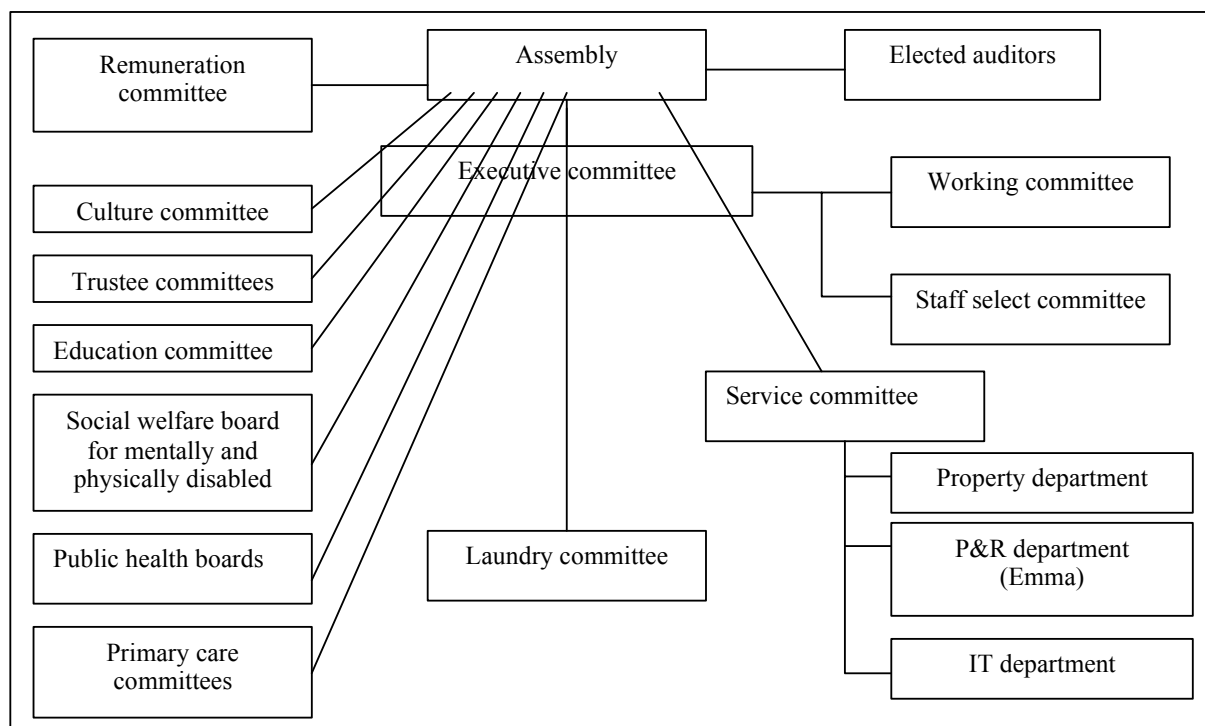


Figure 6.1 Political organisation in Älvsborg county council 1992-1994

Source: Landstinget Älvsborg 1991g.

Decisions taken on delegation were to be reported to the executive committee quarterly. The county council director, the vice-director, the directors of the division at the central administration and some other directors had the right to delegate further down the line those responsibilities which had been delegated from the executive committee. Such further delegation had to be reported to the delegated party who in turn then reported back to the executive committee (Landstinget i Älvsborg 1991d).

In June 1991 the county council assembly came to a decision about the main features of the political organisation for the period 1992-1994 (Figure 6.1). The county council stated that the new local government act permitted delegation to a larger extent than previously had been permitted. The intention of the assembly was to make a clearer distinction between the political steering role and the responsibility of managers in charge of services and activities. This was emphasised in assembly pronouncements about the importance of emphasising the role of the politicians as representatives of the citizens rather than representatives of the administration. That decentralisation had already commenced in the county council is reflected in such actions as the introduction of managerial contracts and increased responsibility given to employees concerning how to run activities (Ibid. 1991b).

A specific committee, the service committee consisting of eight members, was created to steer the property, the data and the purchasing and resources departments. The service committee was mandated to follow-up activities, produce monthly financial reports for the executive committee and comment on the budget at assembly meetings (Vänersborgs Tingsrätt 1998: B39). Its chairman was expected to report to the executive committee every month (Interview 46). For each of the departments, over which the service committee had

supervision, there was a select committee chaired by the chairman of the service committee. This had a twofold purpose: to guarantee that the department directors received political support in the current operations and to give the politicians necessary insight into the operations of the departments (Landstinget i Älvsborg 1991c). Any issue of a fundamental nature had to be decided by the county council assembly. The service committee had to follow-up on goals set and directives given by the assembly or the executive committee. The service committee regulations stated that Emma Vårdvaror should offer professional quality services in areas of purchasing of expendable goods, capital goods and equipment planning. The department should also plan, organise, coordinate, steer and follow-up the resources flow and give assistance in purchasing judicial service (Ibid. 1991f).

In the 1995 term of office the service committee was abolished and the purchasing and resources department then came directly under the executive committee, with its working committee as the board (Ibid. 1994c). In the regulations of that working committee the stated tasks were essentially the same as those previously for the purchasing and resources administration, a major difference being the stipulation that the P&R department should be used when the value of the procurement of supply and services was over two basic amounts¹¹ (Ibid. 1994d). After the 1995 organizational change every county council commissioner was assigned specific areas to monitor (Interview 75).

There was an expressed goal of having more effective administrative departments and one way to do that was to institute a more businesslike work style. Laundry, property, and the purchasing and resources departments were run businesslike (Interview 66). They had pretty much free hands to build up the new administration (Interview 75). In this regard Emma Vårdvaror was given independent status in regards to management by the departmental director. The director was given a role similar to a managing director in a joint stock company and the political steering role was minimized (Vänersborgs Tingsrätt 1998: 39-40). On matters of purchasing policy and internal prices, however, it was left to the assembly to make the decisions (Interview 66).

Audit and institutional checks

The executive committee had a say about directives given to the departments subordinated to the service committee, but the carrying out of the directives was the responsibility of the service committee and the departments (Interview 75).

The audit team consisted of eight elected auditors. Their task was governed by the regulations in the local government act (Local Government Act chapter 9, §7 in SFS 1991:900), the rules decided by the county council assembly and the principles for local government audit stipulated by the Federation of Swedish County Councils. Within the appropriations framework the auditors could hire external experts to carry out the work. In general the mandate of the elected auditors was to scrutinise all activities in the activity areas of the committees, following sound accounting practice (Landstinget i Älvsborg 1991e). There was no permanent employed auditing staff in the county council. Instead, auditing services were purchased from outside companies (Interview 66). In 1996 there were some

minor changes in the regulation regarding the auditors, but the main principles and tasks remained the same (Ibid. 1996c) From 1996 onwards, a chief professional auditor was employed to assist the elected auditors (Interview 48).

Institutional checks

From 1995 the purchasing and resources department was used for procurement functions, regulations required procurements over 2 basic amounts to be conducted in cooperation with the P&R department. This provided a form of institutional check; more than one party was involved in the procurement even if the two parties did not have counteracting interests (Ibid. 1994d).

Delegation from the executive committee to the county council director (the central administration)

The committee organisation governed the administrative organisation. There was an administrative/department director under each committee who also was responsible to the county council director (Interview 66).

The county council director was the highest-ranking manager in the central secretariat and had the greatest responsibility for implementing political decisions (Interview 66). At the secretariat, with 120 employees, staffing policy and finance issues were important task areas (Interview 63). The county council director interfaced with the county council executive committee and its working committee and took part in preparation and decision deliberations (Interview 66).

In practicality the county council director was not able to have full contact with all departments and their managers. Therefore, some areas were delegated to the county council lawyer, who was given the coordination responsibility for the service activities including Emma Vårdvaror and who was to report to the county council director. (The county council lawyer also headed the group that initially produced the policy for running Emma Vårdvaror.) Nevertheless, the council director had the final responsibility for the administrative directors. In a later stage an assistant county council director was employed and entered into the line of responsibility (Vänersborgs Tingsrätt 1998: B41, Landstinget Skaraborg 1996e, Interview 66, Interview 65).

The departmental directors, around 25, and the county council director met once a month. Budgetary matters, policies and guidelines were discussed and future plans and projects (Interview 66). Officials and the county council director were to bring those decisionary items having a political content to the politicians. Those political matters would then be dealt with at meetings with the county council commissioners (Vänersborgs Tingsrätt 1998: B41).

Ultimately the politicians held the responsibility for decisions, but authority was delegated to the different departments. It was up to the officials and the county council director to bring matters with a political content to the politicians (Ibid.)

Those departments that worked under a businesslike mandate were given no budgets; they had to earn their own incomes. Directors with backgrounds outside the county council were recruited and were given more freedom to develop the departmental operations. There were, on the other hand, strict rules in the county council applying to service activities. Thus, there was a difference between the service activities such as the property and P&R departments and the activities working as traditional government services (Interview 66).

In the employment contracts of departmental directors there was a clause restricting outside employment. The P&R director was not permitted to be engaged in outside employment without approval from the county council (Landstinget i Älvsborg 1991a). If a departmental director wanted to take a second job it must be reported to the political responsible, in the case of Emma Vårdvaror the chairman of the service committee, and to the county council director. When the P&R director was recruited he informed the council that he had a private company. The county council saw no objections to this as long as it did not encroach on his work at the county council. For general staff in the health care sector there was a prohibition against outside employment occupations, but in the departments there were no such prohibitions. The committee chairmen had the responsibility for authorizing holidays for the departmental directors (Vänersborgs Tingsrätt 1998: B41-43). Rules concerning entertainment and hospitality expenses were the same for the departments working in a businesslike way as for the county council in general; alcohol was forbidden.

A manager was expected to know the county council culture and be aware of control mechanisms and the wishes of the principal (Interview 47). The system was based on trust. The staff division and the finance division were expected to sound the alarm if something was odd. The auditors could also initiate action. In the early 1990s on several occasions the auditors remarked on deficiencies in management and follow-up. The county council acknowledged these management deficiencies. This failure on the part of the county council's leadership was attributed to either its lack of ambition or lack of knowledge as to how to steer a decentralised organisation (Landstinget i Älvsborg 1993). In general, follow-up and control was not strong. One interviewee put it as:

It was a big organisation that has to be based on a decentralised structure and trust. It was a conscious choice to have a policy not based so much on follow-up and control. (Interview 66)

The recruitment of departmental managers was delegated to the county council director. The executive committee was informed about applicants and their merits, and sometimes the specific committee was involved in the process (Interview 75). In the case of engaging a new county council director, the recruitment was scrutinised by the executive committee (Interview 65). Traditionally the politicians were involved to a larger extent but this involvement has diminished over time, and during 1995-1998 the chairman of the executive committee no longer signed employment or dismissal forms (Interview 47).

With an overall objective of modernising departmental administration in mind, it was seen as important to recruit the P&R managers from business. To this end, it was stated early in the reorganizational process that it was not suitable to recruit the managers from the county

council organisation (Vänersborgs Tingsrätt 1998: B39). This policy – to pick the managing director from private business and this person then having the role of a managing director in a company – was a new policy for the county council (Ibid.: B13). As a result the P&R director, the financial manager and the purchasing manager in the new P&R department were recruited from private business instead of public administration. The director was employed to carry out the new ideas and was from 1991 the director of Emma (Ibid.: B10-12).

Delegation from the service committee to the purchasing and resources department

In all areas of activity there were guidelines in the form of delegation and rules (Interview 66). The managers were delegated tasks by their respective committees for one year at a time. The delegation was tied to the person; this meant that if the manager were to be changed new delegation authorities were needed. It was up to each committee to make sure that the internal control was reliable (Interview 48). All delegation on different levels should be reported to the appropriate committee. In each committee there was a catalogue of delegation decisions (Interview 66). The county council was to regularly follow-up decisions such as employment and quality control measures and was to follow the work of its committees concerning staff and financial matters (Interview 66). In the regulations of the service committee it was stated that, as a rule, the service committee should delegate most matters to the respective director of department (Landstinget i Älvsborg 1991f).

The most important exceptions to this delegation were matters concerned with the goals, objectives, scope or quality of the activity. It was also stated that the departments should run their activities on a businesslike basis. Each department was also allowed to form a group consisting of representatives of the county council with direct connection to the operative activity (Ibid.).

To reach the businesslike objectives the political steering involvement in Emma Vårdvaror was to be restricted and the department was given great independence under the responsibility of the departmental director. The Green Light policy was utilised, emphasising flexibility, breaking up rigid working forms and encouraging productive innovation. The goals set for the director of Emma were a purchasing-cost reduction of 5% annually and a cut in operating expenses of 6.5 million SEK. The director was given practically *carte blanche* to reach these goals (Vänersborgs Tingsrätt 1998: B39-40).

The regulations for the departments under the service committee were common for the subordinated departments (Interview 61). From the principal's perspective Emma Vårdvaror had more freedom to take other contacts to develop the activity in line with their business orientation compared to other county council departments in general. But there were strict rules in the county council, which included the service activities. There was a deliberate and tolerated difference mainly concerning leadership. Managers in the businesslike departments were freer in taking contact with other interested parties (Interview 66). In line with this many other rules applied to the P&R department as they did to the other administrative areas. In the employment contracts of administrative directors there was a clause about restricting outside

employment, requiring such to be reported to the political responsible person. The chairmen in the committees similarly authorized holidays for the department directors (Ibid.: B41) and the county council rules and restrictions regarding entertainment and hospitality expenses applied.

Delegation within the purchasing and resources administration

As the organisation in general had to decrease the costs and make activities more efficient, particularly in material handling and purchasing, the instructions given to the department were very goal-oriented, aiming at reducing costs and becoming more effective. Given these goals the director had great freedom in choosing how to achieve them. The P&R director (*försörjningschefen*) had the responsibility to fulfil goals given and report back to the county council director and the service committee how the activity advanced (Ibid.: B40).

As we see in Figure 6.2, the P&R department was organised into different divisions for purchasing, logistics, and consumer service.

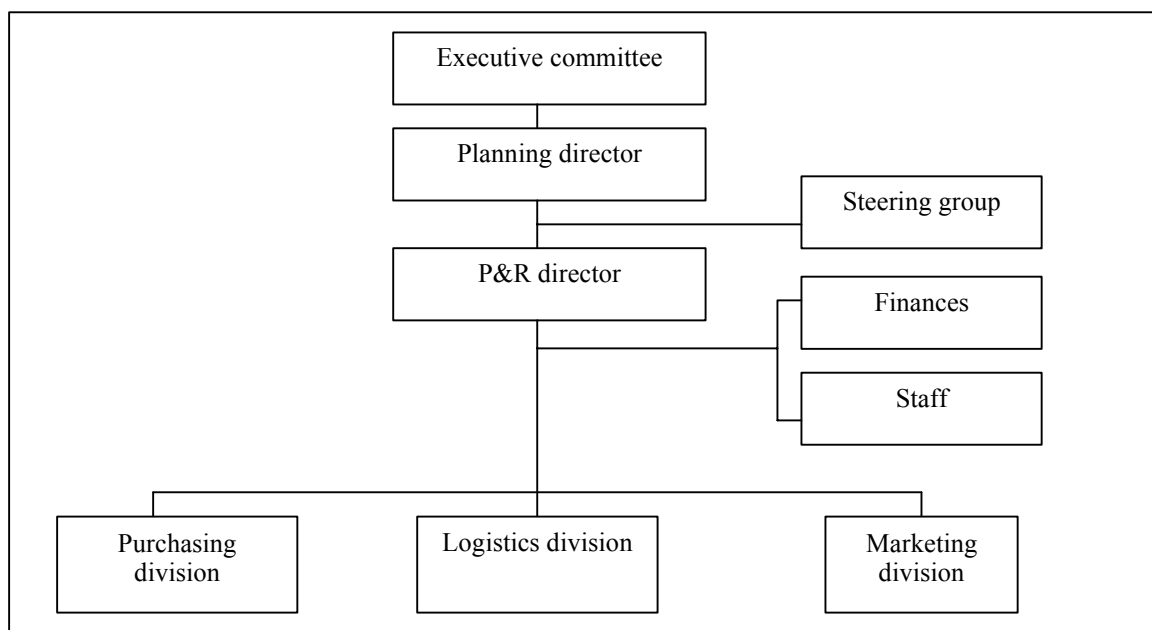


Figure 6.2 The organisation of the purchasing and resources administration in 1996 (Emma Vårdvaror)
Source: Landstinget Skaraborg 1996e.

Delegation concerning such items as who was authorised to pay out, who was entitled to sign for the company and who had the right to attest was defined by the service committee for the P&R administration (Landstinget i Älvsborg 1992a, 1992b). For Emma Vårdvaror the rules for attestation and delegation were specified concerning different types of purchases, attestations, disbursement orders, and sales. The director and the financial manager had disbursement authorization. In the purchasing division during 1993 and 1994 the P&R

director was delegated to decide about purchases and could decide whether to approve purchasing requests for supplies and services. The purchasing manager (*inköpschefen*) could decide up to 1 million SEK for purchases of supplies and services with an approved purchasing request. The director had the right to allow delegation one step further. Attestation of purchases by the same person who ordered the purchase was not allowed (Ibid.).

In 1995 the delegation regulation in the purchasing and resources department stipulated that the line managers and managers of finances and administrative development were directly responsible for their areas and resources. With the distribution of responsibility came the responsibility for seeing that the activity follows the qualitative and quantitative goals along with the rules and directives for the P&R department (Ibid. 1995b). The amounts allowed were slightly adjusted and the purchasing manager now could decide on purchases of supplies up to 3 million with an approved purchase order and up to 5 million SEK in cooperation with the director. For services the amounts were up to 750 000 SEK with an approved purchase order and 1.5 million in cooperation with the director. In delegation regulations it was stipulated the modalities by which different matters decided on delegation should be reported back to the executive committee and its working committee, and what types of decision need not be report back (Ibid. 1995c). The routines for how to handle invoices were also laid down (Ibid. 1995a)

In the purchasing division of the P&R department the responsibility for purchasing and development of a well-functioning organisation was delegated to the purchasing manager. The 14 purchasers (*inköpare*) who prepared and conducted the purchases reported directly to the purchasing manager. The task for the purchasing manager was to create a common organisation of the former three purchasing units. The stated goal given was that the entire organisation should cut its purchasing costs by 5 % annually, with sustained volumes during 1992 and 1993 (Landstinget i Älvsborg [1994b], Interview 81). The policy for purchasing and the customer contacts was that expenses in regard to trade fairs and business trips were paid by the council and not suppliers so as to avoid undue obligations. Inviting, on the behalf of the county council, suppliers to lunch when they were on official visits was, however, an acceptable expense.

Monitoring, reporting requirements and institutional checks

The system for follow-up was that the purchasers wrote weekly purchasing reports to the purchasing manager. The purchasing manager then wrote a weekly report about ongoing matters and informed the management group of the P&R department every month about ongoing matters and goal fulfilment concerning cost reductions, price development and purchases. The main instruments of control of the actions of the purchasing manager were the roles played by the financial manager in the department and the county council director (Interview 81).

The system of delegation within the department stipulated the amounts every position was allowed to decide about. The purchasers were delegated decision authority up to an established amount, and above that were to be made by the purchasing manager. Large

procurement were to be approved by the purchasing manager and the director together (Interview 81).¹²

Mechanisms to keep agents accountable and avoid delegation problems: the view of actors in the delegation chain

In this section I turn to information based largely on interviews. I first discuss the recruitment of managers. I then describe measures used by principals to make their agents aware of principals' goals and existing control measures. Finally I review mechanisms concerning monitoring, reporting requirements and institutional checks.

Choosing managers and creating awareness about the principals' goals and control mechanisms

The executive committee

It was the task of the county council director to recruit managers. The working committee of the executive committee took part twice yearly in the monthly manager meetings which formulated working regulations and rates. There were also in-service educational programs for managers (Interview 75). The formal rules were the same in the various branches of the county council, nevertheless, interviewees point to differences in reality especially in businesslike activities. The rationale was that the businesslike activities deal with circumstances in which it was not possible to rule by regulations to the same extents as in the other activities. Another factor was the degree of uncertainty of how these activities should work. One interviewee said:

There were detailed representation rules and there were no exceptions made for the businesslike activities. There were small ticks where the managers were reminded about the rules of the game. The rules were to some extent undermined in the activities with little contact with other activities in the county council and more with business, you adopt another culture. From this point of view I think a strict company form would have been better, but it was chosen to keep the traditional government service form with its weaknesses. (Interview 65)

Similarly another interviewee said, in reference to rules being the same throughout the organisation:

In some way these businesslike activities should keep the same rules as others, but it was a different way of working. (Interview 47)

The general opinion among the interviewees was that there were no direct system for creating awareness about control mechanisms, though goals stated in the planning meeting were subjected to follow-up at the six-month interval in half a year. As well, an evaluation was made about which measures had worked well and which had not. Managers were

expected to be loyal to the organisation. They were entrusted to exercise good personal judgement, and expected to understand where the formal limits lay (Interview 65). On the issue of alcohol prohibition, it was said that these rules should have been adapted and changed, but they had not and instead greater freedom and discretion was allowed (Interview 47).

The service committee

Creating awareness about directives and control mechanisms

The assembly and the executive committee gave general guidelines to the department in which it was stressed that the organization be restructured and adopt businesslike operational forms; consequently, the P&R director and the financial manager were to be recruited from the business milieu. The task of the service committee was to give direction as what to do but not how to do it (Interview 69). The department should work independently and most tasks were delegated to the P&R department with no political involvement in the details (Interview 46). The delegation to the director at the P&R department was extensive and involved delegation of expenditure of large sums. One person expressed the opinion that the chairman of the service committee gave too much authority to the departments (Interview 69). Another said that the departments subordinated to the service committee did not receive many directives (Interview 46).

In the service committee there was a great trust in the directors of the property and data departments and this trust seems to have been warranted. But with the P&R department it was a different matter. This was due, according to some of the interviewees, to the departmental functions been so vast and complicated to understand; others maintained the problems arose due to poor information from the P&R department (Interview 69). Therefore the service committee concentrated much of its work to get information from the purchasing and resources department (Interview 46).

Interviewees stated that the political leadership did not really understand the implications of the businesslike working forms and the message was unclear. According to one interviewee, besides the formal instructions to departments there was an unspoken message from the politicians that the service activities were expected to understand. This was understood in the property department and after a while also in the data department, but not in the purchasing and resources department (Interview 46).

The central administration

Recruiting managers

As the county council started to work along more businesslike lines, there was an experiment with non-political boards. In property, purchasing and resources, and laundry administration the county council looked for managers from outside the traditional public sector in line with the business orientation of these activities. Staff with different backgrounds was recruited, causing some cultural collisions (Interview 66).

Reflecting on how the managers in the purchasing and resources department were recruited, one interviewee said that when the new managers were recruited the goal was to reduce the activity and the cost for it, which implied that a tougher type of manager was sought-after than would have been if the aim had been to develop an activity (Interview 63). Thinking about this in connection to new forms of public management, another interviewee expressed the following view:

You can also see this in terms of soft management where Emma is an example. How close to the other activities in the county council in terms of values were they? They recruited people externally to get input into new thinking, and then the director recruited his friends. They were standing for something different and they were supposed to do so. There was a trust in soft management models in Älvsborg. (Interview 72)

The county council had a view of what managing should be like. The aim was to recruit persons with good leadership abilities (Interview 66). The program for selecting suitable managers made provisional and temporary appointments, which gave the opportunity to test the abilities of candidates (Interview 63). Concerning training of managers there was planning sessions with all department directors, where future projects and policies were discussed and the level of support for them gauged (Interview 66). Training for managers in management, handling conflicts, formulating goals and staff motivation was provided (Interview 63). Some managers were sent on special management educational courses. Many in-service educational programs for managers were given and there were special programs for executive development for department directors and administrators developed. The managers were evaluated from the managerial policy perspective. Salaries were differentiated in relation to managerial success (Interview 66).

Creating awareness about directives

One way to create awareness about directives and wishes of the principal was the managers' planning meetings, where the budgets¹³ and guidelines were examined. Another means of communication was the inclusion of the department directors in assembly meetings. Commenting on the freedom and directions given to the P&R department, two interviewees said what many similarly expressed:

Looking in the rear-view mirror it can be seen that the management was different in Emma, as it was at the laundry, with other directions than the ordinary activities. (Interview 72) And the other person said that, they were not given more discretion, it was reciprocal action, they gave themselves more freedom and it was accepted that some activities stood aside a little, it was activities that did not belong to the core activities of the county council. (Interview 63)

To encourage people in the organisation to work towards the goals there was the suggestion project, where different ideas of improving activities were rewarded, according to one interviewee. But the interviewee also added that there were no similar incentives to follow rules. There were no special training programs dealing with corruption, though there were guidelines for employees in healthcare (Interview 63).

The purchasing and resources department

Creating awareness about directives

The purchasing and resources director was result oriented, used to running activities businesslike to reach the decided goals and had no prior experience of public administration (Vänerns borgs Tingsrätt 1998: B26)

The P&R department should be run on profit-generating lines and was comparable to private companies and the P&R departments in Göteborg municipality and Skaraborg. The management was of the opinion that they had a free hand to form the organisation. They felt that they had more freedom on ways to develop activities compared to the other service departments. There were some major differences between the P&R and other departments concerning the directives and in some areas, such as the use of official cars; Emma had greater freedom in this area (Interview 81).

There were different organizational cultures in the purchasing and resources department and the county council in general. According to the P&R department, the county council was extremely slow to get things done, both in the political organisation and in the central administration. This forced the P&R department to interpret the signals coming from the council (Interview 81). Regarding this one interviewee said:

It is much about interpreting what the politicians really mean, because it is not the same as what they write. We took after the market in the county council, but the words the politicians used could not be interpreted the same way as in business, even if it sounded like that. (Interview 61)

In the P&R department there was a view that the directives had to be interpreted and then sent back in written form to the service committee to confirm that the message had been correctly understood. Even then it was not certain that the purchasing and resources department understood the signals from the politicians as the politicians intended (Interview 81). As interviewees in the purchasing and resources department said:

I think that the service committee and the purchasing and resources department had a clear picture, but I am not sure about the information to the county council director (Interview 81). Another interviewee said, there were partly double messages from the county council. On one hand we should be a government service organised as a traditional activity, but on the other hand we should run it businesslike. It is not possible and the director wanted it to be run as a company instead. (Interview 51)

Privatisation of activities was not the final goal of Emma, but it was an option to maximize cost-reduction. The privatisation idea was strong as long as the non-socialist parties were in majority. But when the socialist parties took the majority after the elections in 1994 the attitude towards privatisation changed (Ibid.: B26).

In order to comply with expectations in Emma Vårdvaror it was, according to the director, necessary to use work forms regarded as unconventional in the county council (Ibid.: B 13). The Green Light policy was seen as a vehicle of encouraging knowledge and sound judgement to prevail within the administrations instead of being bogged down by complicated

bureaucracy (Ibid.: B15). It was seen by the management in Emma as meaning that rules and detailed regulations should be put aside (Ibid.: B33)

Regarding official journeys and entertainment expenses, interviewees said that there was a less rigid policy in Emma. On the other hand, they said rules at that time prohibited offering or accepting during ongoing negotiations anything but lunch, and this had actually been tightened up by the new director when Emma was started up in the early 1990s. Before some reference groups¹⁴ had accepted invitations from suppliers (Interview 51).

The department directors were made aware of the wishes of the service committee in the form of budget directives, but there were no clear commissions coming from the service committee. In general the politicians did not come up with goals and directives; this was instead suggested by the public officials. These proposals were then debated in the executive committee (Interview 61). One interviewee expressed this as:

The budget steered much. What the leadership really wanted did not show, but some years there were goals and directives. But in reality the goals and directives were suggested by the public officials while the politicians approved. (Interview 61)

The purchasing manager was not directly informed about the control mechanisms used in the county council (Interview 81). In the purchasing organisation the purchasing director communicated the rules, especially in connection to the Public Procurement Act (LOU). Proper work conduct norms were developed in dialogue between the purchasers and the purchasing director. Goals and means of reaching them were discussed with the purchasers in meetings with the purchasing director. It was reported which purchases had been successful and which failed, with the objective of everyone learning from these experiences (Interview 81). Concerning the directives given to purchasers one interviewee said:

There were no rules given for how to do things. You worked in teams where rules for how to work developed. But there was a lot of education in the organisation especially concerning logistics. (Interview 64)

In the purchasing division a praxis was developed concerning gifts and relations to suppliers. A decision was taken not to visit conferences or suppliers in connection to purchases, but there were no direct efforts undertaken to get the staff appreciate and follow the rules. Suppliers were usually keen to try to offer dinners or visits when a purchase was coming and corrupt offers did occur, but were not common (Interview 81).

Monitoring, reporting requirements and institutional checks

The executive committee

Interviewees expressed the view that in general there was little control of delegation. Delegation was decided in connection with each new term of office and a list was drawn up.

Reporting back only took place when there were problems. It was assumed, one interviewee said, that officials understood when the politicians wanted reports (Interview 65).

During the 1980s and 1990s the political majority had committee chairmen meetings to exchange information. There was a good knowledge also about details among them, and there were no major differences between politicians and officials in knowledge of the details. In the committees there used to be a good command of information about the administration, but the trend over time was such that politicians looked at the overall picture and had little knowledge about details and the operations (Interview 47). The possibilities of politicians having an overview and information about delegated tasks was, according to interviewees, generally good, particularly in the relationship between a responsible committee and the executive committee. But in relation to the administration, there was a noticeable difference. The politicians had much less knowledge than the managers (Interview 65).

The executive committee had follow-ups with the director at the P&R department and the chairman and vice-chairman of the service committee. The executive committee communicated its views and were kept informed; there was a dialogue when dealing with the budget (Interview 75).

The follow-up of activities in the purchasing and resources department

The county council executive committee had regularly follow-ups where economic matters were brought up, and performance of departments in meeting stated goals was reviewed. The county council executive committee was informed about the activities in Emma Vårdvaror every month by the chairman of the service committee, through economic reports and budget reports at county council meetings (Vänersborgs Tingsrätt 1998: B39). But in general, a large amount of freedom was given to the management in the purchasing and resources department; the required reports dealt mainly with the fulfilment of financial goals.

Interviewees commented that department directors reporting to the service committee had different motives; the property and data departments were more open and willing to give information about their activities while the purchasing and resources departments seemed to leave out important aspects. One interviewee stated that activities were not steered enough and that:

It was never deeply discussed what the new working forms of the service activities meant for steering and control. (Interview 46)

Furthermore, the support from the public officials in the central administration was weak and they did not, according to the interviewee, question the operations enough, perhaps because they did not like or were not comfortable with the new types of departmental structures. Their knowledge about businesslike forms had perhaps not matured and there was not enough experience in this type of running. According to the interviewee, the Green Light policy provided an important background to the reforms; the businesslike styles of management fit the message well. In the county council assembly and in the executive committee it was stated that the moves toward freedom should increase. The specific discussion was about the

importance of getting things done, but the county council director in that connection also said that the increased freedom demanded increased steering from the politicians. According to the interviewee, the consequences of both the businesslike procedures and the Green Light policy were not well thought out (Interview 46).

Signal and control systems and follow-up agencies

The traditional system of signal and control systems were used. In this case the particular monitoring groups were the executive committee, the responsible committee, the county council director and the audit (Interview 46). The county council director had no comptrollers working for him. Those who prepared the follow-up reports for meetings were administrators. The management organisation did not have real competence in follow-up matter. Therefore, the county council director was supported by initiating a staff to support the county council director (Interview 47).

The auditors reported twice a year to the executive committee and if they had a problem they contacted the executive committee. There were an auditor's report, but according to an interviewee, it was read by few and politicians in part-time positions found it hard to read everything. The audit had great credibility but only scrutinized a fraction of the activities during a year (Interview 46). Sometimes there were special comments from the audit. For instance, in connection with the balancing of the books it was discovered that the laundry had disbursed entertainment expenses contrary to the policy of the county council. These auditor's comments were, however not positively received by the politicians. The question regarding the entertainment expenses was also discussed by the county councillors. There was voices asking for a broader entertainment and hospitality policy in some operations, but no such decision was taken (Interview 48).

The service committee

Reporting requirements

It was mainly the economic performance of the departments that was expected to be reported to the service committee (Interview 46). The P&R department was regarded as being complicated and difficult to understand, particularly as it concerned substantial money. Therefore the chairman's remuneration increased to half-time over the usual quarter-time so as to be able to follow these questions better and inform more fully the executive committee. The politicians were more worried about events in the P&R departments than in the property and the data departments. There were no special demands on the P&R department, other than monthly follow-up reports of activities in the county council. The demand for these monthly follow-ups came from above; the service committee felt no need for other directives (Interview 46).

As to how well the mechanisms for reporting back and obtaining information from the departments worked, the picture is not univocal. There seems to be agreement about that the property and IT-departments being flexible and open in their information to the service committee. There seems to have been a sincere effort on the part of these two departments to

inform the committee. However, where it concerns the P&R department the picture is mixed. That the information from the property department and the data department were structured along more understandable information lines than the P&R department is a fact. But was this a conscious strategy on the part of the P&R department? In this matter opinions vary. One view is that it was not specifically indicated what kind of information the service committee should have but that the committee could get the information it wanted; it just required knowledge to know what to ask about. According to one interviewee the director at Emma gave more information than the other directors, reporting to the committee but he gave it in a different way, one not familiar to others. This, the interviewee suggested, was due to the director coming from a private business culture and not familiar with the council's modes of communication (Interview 46).

According to other voices the P&R department purposely did not provide accurate information to the service committee and the P&R director did not regard it worthwhile to put in effort into informing others as he was used to a professional board with more knowledge than the present members had. The purchasing and resources management acted as strangers who regarded the service committee as a bothersome control station, and that there was a substantial difference in the attitude towards the service committee between the P&R department and the other two departments (Interview 69). This was underscored by one interviewee who said:

The purchasing and resources management acted differently towards the service committee, compared to the other two departments, and their attitude was that the committee did not understand anything. (Interview 61)

The follow-up of the activities in the purchasing and resources administration

There was not much attention paid to the question of ways to monitor tasks delegated to the purchasing and resources department. One interviewee expressed that:

They were to work freer. How we should follow them up, we did not talk about. (Interview 46)

But it was implicit that the county council director and politicians in the committee followed the activities and that directors could be called to committee meetings. The chairman of the service committee and the P&R director were responsible for the monthly follow-ups of the financial matters. In addition, there were the audit, the activity plan and the annual report. Regulations and attestation regulations were an established system of control that was used (Interview 46).

The political intention was indeed to change the county council culture. One reason given for why the members of the committee did not have control of the subordinated departments was that a political committee could not be expected to play the same role as a board of directors who can more easily form a consensus as to what is best for the company; on the other hand, the members in the political committee represent different views and ideologies. Another problem was that, as a result of the attitude from the P&R management towards the committee, as expressed by one interviewee:

Some members were afraid of asking questions and thereby stand out as not understanding. (Interview 69)

Signal and control system used and agencies responsible for follow-up and investigation

There were no discussions about how to uncover corruption. If there were signals about improprieties, it were dealt with by contacting the person suspected and, if there was no satisfactory explanation, the matter would be passed on to the county council lawyer and director for advice (Interview 46). In general, it seems the service committee had only a vague understanding about how to carry out its responsibility for making sure that internal controls were functioning.

Follow-up activities were mainly the responsibility of the county council director. But as he had many responsibilities and a heavy workload, the director occasionally turned to the chairman of the service committee for aid. At the end of the term of office the chairman also pointed to the importance of appointing a politician and a public servant to follow-up these activities and suggested this be done in the next term of office (1995) when the executive committee was given that responsibility (Interview 46).

There was a system for evaluation of the purchasing and resources department where consumer satisfaction measures were utilized. This seemed to produce good results and improved over time (Interview 46).

The central administration

The general principle was that all delegation should be followed by reporting back to the politicians, but sometimes follow-up was lacking. Concerning the follow-up of the activities in Emma, prior to the scandals the auditors noted the problems of defective internal control and the problems of attestation of department directors by subordinates. Corrective measures were taken but at the same time the county council was in the process of cutting costs, resulting in the county council secretariat budget being reduced by 33%. Control measures subsequently suffered. The remarks from the auditors led to the appointment of a vice-county council director whose duties included having line responsibility for the P&R department. Previously the position had existed but it had been eliminated due to earlier savings demands (Interview 66).

Signal and control system used

The type of direct monitoring or “police patrol” monitoring used was the audit. Initially there were no employed professional auditors in the county council. Auditing services were bought from one company, while another company was used for accounting services in the form of balancing of books. There was a regular dialogue with the elected auditors through meetings between the county council director, the chairman and the vice-chairman of the auditors. Additional meetings with the auditors occurred when needed (Interview 66). As to control it was said that:

Concerning the affairs in Älvsborg one can say that even if we could discover if something was wrong, there were shortfalls in internal control. (Interview 66)

There was no formal system for “fire alarm monitoring” or indirect monitoring in place, such as fraud hotlines or awards for whistle-blowers. There were no systematic system for using information about the activity from third parties such as suppliers or other private persons, besides the ordinary ways of politicians getting information from party members or colleagues, and signals among employees. Generally, if a manager was not fulfilling his or her functions it was the staff from which the signals came (Interview 66).

Follow-up in purchasing and resources administration

There were several factors associated with the principal’s follow-up of the activities and the follow-up within the P&R department. One opinion held that the purchasing and resources department informed the service committee, which had full control over the financial accounts and activities. The chairman asked many sharp questions and followed the activities, but the county council director was not as knowledgeable about the activities (Interview 81).

The P&R director had full information about the purchasing situation. The purchasing director wrote weekly reports and reported on the managers meeting in Emma Vårdvaror concerning fulfilment of goals in the areas of cost reduction and price development and the result of the purchases. The activities of the purchasers were noted in weekly reports to the purchasing manager about the state of the purchases (Interview 81).

Signal and control systems used

All purchases were kept in a database and at the weekly purchasing meeting the purchasing portfolio was examined, and this was reported monthly to the director. Concerning the expendable supplies, the volumes were known. For service and capital purchases there were documented purchase orders from the hospitals. There was a system for transferring information between the resources department and the hospitals, whereby the purchasing portfolio was transferred to the financial departments at the hospital. The data system gave incentives for purchasing of expendable supplies and therefore the auditors accepted higher delegation sums there (Interview 81).

Internal control in purchasing consisted of the weekly reports and the contract portfolio, commissions in capital purchases. When a purchase was completed the action was recorded. In the purchasing line the knowledge about what everybody was doing was regarded as good, and if purchased material disappeared it would have been discovered (Interview 81). Occasionally the auditors made surprise visits and picked certain purchases for scrutiny.

In Emma Vårdvaror the activities of the purchasing manager were followed up by the financial director and the county council director. Irregularities were supposed to be discovered by the financial department at the hospitals and at the P&R department, but the relationship between the two was not good and cooperation was lacking. Therefore, this control potential was not fully exploited (Interview 81).

Sometimes signals came from employees, but not from the media or suppliers, that there were irregularities and that purchases had not been properly accounted for. This was then referred to the county lawyer who dealt with it. An example of one such case involved a

doctor who were acting both as supplier and purchaser, in such a case he was directly contacted (Interview 81).

Discovery of problems in Emma Vårdvaror and response to the alarm signals

During autumn 1995 rumours spread that in the P&R department there were abnormal overtime claims, cross attestations, and a great number of holidays converted into salaries. These findings led to internal investigations. It was initially dealt with by the chief negotiator who contacted the person dealing with wages at Emma. The negotiation manager also contacted the county council vice-director who gave the staff manager at the central administration and the staff secretary the task to investigate this. The staff manager at the central administration made a report and left it to the county council vice-director in 1996 (Vänersborgs Tingsrätt 1998: B12). The scrutiny raised a number of questions because the levels of salaries in the P&R department as a result of converted holiday days and overtime was considerably in excess of those in any other administration. Suspicions of misdoing were aimed at Emma. The county council vice-director demanded answers from the P&R director and instructed him to reduce departmental overtime. The P&R director responded to accusations at a lunch meeting, but there never was a final report (Ibid.: B37). Parallel to this was an investigation into expenses by the financial director at the central administration on behalf of the vice county council director. As well, the Federation of Swedish County Councils was called in. The attestation question became a central factor in the investigation and its role in the extensive overtime claims and holiday conversions into salary. The normal procedure is that the superior manager attests an employee, but by delegation this could be delegated to another (Ibid.). The scrutiny resulted in a report presented to the county council vice-director (Ibid.: B12).

It was the deficits and overtime costs that prompted an investigation. From the start there was an accumulated deficit in Emma and this had to be followed up. The financial director at the central administration also had the task to investigate the information about the extensive overtime costs (Ibid.: B37). He reported to the county council vice-director that accounts concerning entertainment and hospitality expense, official travel and marketing showed high than normal costs and in many case the verifications were doubtful. After that the county council vice-director spoke to the P&R department's director and financial manager about these matters. Shortly thereafter, the county council vice-director initiated an external investigation, and subsequently, the P&R director had to leave his position and was replaced by the purchasing manager (Ibid.: B38).

At the same time, as the above investigations were undertaken, the elected auditors gave an auditing firm the task to scrutinise expense invoices at Emma. They presented the results orally to the county council vice-director and the financial director at the central administration. The investigation was never finished but resulted in an internal memo whose findings resulted in turbulence and consternation. In 1996 the county council vice-director

contracted another auditing company to scrutinise the costs in Emma for the years 1994-1995. The contracted investigator however was not satisfied with the scopes of the scrutiny and, according to the prosecutor, it was doubtful whether there was a real will to have an extensive investigation (Ibid.: B12). The auditing firm's task was then widened and a report was presented in 1996, stating that improprieties had taken place concerning internal control, holiday compensation, official cars, and activities of leading managers outside their work in Emma.

In June 1996 the county council management and the county council director brought up the question of removal from office of the managers at Emma. It was regarded as necessary to undertake a thorough investigation by an independent firm. For the investigation 100,000 SEK was set aside. This was regarded as sufficient by the county council vice-director and it was concluded that if a deeper investigation proved necessary it could be handled by internal staff (Ibid.: B31). By this time the county council vice-director regarded the county council as a fearful organisation which hide itself behind regulations and paragraphs, and which wanted to put things in order but was unclear as to how to do so. In its creation Emma was guided by the Green Light policy, which meant great flexibility. After the revelations a more rigid organisation was introduced. The report that came out from the independent investigator was only a rough compilation of figures, but it did discuss the high costs with the P&R director (Ibid.: B32).¹⁵

Consequences of the affair

In the aftermath of the scandal in the purchasing and resources department the entire management team at the department had to leave office. In the county council the Green Light policy was abandoned and a new "order and method" policy was introduced (Landstinget i Älvsborg 1996d). Detailed handbooks for financial and staff procedures developed concerning distribution of powers and responsibility, attestation, representation, etc. The staff manuals covered a broad area included issues of corruption. Every committee was instructed to follow the handbooks and make sure their internal control was effective (Interview 48). In a memorandum from the new acting vice county council director, replacing the former as a result of the scandal, this new policy was described and required changes in the regulations were outlined. It was stated that decentralisation had caused problems in keeping good overall control. The situation had been that local interpretations and additions had been created concerning rules, routines and instructions. This needed to be corrected and instructions and interpretations clarified (Vänersborgs Tingsrätt 1998: B16).

Delegation was reduced. All administrative directors had discretionary budget authority over purchases up to a maximum amount of 150,000 SEK. Amounts over that had to be decided by the central administrative management; for major sums it had to be decided by the political leadership.

As a result of the scandal the Älvsborg county council decide to merge under a joint committee their purchasing and resources administration with the one in Skaraborg, instead of

reorganising and building up a new organisation and management team. This new department and organisation was thus based on the organisation in Skaraborg (Interview 48).

Conclusion

In the beginning of the 1990s when it was decided to create a new purchasing and resources department in Älvsborg, Emma Vårdvaror, the Älvsborg county council were guided by two central management policies: decentralisation of the organisation and large discretion for decision makers. Economic problems were a motivating factor in emphasising efficiency and making the organisation more flexible. A poor economic situation increased the demand for delegation, decentralisation, flexibility, businesslike types of operation, and profit centres. Steps were taken to give politicians a more overall steering role.

The follow-up of activities in the purchasing and resources department were mainly aimed at economic results and there are questions, according to interviewees, as to the position the responsible committee played in exercising influence and control over the department due to poor information. There are signs that the potential of the audit as a preventive tool was not fully exploited and, above all, the auditors had some difficulties in getting attention for their viewpoints.

Concerning ex ante mechanisms it was a conscious policy to recruit people from business to the management positions in the profit centres. At the same time new ideas were implemented and greater freedom was given. It seems as if there were different interpretations of the rules, and how to interpret the guidelines, between the administration and the county council. The principals' wishes to managers mostly dealt with the economic goals. It was a conscious policy to give the managers a free hand and not give detailed regulations. The managers that were recruited from private business were expected to work in a businesslike mode and strive to cut costs. Managers were to follow the rules in the county council, but opinions differed about the practical application of these rules concerning outside employment, entertainment expenses and privatisation of Emma Vårdvaror. In regard to privatisation, it appears that the signals were ambiguous: the management in Emma seemed to have kept the privatisation alternative as a possibility longer than what was the official policy of the county council. The same can be said about the activities carried out in the management's private companies, which were regarded as a breach of the rules by the county council and an action of disloyalty towards the county council.

Turning to the monitoring and reporting requirements, feedback and control seems to have been weak especially in the steps between the responsible political committee, the service committee and the purchasing and resources department. According to the interviews there are indications that in Älvsborg this had to do with poor information from the purchasing and resources department. The county council in general was directed towards the follow-up of the economic goals and efficiency. Delegation plans and follow-up were conducted in the normal way for county councils, but internal control seems to have been weak in Emma Vårdvaror. The economic goals were followed up and the department reported success, which

at least in the beginning was positively received by the county council management and the political leadership. But there was little follow-up of how the activities were carried out, such as the style of leadership, relations to suppliers and customers, and whether private activities infringed on the loyalty to the employer.

In terms of police monitoring there were no employed audit staff in Älvsborg until 1996. Measures were taken to strengthen control by the addition of new staff to assist the county council director after criticism from the auditors. A chief auditor was also employed in August 1996 to assist the elected auditors. The reports from the audit together, with complaints from staff, triggered the investigations revealing improprieties in Emma. But in hindsight it seems that at the beginning the county council organisation reacted rather slowly to the alarm signals that something was wrong.

In discovering the problems in the P&R department in Älvsborg the media had an important role in the fire alarm role, especially as press attention placed more emphasis and importance on the investigations in the case. Other similar scandals also played a role as the press focused more than it had before on scrutinising these types of happenings.

Institutional checks were present in the form of attestation rules. The policy was that the purchasing and resources department should when possible carry out procurements together with the buying activity when it concerned major procurements above a specified size. Another institutional check was that the P&R department reported to and was controlled by both the political responsible organisation and the central administration headed by the county council director. But in terms of its monitoring of departments and department directors the central administration in Älvsborg suffered from the savings demands.

In Älvsborg follow-up and reporting requirements were weak. The case points to the fact that the search for flexibility can be in variance with building in counter-balancing institutions to approve what is done. When starting up Emma Vårdvaror emphasis was on creating flexibility, efficiency and reduced cost, but it came at the price of reduced control and accountability.

Given the large degree of freedom, it seems as we have here a case where ex post mechanisms were rather weak and where the control was weak. This was partly deliberate in order to reduce administrative costs. At the same time the ex ante mechanisms were indirectly weakened by the changed policy concerning recruiting managers, which resulted in less common understanding about what the rules of the game were. Control mechanisms in the form of screening and selection were weakened because the administrative leadership had little experience of norms and rules in the county council. At the same time that the organization experienced more flexibility and greater freedom the monitoring mechanisms were weakened. This does not necessary mean that agents use their freedom to conduct corruption or improprieties, but it reduces possibilities to monitor and discover problems, which in turn increases the possibilities for the agents to shirk (by reducing the cost to the agent of shirking). At the same time as the administration tried many new organisational measures some rules were kept which were regarded as old-fashioned and unnecessary. These rules were circumvented and this provided an indirect threat to the legitimacy of rules and the loyalty to them in general. In Älvsborg several measures undertaken in the county council

implied increased risks for agency losses (by having less accountable agents). By this I do not want to state that the changes are of themselves wrong. On the contrary changes are necessary, especially in this case, but it is very important to think about their implications and look at ways to handle their negative effects not just focus on the positive effects. This was not sufficiently thought through in Älvsborg. In the next chapter I turn to P&R administration in Skaraborg, a more successful case.

¹ The judgements are often divided into sections for example A, B, and C. In this case the reference refers to section B page 10-12.

² As explained in chapter one respondents are promised confidentiality. The respondents are all listed in alphabetical order in the references, but only the author has the key to combine the interviewees with their code number.

³ Many of these organisational changes undertaken were a result of studies made by a researcher, who had many consultant connections to the county council and did many investigations for it. (Vänersborgs Tingsrätt 1998: B10-12).

⁴ Core activities in the county councils concern activities directed to the citizens such as health care, dental care, education and culture, while service activities, such as property and purchasing and resources administration are directed to the core activities (Landstinget Skaraborg 1991e).

⁵ The researcher, the P&R director, the financial manager, and the purchasing manager appealed. The consultant however later on withdrew his appeal. The prosecutor appealed concerning the acquittal of the financial manager regarding breach of trust concerning the car purchase and in an attached appeal (Rudh 1999, Hovrätten för Västra Sverige 2000a, 2000b).

⁶ He was also found guilty by the District Court of embezzlement for having taken advance payments on insurance payments for losses of personal possessions in his official car, without paying the money back to the County Council. In the Court of Appeal he was found not guilty on technical grounds as the description of the crime in the prosecution did not fulfil the requirements of the crime. This implies that there would have been a possibility of sentence of guilty with another description (Hovrätten för Västra Sverige 2000a: 14).

⁷ A common denominator in the defence of the director, the purchasing manager, and the financial manager concerning the fraud cases was that they had caused no harm to the county council and, according to them, the county council instead owed them more money than vice versa. In several of the cases they blamed missing applications and documents, such as the holiday applications, on disorder at the administration. Another explanation vindicated, among else by the staff manager, was that many persons were tread on their toes when activities in the county council were rationalised. The task to rationalise was given to the managing staff at Emma. This lead to a strong resistance against the persons in Emma and accusations of crimes as a result of the endeavour to reduce the number of staff at the county council. (Vänersborgs Tingsrätt 1998: B16).

⁸ On another prosecution point the consultant was found guilty of gross fraud. He had used false documents concerning a big value (155,000 SEK). The consultant was through a company controlled by him involved in a health care project in Latvia between the Latvian Government and CTH. He was said to have included payments in the project to doctors and engineers who had not carried out work or asked for remuneration. The financier SIDA (Swedish International Development Cooperation Agency) was thereby economically hurt.

⁹ The consultant vindicated that the stocks were rewards for their contribution to develop the data program CEAN, which were to be used commercially in EDP (Ibid.: B78, B81). The P&R director vindicated that he had the right to have side occupations, but he had not co-operated in the development of CEAN, and the stocks received was presently not of any value. The staff manager similarly thought that the stocks had no value (Ibid.: B 86).

¹⁰ The offender did not have to gain personally for a conviction, as would be case had the court regarded it as a crime against property.

¹¹ The basic amount is related to the annual cost development. In 1995 a basic amount was 35,700 SEK, in 1999 36,400 and in 2002 37,900 SEK (SFS 1994:1967, SFS 1998:1184, SFS 2001:647).

¹² The amounts involved were, in general, lower for capital supplies than consumption goods.

¹³ Budgets are seen as a way to influence delegation that can work both as an ex ante and ex post mechanism (see Huber 2000: 401).

¹⁴ In the reference groups representatives from the buying departments, the purchasing and resources administration were members and in some cases concerning major procurements from the responsible committees.

¹⁵ According to the county council vice-director the investigation undertaken on request from the county council auditors in 1996 was a normal procedure and was not caused by the flourishing rumours. The county council vice-director received several reports but thought that a special investigation of Emma could wait to the autumn. In June however a question was raised in the county council assembly about the benefits of the Emma department. At that time the media had started to give Emma attention and there were questions about improprieties. At a department directors' meeting in May the county council vice-director informed the group about the report the financial director at the central administration had undertaken. When the central administrative financial director's and the central administrative staff director's reports were placed together it showed that there was excessive overtime and large telephone costs (Vänerns borgs Tingsrätt 1998: B31).

A Case of Successful Delegation

Introduction

In the previous chapter (Chapter Six), we examined the case of Älvsborg county council and the problems associated with delegation and accountability. With this in mind, in this chapter we now turn to the Skaraborg county council – a case where delegation and accountability worked rather well. We begin with a description of the organisation of the purchasing and resources (P&R) administration in the Skaraborg county council. Then in the major part of the chapter I analyse the chains of delegation and principal-agent (PA) aspects. In the conclusions I discuss delegation structures and mechanisms that were used in Skaraborg to combat agency problems and I endeavour to identify possible problems. I end with a comparison of Skaraborg and Älvsborg with the focus on the PA aspects and the strengths of the accountability mechanisms.

Since in the Skaraborg case we are not concerned with a scandal-laden example, one might at first assume this chapter to be less relevant than the previous chapter. But on the contrary, this is an important chapter because, in addition to describing the way delegation worked in Skaraborg, it provides a reference frame when comparing Älvsborg and Skaraborg. Furthermore, the P&R department in Skaraborg, and its approach to particular issues, formed the foundation of the new P&R organisations established following the 1996 Älvsborg scandal and the creation of the new Västra Götaland (VG) region in 1999.

Skaraborg: purchasing and resources administration and scandals

The Skaraborg county council had in 1995 approximately 9,900 employees and nearly 280,000 inhabitants (Landstinget Skaraborg 1996a). During most of the council's history, the non-socialist parties had a stable majority (Jonhäll 1999). The Centre Party held the chairmanship in the county council's executive committee until 1991 when the Conservative Party took over the chairmanship after overtaking the Centre Party and becoming the biggest non-socialist party. But in the 1994 the socialist parties, together with the Green Party for the first time, gained the majority (SCB 2001) and the Social Democratic Party as the biggest party took over the chairmanship in the executive committee.

During 1992-1994 the Skaraborg P&R department was subordinated directly under the working committee of the executive committee. The department functioned as a profit centre from 1992, meaning it had responsibility for its own budget and it financed its activities with external and/or internal billings. The department had far-reaching delegation to decide about its activities (Landstinget Skaraborg 1991a, 1991e, and 1992b). The department consisted of three divisions: a) the material centre including the equipment branch and the depot, b) the transport service, and c) the centre for means of assistance (Ibid. 1991b, 1996g). In 1992 the department had approximately 52 employees not including those in the transport division. The material centre was responsible for purchasing, which was carried out by its equipment branch with 7 employees (Ibid. 1992d). The number of employees remained fairly stable in Skaraborg compared to Älvsborg. During the entire 1992-1996 period the P&R department showed a profit (Ibid. 1993-1997, 1995b).

The P&R department's mandate was to provide goods and purchasing services (i.e. buying, depots, means of assistance and carriage of goods) to the county council, other public sector customers, and private customers whose activities concerned healthcare. Organisational objectives, designed to make purchasing more effective, included increased cooperation within the county council and cooperation on a county-wide basis with municipalities, counties and state authorities. In order to cope with the new demands on purchasing as a result of the EEA Agreement, costs had to be reduced and resources used more efficiently (Ibid. 1992d).

Earlier a special property and purchasing delegation, within the county council executive committee, had the responsibility for the P&R area (Ibid. 1991d). But the property and purchasing delegation disappeared during 1992-1994 when, in an attempt by the county council director to make the roles clearer between the politicians and officials, delegations within the County Council Executive Committee were eliminated (Interview 57). But in the next mandate period, 1995-1998, the delegations within the executive committee were re-introduced and the departments, including the P&R department, providing services to the various county council departments were subordinated to the technical delegation. The technical delegation was responsible for the IT, resources and purchasing, and property departments. Here all the purchasing decisions were formally delegated to the P&R department.

Purchasing above a specified amount was centralised in this department. The motivation for this organizational procedure was financial, such centralization thought to be more economical. This was the case by the mid 1970s. In 1990 it was decided to run the property department and the P&R department as profit centres. The profit centres were regarded as corner stones in the new system for financial control that was decided upon in relation to adoption of the new political management organisation that were introduced in 1992 (Ibid. 1992c, 1992b, 1994c). To run the P&R department as a local government-owned company was never really a topic of discussion. It was the profit centres that were seen as the suitable form of activity. The formation of companies was viewed to some extent as a way to reduce transparency and create more freedom (Interview 77). In the property administration there were some discussions about the company form, but there was no motive for doing so

(Interview 85). In 1984 the administrative organisation was reviewed (Ibid. 1991e) and the outcome was that the administration had to start a cost-reduction program to simplify savings in activities. Consultants also introduced market-oriented thinking. In line with this the property and P&R departments were created and later they were to be established as profit centres.

The privatisation wave in the public sector at the end of the 1980s was also felt in Skaraborg. Skaraborg did not have many companies but attitudes towards privatisation and operating in a businesslike manner were positive. Data services were turned into a company and the traffic company was also run as a company (Interview 54). One person commented thusly:

In the property department they started with internal rent of premises, it was a good way of decreasing the demand of premises. The P&R administration was turned into a profit centre, but I do not think that the politicians really have understood how the administration is run. But this can also be a result of that the P&R department itself has not tried hard enough to explain. It is the same problem with the purchaser-provider contracting system. It is difficult to understand. (Interview 54)

In general the county council was a decentralised organisation with local committees having great authority between 1979 and 1995. There was an extensive decentralisation to officials but rather detailed instructions regulating the carrying out of the tasks. At one time there was major decentralisation, which meant that politicians and officials worked closely together. At the local level there were very small committees where there was good oversight of the activities, but this perhaps functioned less well at the executive committee. Decisions could be traced back through the line of delegation. But over time there was a gradual reduction of decentralisation. For example, from having one hospital committee in each municipality it was reduced to having one per constituency (Interview 54).

In the 1980s the administrative management pursued having distinct boundary lines between the political steering role (setting goals and budgets) and the managerial roles (running operations). In some areas the boundary lines were very clear such as in property and resources and purchasing administration. This measure was designed to aid both politicians and managers fulfilling their respective tasks and in developing their professionalism. Moreover, it was envisaged that it could improve economic rationality and enhance the recruitment of qualified personnel by the county council, which had to compete with the private sector. Commenting on this one interviewee said:

Against this background it was regarded as natural that specialised areas such as P&R administration were detached from the ordinary political activities and entrusted to managers specialised on these questions. (Interview 57)

Reduced government grants characterized the period from 1983 to 1993 in the county council, substantially contributing to the serious economic situation (Landstinget Skaraborg 1993c). In the 1992-1994 term the county council, to a varying extent, worked as a purchaser-provider contracting system, one objective being to work in more businesslike manner and to

enhance the ability to evaluate results of each department (Interview 57). The steering system were divided into the roles of a) buyer and producer, b) quality control, and c) an internal marketing for health care services (Ibid. 1991e, 1993a). There were also experiments with non-party politics composed of professional boards. It was the opinion of the political majority that the purchaser-provider contracting system could contribute to improve the economic situation (Interview 54), where substantial annual cost-savings were needed, amounting to about 10% cuts during 1993-1995 (Ibid. 1993c, 1993b, Interview 45,). The Social Democrats (SAP) who took charge after the 1994 election abolished the purchaser-provider contracting system, still not fully developed, and replaced it by a grant model with goals and stated conditions, similar to models used previously (Interview 54). The main reason for this move was that the SAP, leading the new majority, regarded the purchaser-provider model as not leading to increased follow-up, cost control or clearer roles and that it was a difficult management form to understand (Interview 56). Consequently, during the 1995-1998 period a more traditional model was re-introduced.

Scandals

Compared with Älvsborg there were no serious scandals in Skaraborg. On the issue of internal entertainment and hospitality expenses there were some indications that at official occasions they were somewhat uncontrolled at the executive committee level. Following the media publicity this diminished. Instances of minor credit cards irregularities did occur but these were rectified in the early 1990s and credit card usage was withdrawn. These actions were largely in response to negative press coverage, including letters to the editor in the local newspaper (Interview 60).

Delegation in Skaraborg: The official structure of the relationship in the steps of delegation

Delegation from the county council assembly to the executive committee

In 1990 the county council decided to conduct an assessment of the political organisation in Skaraborg (Landstinget Skaraborg 1991a). Following this, it was decided to abolish the delegations within the county council executive committee; subsequently, regulations of the executive committee and other committees were changed.

Essentially the assembly could not delegate matters of principal importance, matters concerning activities goals, directions and extent and matters stipulated as being non-delegatable according to the Local Government Act. Decisions taken on delegation had to be reported back to the assembly. The executive committee, consisting of fifteen members and an equal number of substitutes, was the leading political management body. Its role was to scrutinize the activities in the county council and its economic development, as well as the

activities of other committees (Ibid. 1991g). A major area of authority and responsibility was its mandate to verify that the stated goals and plans of committees were followed and to give necessary directives to committees and profit centres. Another important task was to ensure that the political and administrative organisation was suitable and to call for changes if needed. All decisions taken by delegation had to be announced to the assembly twice a year. Regarding the budgetary process, the executive committee was to present annually to the assembly an annual budget as well as a three-year plan and give economic guidelines and directives to the committees in terms of their budgets. In staffing questions the executive committee was the supreme body (Ibid.).

Within the executive committee a drafting committee was elected, five members being county council commissioners. The drafting committee was the general preparing and investigating body of the executive committee and carries out planning activities including economic activities, making proposals to the assembly concerning all decisionary matters. It also has the responsibility of planning, coordinating and following up the management of some specific activities such as in the property and resources areas (Ibid. 1991a).

During the 1992-1994 term of office the executive committee was responsible for the P&R questions, and the operation of such activities was delegated to the director of the P&R department. The property department and P&R department were monitored by politicians who were members of the executive committee and had knowledge of the area (Interview 57). The organisational model being built was one aimed at widening the possibilities of delegation within committees (decreasing the need for assembly approval) and reducing the burden on the executive committee, thereby, freeing it to focus on general planning and steering (Ibid. 1991c).

For resources and purchasing questions, the executive committee was responsible for a) purchasing of goods, articles of consumption and service which fall into another committee's areas of responsibility, b) ensuring purchasing was conducted according to the purchasing ordinance, c) giving purchasing advice and directives to committees, and d) planning, steering, following up, and evaluating the P&R departments and making budget suggestions (Ibid. 1991g).

During the 1992-1994 term, as a consequence of the new Public Procurement Act, the regulations of the executive committee state that procurements are to be conducted in accordance with that act (Ibid. 1994f).

In 1995 more substantial changes took place in the organisation when a new political majority entered the stage. We see this in the organigram depicted in Figure 7.1. It was decided to re-introduce delegations (select committees) within the executive committee for matters of staffing and environment and to re-instate a technical delegation to handle activities in the property, data and P&R departments (Ibid. 1995c). The politicians wanted centralization because of the poor economic situation and regarded extensive decentralisation in healthcare as part of the problem (Interview 79).

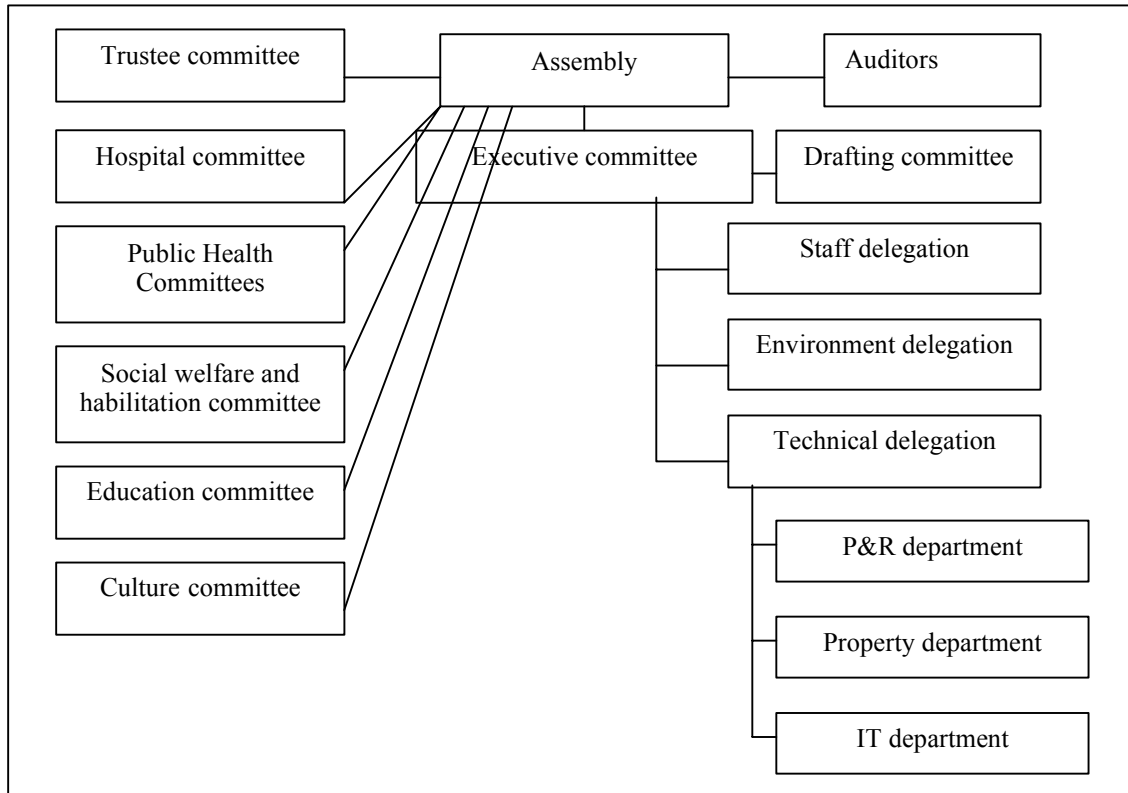


Figure 7.1 Political organisation in 1995

The objective was that the technical delegation would deal with heavy matters and would provide better surveillance than the working committee of the executive committee could do (Interview 56). The technical delegation consisted of three members (with three substitutes), who were members of the executive committee – two Social Democrats and one Conservative. The county council director also had the right to take part in all discussions (Ibid. 1995a, Interview 74).

The technical delegation was delegated the responsibility for operating activities in the property, IT, and P&R departments (Ibid. 1995a). Its role was to be a preparation (drafting) body for the executive committee (Interview 74). In the P&R administration its responsibility was to ensure resources and purchasing services in accordance with the policy of the executive committee and to run the means of assistance centre and carriages of goods branch (Ibid.). The operations subordinated to the technical delegation would be self-financing, in property and P&R administration by pricing goods and services and billing external as well as internal customers. In annual reports the delegations were required to table suggestions for future goals and activities and provide information about current goal fulfilment for each department in accordance with the directives from the executive committee or the assembly. The technical delegation also would adopt guidelines for how to control the carrying out of the activities by the departments. In general the technical delegation was responsible for enacting plans for activities adopted by the assembly and the executive committee and taking the necessary initiatives to do so. Among other responsibilities the technical delegation was

required to report on activities in the county council regarding current purchasing rules (Ibid.).

The technical delegation was given the authority to carry out procurements exceeding 5 million SEK within the investment plan specified by the executive committee and under the operating plan approved by the same committee. The delegation had the authority to buy equipment, capital goods and consumption goods if each purchase constituted between 55 and 200 basic amounts; and to enter into contracts concerning consultancy, running cooperation and usufructs in contracts extending from three to five years. In the P&R administration, the technical delegation could also decide to sell health-related resources to other public sector organisations and private customers if each sale constituted between 55 and 200 basic amounts (Ibid.).

In Skaraborg five auditors were elected to scrutinize activities in the committees according to generally accepted auditing standards. The auditors were subordinated to the assembly. Their task was to evaluate whether activities were run in a suitable way, were satisfactory from an economic point of view, and if the accounts were correct. This was mandated by the assembly and the auditors' regulations stressed the importance of scrutinizing the executive committee's fulfilment of its own duties concerning its own goals and directives, as well as inspecting other committees' activities. Furthermore, they were mandated to evaluate whether the committees' decisions were in line with rules and agreements that applied to the particular activities. Findings of this process would then be conveyed to the concerned departments. The elected auditors were assisted by expert auditors at the auditing office. The audit office was subordinate to the elected auditors, and from 1990 in line with the increased emphasis on delegating authority; the elected auditors had increased possibilities of delegating authority to the audit office (Ibid. 1990a, 1990b, and 1991f). During 1992-1994 the chairman of the elected auditors represented the political majority, but this was changed during the 1995-1998 term of office when it was designated that the chairman should be an opposition party representative (Ibid. 1996d, Interview 54).

Institutional checks

The procurement policy adopted in 1994 by the county council stressed the importance of coordinating procurement in the county council (Ibid. 1994d). It designated for different types of procurement who should be the decision-makers in the procurement and contracting processes. The executive committee was the supreme deciding body concerning procurement under the Public Procurement Act, and was responsible for adopting an annual plan for procurement of supplies and services that the P&R department was then entrusted to carry out. The buying decisions were to be made by the commercial officer responsible in the division generating the particular procurement. If the value was over one basic amount for supplies and 2 basic amounts for services the P&R department had to be consulted. The P&R department would then carry out the procurement in cooperation with the responsible staff member in the buying department and do this in cooperation with the reference group where representatives from the buying departments are members and in certain cases concerning

major procurements with the cooperation of the responsible committees. Procurement contracts were under the auspices of the authorised person according to the regulations or delegation rules. That the procurements were coordinated between the P&R department and the responsible person at the buying department meant that more than one party from the county council was involved in the decision (Ibid. 1996e).

The rules for attestation and disbursement also served as kind of double check, regulating who was responsible for organising attestation, who should attest (control receipts, payments etc.) and who should disburse. All payments were to be preceded by control, attestation and then disbursement. The person organising attestation and disbursement was appointed by the responsible committee (Ibid. 1988).

Delegation from the executive committee to the county council director

In the general functioning of the delegation process, it was stressed, decisions taken on delegation from the executive committee would then be reported back to the executive committee (Ibid. 1994a).

The central administration in the county council consisted of the county council director and the county council vice-director who worked with the staff, of example, with the directors of the financial division, analysts and evaluation division, directors and the staff manager. Other divisions were the region and culture division, the IT division, the communications division and the preparation (drafting) division (Ibid. 1996e). The director of the P&R department reported to the chief director of the financial division who reported to the county council vice-director who in turn, on appropriate matters, reported to the county council director (Interview 79).

A number of matters were delegated to the central administration, the county council director and other managers. Among the responsibilities delegated to the county council director was the authority to employ and fire managers, with the caveat that in cases involving personnel, planning, financial directors and staff managers as well as department directors, this be done in cooperation with the drafting committee of the executive committee. The director was also delegated administrative and organisational questions (Ibid. 1994a).¹

Delegation: executive committee/technical delegation and the P&R department

The director of the P&R department was delegated the right to employ and dismiss staff, utilise means at the disposal of the department and hire consultants up to maximum 15 basic amounts for each decisions. Additionally, the P&R director could decide about purchases up to 35 basic amounts for each decision (Ibid. 1992a). This authorisation was altered in 1994. The essential principles remained, but the basic amounts were increased to 25 and 55 respectively. Furthermore, the director of the department was now authorised to make purchases of material for the committees within the investment guidelines established by the executive committee and under the operating plan approved by the same committee (Ibid. 1994a).

As a profit centre the P&R department was intended to work, to a large degree, independently and was given considerable decision-making. It was accountable for the result, i.e. the difference between revenues and cost, but not for assets and external liabilities (Ibid. 1994c). In regulations affecting the P&R department the executive committee delineated the administrative tasks, responsibilities and scope of authority given to the department; these were in accordance with the executive committee’s general regulations regarding the resources and purchasing sphere (Ibid. 1994b). The P&R department was mandated to take care of procurement and leasing matters, i.e. planning, coordinating, gathering information, developing and following up relevant activities in the county council. All activities were to be conducted in a businesslike manner in accordance with the Public Procurement Act, county council regulations, the directives from the executive committee, the county council procurement policy and the regulations for the P&R department (Ibid.). When the technical delegation and its procedural regulations were introduced in 1995 the procedural regulations of the purchasing and resources administration thereby ceased, but this had no major consequences on the activities of the P&R department (Ibid. 1994e).

Delegation within the purchasing and resources administration

In Figure 7.2 I show the organisational relationship of various divisions in the P&R administration. It is depicted below:

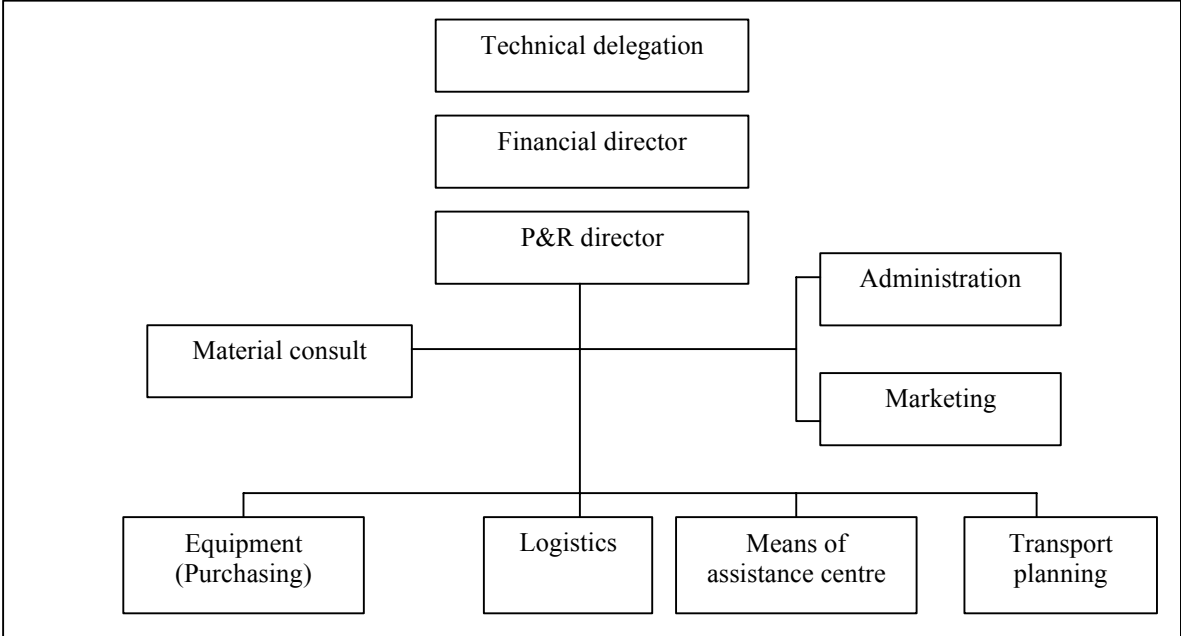


Figure 7.2 The organisation of the purchasing and resources administration in 1996
 Source: Landstinget Skaraborg 1996e.

In the P&R administration the division responsible for purchasing was the equipment centre situated in the resources centre. In the purchasing line the chain of delegation was thus: director of the P&R administration – manager of the equipment/purchasing division –

purchasers. In 1992 three purchasers worked under the supervision of the equipment /purchasing manager. Other persons in the material centre worked with purchasing of supplies (depot articles) (Landstinget Skaraborg 1992d, Interview 70). In the purchasing area the authority to sign contracts was delegated to the director and the purchasing manager, while the purchasers had no delegated authority.

Mechanisms to keep agents accountable and avoid delegation problems: the view of actors in the delegation chain

This section is based largely on interviews. I first discuss the recruitment of managers, I then look at measures used to create awareness about the principals' wishes, and existing control measures. Finally, I turn to monitoring mechanisms, reporting requirements and institutional checks.

Choosing managers and creating awareness about the principals' goals and control mechanisms

The executive committee

In principle, recruitment of managers was the responsibility of the county council director and, after 1995, these decisions were made in consultation with the staff delegation (Interview 45, Interview 74). The involvement of politicians in these processes decreased over time (Interview 78). The county council director was recruited by a headhunting company who picked a number of candidates that were interviewed by the executive committee who then made the choice.

Directives given and wishes for the activities

Matters concerning the political organisation went through the chairman of the executive committee and matters concerning the administration were dealt with by the county council director. It was the responsibility of the county council director to implement the political decisions and explain to the politicians how this was to be done (Interview 56).

Strategic matters regarding the P&R department were first dealt with by the executive committee 1992-1994 and then by one of its select committees, the technical delegation, which had responsibility for the functioning of the department. Sizeable procurements were decided by the executive committee; such proposals having been prepared and vetted by the technical delegation whose views held considerable sway (Interview 56).

The technical delegation

Creating awareness about directives

The technical delegation prepared decisions for the executive committee; it worked on an operative level, similar to an operational committee. One interviewee commenting on the personal ties between the technical delegation and the executive committee said that:

It was natural for the technical delegation to be aware of the wishes of the executive committee since all its members were also members of the executive committee. (Interview 74)

The executive committee provided the money and sometimes gave directives. In the delegation from the executive committee to the technical delegation the task and the yield requirements were stated. The rules for purchasing followed the usual procurement rules and the technical delegation also followed the recommendations of the National Board of Public Procurement (Interview 74).

The directors of the P&R department, the property department and the IT department were always present at the meetings of the technical delegation and were expected to carry through decisions and inform the staff at the relevant department (Interview 74).

The central administration

Recruiting managers

Administrative directors were chosen by the county council director in consultancy with the county council executive committee. Previously the director exercised less independence in making these decisions than today (Interview 85).

One of the reasons to have more independence in matters in the property and P&R departments was to maximize the opportunities for the county council director and the directors of these departments to recruit professionals from the private sector (Interview 57). However, many interviewees pointed to difficulties in bringing in people from business because they were regarded as often having problems in understanding the undertones expressed in messages in a political organisation.

Directives and awareness about them

In 1992-1994 the tasks delegated to the P&R administration dealt with procurement, while personnel administration had responsibility for other areas (as it had in other departments). In procurement decisions the P&R administration were sometimes given directives from the assembly or executive committee, in other situations they had the decision-power. Decisions taken on the basis of delegation were documented through recorded signed minutes, which were entered into the agenda, under document proceedings, of the next executive committee meeting. Such documents were available from the executive committee secretary and questions of substantial importance were reported on at the meetings (Interview 57).

It was the task of the county council director to inform the managerial group, where all department directors and central administrative divisions directors were members, and make it aware of decisions of the executive committee. There were also individual development talks and performance evaluations after half a year (Interview 57).

The legal responsibility for the public servant receives scant attention in the Local Government Act and there are no independent audit responsibilities for the public servants, so the main way of creating awareness about control systems was rule clarity and control in the delegation regulations from the assembly to the committees and activities (Interview 57).

In general the main directive given to the P&R department was “yield requirements”, i.e. to show profit. No direct incentives were used to coerce directors to follow the objectives save informal talks with the directors by the county council director (Interview 79). Concerning the P&R department one interviewee said that:

It was possible to influence the staff in the P&R department. And there were also communication about the political goals expressed in quantitative and qualitative goals. (Interview 57)

The purchasing and resources department

Recruiting managers

Recruitment of managers for the P&R department was largely an internal search with little outside recruitment. The 1995 reorganisation set for different positions employment criteria in which experience and knowledge about the operations were more important qualifications than theoretical education. Leadership abilities was another important criterion. Managers also received in-service training and education provided by the county council (Interview 77).

Directives and objective: creating awareness about them

The P&R director was given delegation to make the purchase; he took the purchasing decision, then reported it back to the technical delegation (Interview 77). In the purchasing division staffing and finances was the responsibility of the equipment manager (Interview 87). According to one interviewee, there were no clear directives given about the departmental objectives instead this just evolved through time. In the P&R department rules and strategies were written, as was a rough division of tasks, but there were no formalized job descriptions. The interviewee continued:

One of the reasons for this is that in the public sector there is a need to have paragraphs that allow to take away or add tasks to a service without this affecting the salary, but then there is no point with a job description. (Interview 87)

Concerning external contacts, entertainment and hospitality expenses, and control there was generally strict supervision. The policy was that if a supplier invited a purchasing agent on an official business trip, the county council paid for it. Lunch and dinner invitations were, however, seen as a normal business practices and acceptable (Interview 77, Interview 87).

The importance of the director setting a good example to follow was stressed. The purchasing manager and other managers had to grow into the norms for behaviour. About this one person said that:

The system for making managers aware of the directives given to the organisation and control of them was not good. But it did turn out well anyway due to the low manager turnover. (Interview 77)

The plan had been to introduce merit salaries in which the principals would play a role in setting salaries, but, according to the interviewee, this was too sensitive in the public sector (Interview 77).

The purchasing manager was made aware of departmental regulations via internal educational programs and through participation in the management team meetings where these matters were discussed (Interview 87). Another way that awareness was created was through courses for purchasers held by the education company Silf.² These courses provided a general knowledge about procurement rules and behaviour and a background to the EU-rules (Interview 70). Many of the purchasers also had employment experience working as purchasers in other organisations, public as well as private. While purchasers were informed about control mechanisms in writing, it was also deemed, to a large extent, their own responsibility to inform themselves. Business travel rules and guidelines were given verbally before the planned travel. Interviewees were asked about the mechanisms by which purchasers were encouraged to be aware of rules and directives, and according to one person, the procedure was such that:

The P&R director and the purchasing manager personified these directives; they were good examples. (Interview 70)

At monthly workplace group meetings, purchasers were informed about the purchasing matters (Interview 70), though when it concerned political decisions it was expressed that purchasers often felt that they did not get information about the rationale and background of the decisions.

There were directives defining the employee's relationship with suppliers written by the director of the P&R department. Earlier procurement regulations had come from the Federation of Swedish County Councils (Interview 70). Contacts with suppliers and entertainment expenses in general were restrictively regulated. Regarding visits to trade fairs and suppliers the P&R department had as its policy that these should be paid by the department, avoiding thus being under any potential obligation to the supplier. Asked to what degree this was something about which the staff was informed, one interviewee said that everybody understood this (Interview 70). Corruption was discussed, partly based on books³ and the recommendations of the Institute Against Bribes.

Monitoring, reporting requirements and institutional checks

The executive committee

Delegation decisions were reported back to the executive committee and managers also had to provide information and answer questions from politicians, which regularly occurred (Interview 45, Interview 78). The executive committee reported back to the assembly through various mechanisms such as notices of committee meetings, protocols from the meetings in the executive committee, and information to the assembly in specific matters. Not to be overlooked was a very important though informal information channel – the exchange of information between the assembly and the different committees through party colleagues in the executive committee and other committees and the assembly (Interview 45). One interviewee said:

If there were any problem the administration reported back, I have not experienced that decisions were violated or ignored, instead they came back and informed if something did not work. (Interview 78)

Follow up of the activities in the P&R department

During the term of office when the technical delegation handled P&R questions the control of the activities from the executive committee and their information were mainly channelled through the chairman of the technical delegation who was also a member of the working committee of the executive committee and the personnel delegation. The executive committee felt that its knowledge of strategic questions was satisfactory and it had access to information from the technical delegation. Matters went straight to the technical delegation and they prepared them in memorandums for the executive committee. The activities in the technical delegation were an item on the agenda of the executive committee, which had access to protocols from the meetings of the technical delegation (Interview 56).

A source of information about the state of activities of relevance to politicians in the executive committee were the meetings between the members of the majority parties and the opposition parties before the meetings. This served as a way to provide information, send signals, and obtain a picture of what was happening in the various committees (Interview 45).

Besides the normal reports to the members of the executive committee, special reports were sometimes asked for. Another important source of information for the politicians was from the public-at-large (Interview 78). But for most politicians public concern was mainly an issue concerning healthcare and not for the P&R area.

The signal and control system

In addition to the audit, irregularities in activities would come to the attention of the executive committee through the internal control system in the committees and departments. In turn, knowledge of the standard of internal control was provided by the audit (Interview 56). Several times the auditors took part during meetings with the executive committee and the

auditors were asked to suggest how improvements could be undertaken. One interviewee stressed the emphasis put on audit saying that:

When the political organisation was changed in 1995 the auditors were given more money than they had asked for to improve the conditions for their work. A director of the audit office was employed. (Interview 56)

Other signals about improprieties referred to by politicians arose from accounting problems, i.e. in balancing the books and unpaid bills (Interview 78).

The county council director had the ultimate responsibility for attending to alarm signals in the administration. According to one interviewee, if the matter concerned something substantial it would be dealt with further. The party group leaders would evaluate the situation, after which the auditors would be consulted as to ways to improve and prevent the matter from happening again (Interview 56).

The auditors' task was to scrutinize whether the administrations handled matters in a correct way. Information and remarks from the audit were given directly to the executive committee and there were twice-a-year meetings between the presidency of the executive committee and the auditors (Interview 45). The main report to the assembly was presented in connection with the annual report at which time the auditors also spoke to the assembly (Interview 56).

In the central administration the financial manager would take an active role in control. The financial managers at the different departments also had a similar role. The important role of financial manager was in providing the executive committee a picture of the state of internal control in the committees (Interview 45). Concerning the state of activities in general, public feedback was an important source of information. During the term of office 1995-1998 a unit of analysis was also established (Interview 56).

The technical delegation

Reporting about activities

The technical delegation reported back to the executive committee. Its report was on the agenda of every meeting of the executive committee as were any major construction projects. No direct information was provided to the assembly, but it did receive information about activities in the technical delegation through the annual report (Interview 74).

Follow up of activities

Meetings were held monthly in the technical delegation where operations and finances were examined. The P&R director was required to give an accounting of every project. Concerning the report's content it was left to the discretion of the director and the managers to report what was needed (Interview 74).

Signal and control system used

The main controlling bodies were the audit and financial department. In the technical delegation there were some decisions taken on adopting instructions for control of operations. If an alarm signal were picked up concerning irregularities, the technical delegation would check whether the administration had followed sound procurement practice. Talking about this one interviewee said:

If it could not be dealt with internally we would have to bring in external help and the audit.
(Interview 74)

Asked how improprieties or corruption in the technical delegation were likely to be discovered, this interviewee said that third parties were likely the ones to find such problems and continued that:

These types of questions were discussed very little. Everybody in the technical delegation felt confident about the way the technical delegation worked and the managers. (Interview 74)

The central administration

The system for reporting about activities

Delegated matters were reported back in delegation minutes and also scrutinised by the auditors. The auditors had regular meetings with the county council management. The management could report on their strategic planning and the auditors could follow it up and give advice (Interview 57).

One means of securing internal control over committees was by attestation (certification) and clear disbursement rules. Those aware or affected by these irregularities was expected to sound the alarm. Additionally the reference groups possessed information that could contribute to irregularities becoming known. Obviously, the audit or internal control was a prime tool in the discovery of improprieties (Interview 57).

The way to get information about the state of internal control in committees was the traditional methods, such as four-month period financial reports and the annual reports. The annual budget proposals were an exceptionally important conduit because of budgets steering measures affecting departmental operations on activities, while the role for the annual reports was less. In 1995 the new political majority asked the committees to report to the executive committee presidency every four-month period. There had been similar systems before but according to an interviewee it was more outspoken now (Interview 54).

The executive committee had to approve the attestation regulations. The chairman of the executive committee had the authority to attest the county council director's actions. If there were irregularities the county council director reported it to the executive committee. The county council director was also informed by the financial manager monthly about financial developments (Interview 79).

The follow up of the activities in the purchasing and resources administration

The county council director was the receiver of follow-up reports. After meetings with the executive committee and particular committees, the county council director ensured that control measures and corrections were carried out. The main follow-up concerned operations and finances. There were no special control measures directed at embezzlements, but this was implicitly addressed through rules preventing department directors from being reimbursed for expenses without certification from the county council director (Interview 79).

It was a common opinion that as long as the P&R department did not show negative financial balances, little attention would be paid. Moreover, studies comparing Skaraborg and P&R administrations in other county councils reflected very positively on Skaraborg.

The signal and control system used

In the period starting 1995 the department of analysis and evaluation was responsible for productivity and efficiency analyses; the financial department was responsible for financial results (Interview 79).

It was a tradition to have professional auditors employed to assist the elected auditors and this was regarded as providing continuity (Interview 57). The following comment illustrates the role of audit and its work:

The audit in Skaraborg controlled the question. It was easy for the auditors to have a dialogue with the leadership because they regarded it as an important question. (Interview 76)

Usually there were few remarks coming from the auditors, but sometimes they expressed viewpoints on regulations and routines and these were paid attention to. The audit functioned as one of the means of preventing irregularities (Interview 60). About the monitoring of corruption and improprieties one person, along with many others, pointed to the difficulty:

It is very hard to monitor corruption and improprieties. It is mainly by tips from persons who see things that you can catch things. The newspapers reveals things and I think it is via tips from someone. Another way is through the audit of the accounts where you randomly scrutinise or that systems look fragile or that a person is attesting himself. (Interview 60)

There were occasions when third-party sources such as suppliers complained when they did not get a contract. Some cases went to court, but the county council won (Interview 79). One interviewee thought that for the politicians the most likely channels of information about improprieties was through leaks in the administration and the auditors receiving information from the organisation. There was a case mentioned where a doctor had received money under the table and subsequently this was reported by the staff (Interview 54). On the issue of the discovery of improprieties and corruption, it was said that:

I think that if improprieties concern the director, the staff in that organisation will leak it. Above all it is in the invoice chain you have a chance to discover irregularities. And if a purchaser asks for a bribe then the supplier will probably react. (Interview 54)

The interviewees provided different perspectives on how and who should deal with alarm signals. Possible improprieties were to be reported to the police in combination with measures against the official. Concerning serious errors in judgements the county council director should, they felt, discuss appropriate measures with the department director, such as replacement, clarifying delegation, reducing or withdrawing delegation, and removal from office (Interview 57). One actual case concerned a director at a county council institute, in which the professional auditor scrutinised the account operations, reported irregularities to the county council director and the elected auditors. Measures were subsequently taken by the county council director, who informed the executive committee, and the director at the institute had to resign (Interview 79).

The auditors were mandated to pick up on alarm signals regarding, for example, erroneous entertainment expenses or acceptance of favours. In the county council the policy was to strictly apply the recommendations of the Institute Against Bribes concerning favours and bribes. Entertainment and hospitality rules were strict and the auditors were requested by the county council commissioner to make sure that the controls (conducted on a random sample basis) contributed to awareness about this in the organisation (Interview 57).

Newspapers have played a role in dealing with improprieties in municipalities and county councils in Sweden and there was media coverage of a number of allegations against the county council in Skaraborg. But the only case referred to by interviewees was a falsified entertainment expense account by two employees who bought a bottle of wine in connection to a dinner on an official business trip. They were given a reprimand but the handling of the case was still questioned in the media. But in these cases the scrutiny of the county council audit found no ground for the suspicions against politicians and public servants (Interview 57).

The system aimed to ensure that money could not be disbursed without authorization of someone else. An interviewee said about this type of control that:

If the treasury had questions they asked questions and did not pay out until they had obtained the go-ahead. The fact that it was a small county council was the best control; everybody knew what others were doing. (Interview 79)

On the subject of checks on corruption, one person emphasised how difficult it is to know whether a person has been bribed in connection to a decision (Interview 79).

The purchasing and resources department

Reporting about activities

The P&R director reported during the period 1992-1994 to the financial division's manager at the central administration; in the following term of office the director reported directly to the technical delegation (Interview 77). The equipment/purchasing manager also acted as submitter concerning procurements in the technical delegation (Interview 87). In the P&R department the division managers reported to the management team of the department (Interview 77). In the equipment division and purchasing line, the manager was responsible to

ensure that all procurements were documented, their period of validity was verified, and that the responsible referee was stated. Furthermore, the information about the suppliers involved had to be indicated, i.e. which supplier had been chosen and the cost of the winning bid. This documentation was then given to the P&R director who conveyed it to the technical delegation (Interview 87).

The purchasers reported to the purchasing manager and the director of the P&R department. Once a month the purchasing line had workplace group meetings. Major purchases would be reported in a memorandum to the director though not necessarily the purchasing manager. There were close contacts between the purchasing manager and the purchasers. In complicated procurements the purchasing manager was well updated. For minor procurements the purchasers could act without such supervision (Interview 70).

There were no other forms of monitoring and control from the responsible committee besides the financial control focused on results in relation to the budget. One interviewee said about this:

It was not really possible for the politicians to know whether the department was run in an efficient way. (Interview 77)

There was an annual commission struck to deal with planned purchasing and raising of capital. The technical delegation followed up the commissions but did not measure or ask questions about efficiency or improprieties (Interview 77). According to an interviewee the technical delegation did not exert much energy in following up matters in the profit centres and the interviewee continued:

What they were interested in was that we kept to the economic frames. We had key indicators, if they were kept or even made resources available, not many questions were asked. (Interview 85)

The administration continuously strove to cut costs but this was not as a result of directives. Each operations division in the department had its own operative goals. As to the relationship with external customers, an annual adjustment was conducted in connection with any decisions regarding the extension of agreement time (Interview 77).

In the department the division managers reported to the director in management meetings. Between the purchasers and the purchasing manager, information was, according to some, exchanged automatically because they worked so closely together (Interview 70). The purchasing manager scrutinised all invitations for tenders. But sometimes due to lack of time it was not possible to do this meticulously. The purchasers drew up drafts that were to be later authorised by the purchasing manager. The size of the procurement – that is, the monetary amounts involved – was the deciding factor in whether the purchasing manager could make the decision or if the director had to decide (Interview 87).

The signal and control system used

Information from third parties was not directly used for information or control of activities within the P&R administration (Interview 77). From the point of view of the P&R administration, externally the audit was the sole controlling body, and as to possible alarm signals there were no incidences of such in the administration. Possible penalties to keep managers and other staff accountable were oral warnings, written warnings, and wage freezes.

Conclusion

A final note on Skaraborg

On the issue of delegation and control it appears that delegation was basically clear and measures in place for reporting back and control.

Regarding ex ante mechanisms and rules and regulations, there was a desire to recruit business people to management positions in the profit centres, but the purchasing and resources director had long experience in the county council and was well integrated in the organisational culture. In Skaraborg the interviewees state that the P&R director himself personified the rules and the organizational culture that was expected to be followed.

Turning to the monitoring and reporting requirements, feedback and control seems to have been relatively strong in Skaraborg. But despite this there are also evidence pointing in the direction that the P&R administration had a free position and that knowledge about its activities among politicians was low. In terms of police and fire alarm monitoring it seems from the interviews that the preventive work of the audit and its communication with the administration and committees gained from having professional auditors continuously present to assist the elected auditors. The auditors took an active role in prevention of irregularities, and they were listened to.

Concerning facilitation of fire alarm control there were no direct systems worked out for this, such as whistle-blower awards or fraud hotlines. But the local press, staff and the publicity in general constituted such a fire alarm monitoring even though this might be seen to be weaker in a purchasing activity than other activities. There was no direct strategy to use alarm monitoring as a form of control. There were few suppliers who complained during the period investigated. Another matter that singled out is, judging from interviews, that in case of alarm signals there were different views of how and by whom they should be handled; this indicates a weakness in the way the system worked.

Attestation or certification rules could be seen as an example of institutional checks; for example, it was not allowed to attest one's own purchasing orders or contracts signed by him/herself. Another inbuilt institutional check in the P&R organisation was that procurements should be carried out by the P&R administrations together with the buying department concerning procurements over an amount limit. Even if they might not have countervailing interests it can still be seen as a form of institutional check. Another

institutional check is that the P&R administration reported to, and was controlled by, both the political responsible organisation and the central administration headed by the county council director. From the P&R administration's point of view this could also be seen as a kind of relationship with two principals, the responsible political committee and the central administration, and having to report to both. This could, of course, also foreshadow some of the problems related to having more than one principal, if the messages are different.

A comparative analysis of the outcomes in Älvsborg and Skaraborg

For both Skaraborg and Älvsborg county councils, similar contextual changes were taking place. During this period the procurement laws were strengthened and more formalised due to the introduction of EU-rules and the Public Procurement Act. Changes in the Local Government Act allowed a greater degree of delegation, and the difficult economic situation increased the demand for economic efficiency. This increased the stress in both organisations for greater delegation, more decentralisation and greater efficiency that prompted the introduction of profit centres. In both county councils steps were taken to give politicians a more encompassing steering role and greater delegation. In Älvsborg at the beginning of the 1990s it was decided to create a new purchasing and resources administrative department, namely Emma Vårdvaror. Both in Älvsborg and Skaraborg the purchasing and resources departments started to work as profit centres. The Älvsborg county council made a conscious decision at that time to decentralise the organisation and give greater discretion to decision-makers. Economic problems provided the rationale for emphasising efficiency and making the organisation more flexible. In the case of Skaraborg this translated into the introduction of the purchaser-provider contracting system. This was in line with the new philosophy stressed by politicians and administrators towards more market orientation and the push for increased efficiency. However, after one term of office the system was abolished, having been judged as not a success.

In comparing the two councils on such factors as delegation and control we see discernible differences. In Skaraborg the chain of delegation was clearer and was followed by better reporting and control than in Älvsborg. There are also indications that the audit was more in-depth and was given greater attention in Skaraborg than in Älvsborg.

Concerning *ex ante* mechanisms generally there were no major differences between the county councils as far as rules and regulations are concerned, even though there were some organizational differences. Both county councils strove to recruit business people to management positions in the profit centres, but it appears as management in the P&R department was much more integrated into the organisational culture in Skaraborg than was the case in Älvsborg. At the same time as new ideas were being implemented and greater freedom was given, Älvsborg's management was recruited from business. Additionally in Älvsborg it seems as if there were different interpretations between the management in the P&R department and other departments and politicians about county council rules and guidelines. The managers in Älvsborg were made aware of the wishes of the principal essentially only in reference to financial goals. Few detailed regulations were given.

Managers were obliged to institute efficient business practices and to cut costs and were expected to follow county council rules. However, there were varying opinions and interpretations about some of these rules, especially those concerning outside employment, entertainment expense accounts, and financial accounting matters. Another contentious area was the possible privatisation of the Älvsborg P&R department. Here it appears the signals were not absolutely clear. The management seemed to have kept the privatisation alternative as a possibility beyond the time that it was the official policy of the county council. The same can be said about the parallel activities being carried out in the private companies, which were regarded by the county council as not only a violation of the rules but also a form of disloyalty towards the county council. In this circumstance Skaraborg seemed to have been the opposite of Älvsborg. Information obtained from the interviews I conducted stated that in Skaraborg it was the purchasing and resources director himself who personified the rules and the cultural norms that were expected to be followed.

When we examine the monitoring and reporting requirements, we find that feedback and control seems to have been stronger in Skaraborg than in Älvsborg. This was especially seen in the relationship between the P&R department and its responsible political committee. On the other hand, according to interview data there are indications that the weakened controls and feedback in Älvsborg were related to poor feedback information from its purchasing and resources department. The Älvsborg county council was generally concerned with the follow-up of the budgeting goals and efficiency targets. There were formal delegation plans for how to carry out delegation and follow-up in both county councils, but in the Älvsborg case internal control measures seem to have been weak. On the positive side we find that finance goals were followed-up and the P&R department reported success that, at least in the beginning, was positively received by the county council management and the political leadership. But on the negative side, we find that the responsible political committee was not in full control and there was little follow-up of the way the activities were carried out, such as the style of leadership, relations to suppliers and customers, and whether private activities infringed on the loyalty to the employer. This meant that both from the standpoint of control by the central administration and by the responsible P&R political committee, control was weaker in Älvsborg than Skaraborg.

In terms of “police and fire alarm” monitoring, one of the differences between Älvsborg and Skaraborg was that no auditors were employed in Älvsborg until 1996. In the opinions of the interviewees, the preventive nature of the audit, and the dialogue it promoted between the administration and committees, was enhanced by having expert auditors continuously present to assist the elected auditors. For example, after criticism from the auditors in Älvsborg new staff was hired to strengthen control and to assist the council director. A professional chief-auditor was also employed in 1996 to assist the elected auditors. Furthermore, it was the audit reports, along with staff complaints, that triggered the investigations revealing improprieties in the P&R department in Älvsborg.

In hindsight it seems the Älvsborg county council at the beginning was slow to react to the alarm signals that something was wrong. In the discovery of the problems in the P&R department it was the press that played the leading role in revealing the improprieties and in

bringing to public attention the importance of the on-going investigations. Granted the press response was, to a degree, a reaction to earlier similar scandals and was more sensitised to the issue, but on the council's part there was a lack of strategy for how to deal with potential alarm signals. In neither of the county councils were there direct strategies for use in fire alarm control, such as whistle-blower awards or fraud hotlines, to ferret out problems in the system regarding P&R operations. It should be noted also that monitoring from third parties, such as the press or concerned citizens, is probably weaker in purchasing activities than other activities more directly affecting the public. During the period studied there were few complaints by suppliers resulting in investigations. It can be assumed that suppliers are reluctant to complain as it might be counterproductive for them to endanger a good relationship with a big important customer.

There were no major differences regarding institutional checks among the county councils. Certification rules are, in this regard, an example of institutional checks. For instance, employees were not allowed to certify their own purchasing orders nor were they allowed to certify contracts that they themselves had signed. Another inbuilt institutional check in the P&R area was the requirement that procurements exceeding a specified amount be carried out by the P&R department in conjunction with the particular department initiating the purchase. Even if countervailing interests might not be at work, we can still see this as a form of institutional checks. Both county councils made efforts to strive for increased use of coordinated procurement.

The P&R department reported to, and was controlled by, both the political responsible organisation and the central administration headed by the county council director. From the P&R department's point of view this could be seen as a relationship with two principals, the responsible political committee and the central administration, and having to report to both. We should note that information from the interviewees lends support to the perception that the central administration in Älvsborg suffered more from the savings demands, which negatively affected their ability to monitor the administration of the departments, than was the case in Skaraborg.

As a final note it appears that more of the delegation in Älvsborg than in Skaraborg was de facto decentralisation of powers rather than real delegation of power. In Älvsborg follow-up and reporting requirements were weak. When starting up Emma Vårdvaror the emphasis was on creating flexibility, increasing efficiency and reducing cost. The management was given a free hand to work in a businesslike fashion but was still obliged to follow the formal county council rules. This meant great freedom for a staff with little experience of public administration and, from the perspective of the P&R, the signals were not very clear as to how to run the administration. They were expected to interpret the culture and follow the rules according to their own personal sound judgement. Given this large amount of freedom, we would have expected great emphasis on screening, selection, and monitoring devices so that control can be kept despite increased delegation, flexibility and freedom. But here the control mechanisms were also weak, in part as a deliberate attempt to reduce administrative costs. This case points to the fact that the search for flexibility and administrative freedom can be in variance with establishing counter-balancing institutions charged with approving actions.

Additionally, strict rules on paper may give a false sense of security if follow-up is lacking. Finally, the Älvsborg cases show that the public servants cannot always be regarded as the guardians of the democratic principles; in some situations they might want to run things on their own without the interference of popular elected persons with little or no expertise in the matter.

¹ Furthermore, the director was authorized to hire consultants to maximum of 20 basic amounts for each decision and could utilise grants for the disposal of the executive committee.

² Silf was originally Sweden's Purchasing and Logistics association. In 1996 it was renamed the Organisation for Purchasing and Logistics I & L. Now the association, I&L, is separated from the education company, Silf Competence that is a company for competence development within purchasing and logistics. Silf dates back to 1956 when a group of purchasers saw the need for getting together and starting an association, Sweden's Purchasing Association (Silf Competence 2001).

³ Referring to books written by the well-known (in Sweden) corruption scholar Thorsten Cars, who is also a former head of the Institute Against Bribes.

8

A New Organisation in the Light of Success and Failure in the Former Organisations

Introduction

This chapter starts with the organisation for purchasing and resources (P&R) administration that evolved after the scandal in Älvsborg. The merger of the administrations in Älvsborg and Skaraborg was just the first step of a coming merger between the purchasing and resources (P&R) administrations in Skaraborg, Älvsborg, Göteborg and Bohuslän in the new enlarged county/regional council, the Västra Götaland (VG) Region. In the following sections the delegation chain in the P&R administration in this organisation will be described with the aim of analysing the differences between the new bigger organisation, the ones in Skaraborg and Älvsborg, and the coordinated and merged organisations in Skaraborg and Älvsborg. The comparisons are mainly done in the section on the VG Region in the light of experiences in the former organisations and lessons learnt from them. In conclusions I look at the contribution of using the principal agent approach to our understanding of corruption and danger zones.

The new joint purchasing and resources administration in Skaraborg and Älvsborg

In 1997 the purchasing and resources departments in Skaraborg and Älvsborg started to work as one. The new organisation was based on the Skaraborg model and headed by the P&R director of the department in Skaraborg.

The scandal and other failings of the P&R department in Älvsborg was one reason for the merger of the two; the entire management had left or been removed from office. But this was not the only reason, though a crucial one. There had been pre-scandal discussions about the gains that could be made from merging the organisations and using the resultant advantages of scale. Furthermore, it was seen that a merger would give added strength to the departments before they had to meet the next challenge – the expected creation of the enlarged amalgamated county – and thus, be prepared to match the size of the organisation in Göteborg.

The merged Älvsborg-Skaraborg P&R was from the start formally steered by the technical delegation in Skaraborg. On Älvsborg's part it was regarded as a good solution, which

avoided the problems of starting a new organisation – they could benefit from the work and experiences of their merger partner Skaraborg. Consequently, this meant that the new administration was primarily based on Skaraborg organisation, and its ideas and leadership. One interviewee said that:

Concerning directives for how each individual should work, there were regulation and templates in Skaraborg. This was strengthened over time, but we had reached further than they had done in Älvsborg, that is why the rules in Skaraborg came into place. And the rules in the present organisation are a further development of the organisation in Skaraborg. (Interview 87)

In the Älvsborg county council the Green Light policy was abandoned and a new policy “Order and Method” (*ordning och reda*) was introduced. Detailed handbooks for financial procedures and staff routines developed in which attestation (certification) and entertainment and hospitality policies were covered. Additionally the handbooks covered a broad area, including the issue of corruption avoidance. Every committee was obliged to follow the handbooks and to ensure their internal control was functioning effectively (Landstinget i Älvsborg 1996d). In a memorandum from the acting administrative director in the central administration this new policy was described and detailed the changes in the regulations that had to be made. According to the county council management in Älvsborg far-reaching decentralisation had caused problems in keeping good total control. On the topic of rules, routines and instructions, local interpretations and additions had created problems. Therefore, it was judged necessary to evaluate these policies and to replace them with clear instructions and interpretations (Vänerns Tingsrätt 1998: B16). The problems in the Älvsborg P&R department also had consequences on the degree of delegation which was to be allowed in the newly merged organisation. Generally delegation was reduced in Älvsborg after the scandals. The new directives implied that no administrative director could decide on financial matters exceeding 150,000 SEK; over that amount had to be decided by the central administrative management, and for much higher sums it had to be decided by the political leadership (Interview 61).

The organisation of the joint administration (Westma offentlig försörjning)

The new organisation being based on the one in Skaraborg did not entail any major changes to the county council administration in Skaraborg (Interview 48). The confidence in the management of the purchasing and resources administration in Skaraborg was high and the administration had shown good results over the years while the administration in Älvsborg had been run with losses throughout its existence (Landstinget Skaraborg 1992-1997, Landstinget i Älvsborg 1993-1997).

In August 1996 the county councils in Skaraborg and Älvsborg declared their intentions either that the P&R departments would work cooperatively or that the two would be merged into one administration, formally starting in January 1997 (Landstinget i Skaraborg 1996b, 1996f). At that time the two county councils were buying supplies at the cost of a billion per

year and services at a cost of 1.3 billion per year. Of this 10% was made in cooperation between buying departments and the P&R departments (Ibid. 1996e).

The aim was to obtain purchase advantages through bigger volumes, better planning and more professional administration (Ibid. 1996c). To reach this it resolved that no later than January 1998 a new purchasing and resources administration would be created which would report to a county-council common committee and to a “cooperation group” consisting of managers from both county councils. Until this organizational stage was established the work was conducted through a “cooperation organisation” led by the director of the P&R department in Skaraborg. Cooperation groups (consisting of management teams in the county councils) and a steering group (composed of the highest ranking politicians) were responsible until a common committee was ready to take charge (Landstinget i Älvsborg 1996b). The groups stressed the importance of making clear the roles, authorities and tasks of different functions in the drafting of important judicial and economic questions and that the county councils should adapt their purchasing policies in line with the new goals stated. Moreover, Göteborg and Bohuslän were invited by the merging parties to discuss a future organisation in the expected enlarged amalgamated county (Landstinget Skaraborg 1996e).

The county council management had among its goals the aim of making the P&R department more effective through such mechanisms as better coordination of the procurement (Ibid.). The common concern was primarily to obtain better results through strategic purchasing e.g. better quality of products, lower prices and more favourable conditions through larger volumes and better coordination of purchasing.

The two P&R departments started to work together in 1997 under a common leadership. In the transition period the relationship was one of two separate units (Figure 8.1). In this interim organisation the two P&R departments had a common director. The administrations were under the leadership of two committees and the staff was employed by the respective county council. Work went towards the final merger and consequently the administration was led by a political steering group in which were the leading politicians from both county councils. A management team consisting of high-level managers from both county councils were given the responsibility to set in motion the merger of a new P&R administration until the formal creation of the new committee and new regulations. One of the key people here was the director of the P&R department in Skaraborg (Ibid. 1996e).

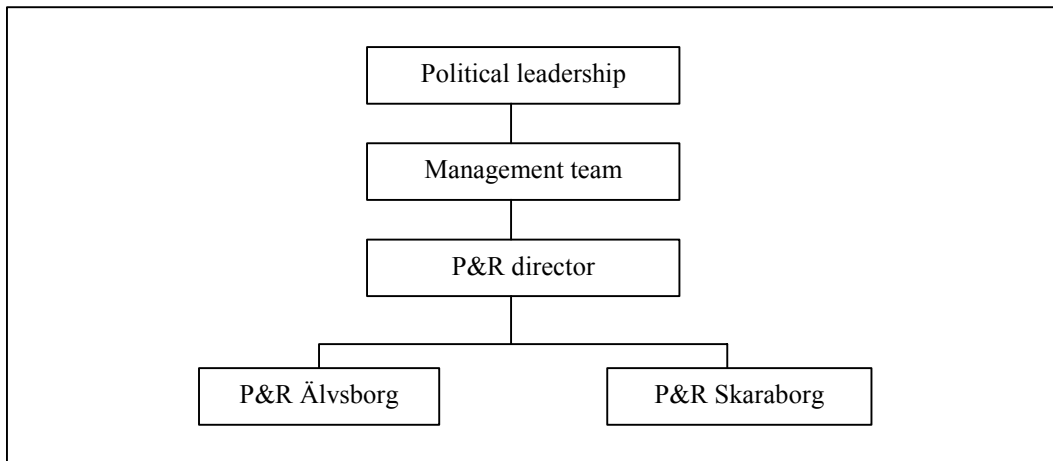


Figure 8.1 The interim solution for purchasing and resources administration (P&R)
 Source: Landstinget Skaraborg 1996e.

Starting in summer 1997 the new P&R department functioned as a joint administration consisting of three different divisions: the purchasing division, logistics division, and the centre for means of assistance in Skaraborg (Figure 8.2).

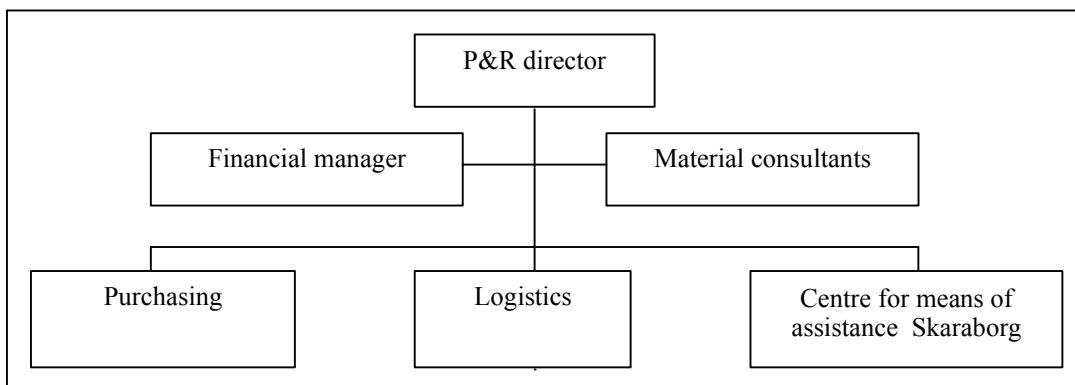


Figure 8.2. Organisation of the joint purchasing and resources department (Westma offentlig försörjning)
 Source: Landstinget Skaraborg 1997a.

From 1998 Skaraborg had the total budget responsibility for the joint department. In the reorganisation a number of measures to improve efficiency and procedures were undertaken. It had been discovered that previously a large part of the Älvsborg purchases were undertaken directly by the activities rather than by the P&R administration. Furthermore, procurement in Älvsborg often was not correctly undertaken by the activities, and the market and competitive advantages not fully exploited (Landstinget i Älvsborg 1998).

The delegation chain in the joint administration

During 1998 the Committee for Westma with political representatives from both of the county councils had the responsibility for the P&R activities. The staff remained employed by their respective county councils but the Skaraborg council acted as host county council. The auditors in both county councils were mandated to examine the activities of the common committee.¹ In judging how well the goals stipulated for the new P&R administration at the merger were met, the general findings are that a high degree of success was reached. The financial results were positive, exceeding expectations; the increased volumes partly translated into savings on procured supplies and services and a number of articles and prices was reduced in line with the goals (Landstinget Skaraborg 1999, 1998b).

The joint committee for Westma had six members and six substitutes, half chosen by the respective county council assemblies. In the committee the chairman was nominated by Älvsborg County Council and the vice-chairman by the Skaraborg county council. The chairman positions were held by the chairmen of the executive committees in Älvsborg and Skaraborg. The county councils continued to have the employer's liability for staff in the respective departments but the common committee had the administrative responsibility for the staff. The director of the new joint P&R administration was employed by both county councils. The new P&R department operated as a profit centre covering its cost by overhead charges and subscription fees, but was not profit-seeking (Ibid. 1997b).

The Westma committee's mandated role was the assumption of tasks within the P&R area formally residing in the working committee of the Älvsborg executive committee and the technical delegation of the Skaraborg executive committee. Decisions about the budget were the responsibility of the Skaraborg assembly. The budget principles stipulated the guidelines for financing of activities and overhead charges. The Westma committee had the main responsibility of annually presenting proposals for the activities, following up departmental operations, giving projections of departmental results, and adopting directions for departmental control (Ibid. 1997c). Essentially, it was the task of the committee to fulfil the plans for the P&R administration and to give the cooperating county councils, other committees and county council owned companies information and the assistance needed (Ibid.).

Among the Westma committee's power was the authority to handle the budget within its area and to procure supplies and services according to the Public Procurement Act. As was the case previously in both county councils, the committee could delegate matters to the administration and its director. Decisions taken on delegation then would be reported back by the administration according to the directives for this given by the committee (Ibid.).

The delegation from the committee to the P&R director was similar to the one in Skaraborg with some modifications. The director could decide about a) signing consultancy and other agreements, lasting a maximum of three years, by using grants at the disposal of the committee, b) signing suborder contracts in accordance with the activity plan approved by the committee, c) signing agreements where the decision about the purchase had been made by

the running organisation and d) signing other agreements not concerning suborder contracts and purchases decided by the running organisation up to 100 basic amounts (Ibid. 1998a).

Within the P&R administration there was three divisions: strategic purchasing, materials handling (logistics), and the centre for means of assistance in Skaraborg (Ibid. 1999). Westma carried out its activity in six localities (Westma offentlig försörjning 1997). In the purchasing division the organisation structure was thus: the director of the P&R department > purchasing manager > purchasing coordinator (*inköpsledare*) > purchaser (Interview 77). Compared with the former organisation this meant that one additional step had been added to the delegation chain. As described in the previous chapter there was a system for delegation to the P&R department but now this delegation was not just at the level of the director and the purchasing manager, the delegation descended to the purchasing coordinator and to the purchasers as well who could sign contracts pertaining to smaller deals.

The organisation in Västra Götaland

The new county that was formed in Västra Götaland by combining the three counties of Göteborg and Bohuslän, Älvsborg and Skaraborg is the second largest in Sweden with about 1.5 million inhabitants and the regional organization employed about 46,000 employees. An unincorporated association was formed in 1997 with the aim of preparing for the introduction of the VG Region. It was charged with mapping out organisational and financial questions. From 1 January 1999 the region was not simply to take over the former authority of the county councils but also was to assume the authority of the county administrative boards concerning regional development and planning. During 1998 decisions were taken about political and administrative organisation, type of financial control model and the tax rate (Landstinget i Älvsborg 1998).

The creation of the VG region was supported by all major political parties except the Green Party, the Conservative Party and a local party, the Healthcare Party (*Sjukvårdspartiet folkets vilja*) (Interview 50).² In 1998 in the first election to the regional assembly there was no clear majority either for the socialist parties or the non-socialist parties. The Healthcare Party held the balance of power with its 6 seats out of 149. The socialist parties and the Greens together held 74 seats and the non-socialist parties 69. Initially the socialist parties and the Greens formed the political leadership in the regional executive committee. However, this coalition lasted only a few months when it failed to get a majority for its budget proposal (*Göteborgs-Posten* 1998-12-09). After this the non-socialist parties supported by the Health Care Party formed a new majority. But major financial problems also forced this majority to stand down. The opinions in the majority were divided on the question of how to solve the deficit, whether tax increases were needed, to what extent privatisation was suitable in health care, and the use of alternative forms of operation. In September 2000, a new governing minority coalition was formed in the regional executive committee composed of the Social Democrats, the Centre Party and the Liberal Party (Västra Götalandsregionen 2001e), which

together held 70 seats in the regional assembly. They were faced with a serious financial situation in the region. The deficits had been handled by structural measures and tax increases. An additional constraint was that the law required the county councils to have balanced budgets (Ibid. 2001a).

Political organisation

In general the organisation in the VG Region is based on a purchaser-provider contracting system. One rationale for this was to clarify the political role for the elected politicians as being representatives of the electorate and not as being administrators. The political organisation (Figure 8.3) had sought to make distinctions between that part of the organisation responsible for providing the health care services and the ordering part of the organisation responsible for calculating the demand and need for health care. To separate the political part of the organisation from the provider part a select committee (the owner committee) reporting to the executive committee was given the responsibility (Ibid. 1999c) to coordinate investments, follow-up resources, coordinate staff and employer policy, and coordinate strategic changes within the implementation organisation. The implementation boards (*utförarstyrelser*) are responsible for the running and administration of the hospital groups (Ibid. 1998b).

The politicians' role should concern creating resources and deciding on the priorities. The producing role of the county council is supposed to be kept apart from the ordering side. The producers should be professional in their management responsibility, which by implication reduces political management (Interview 68). The intention is to give the regional executive committee an overall responsibility and beneath it was the public health board, which deals with medical care question from a buyer perspective. The public health board was established so that the work of the regional executive committee would not be bogged down with health and medical care questions. The tasks of both the committee and the board were to be defined and clear.

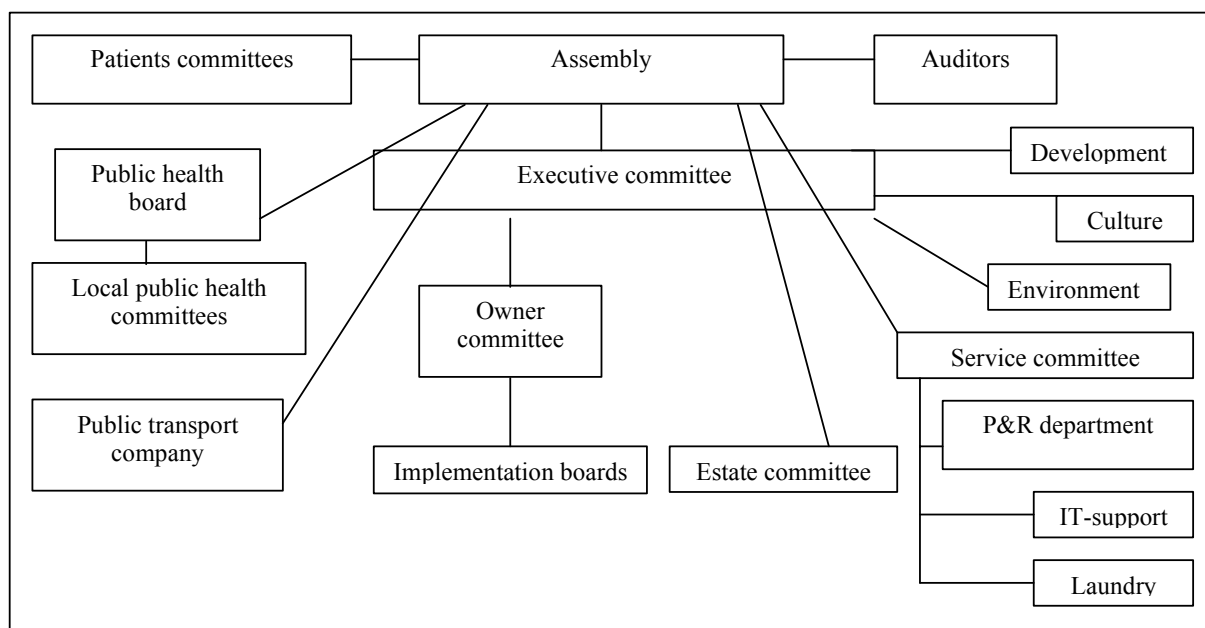


Figure 8.3. Political organisation in the VG region 1999

Source: Västra Götalandsregionen 2000.

The public health board was given the overarching responsibility for health care and should work as a buying committee in relation to the hospitals (producers). Among the duties of the public health board were to order health care and dental care and to decide about the distribution of resources between local public health care committees (Ibid. 1998b). Under its authority were 10 local health care committees responsible for buying primary and dental care within their areas. The responsibility for questions concerning procurement, supplies and IT was given to the service committee (Ibid. 1999c).

There was a substantial consensus among participants about using the purchaser-provider contracting system, according to one of those interviewed who reported that the issue was discussed during a seminar about the role of the politician today. At that seminar the politicians were eager to emphasise their roles as elected representatives (Interview 80). The aim with the purchaser-provider contracting system is also to create responsible carrying out and that buyers take responsibility (Interview 55).

The delegation chain in the Västra Götaland Region

The regional assembly

The regional assembly decides in matters of major importance such as goals and guidelines for activities, regulations for boards and committees, and the follow-up and control of activities by deciding to grant discharge or not. The assembly has the right to delegate to a committee, a commission to carry out an activity within the guidelines given by the assembly

(Ibid. 1999g). It is the assembly who appoints the executive committee and those committees needed to fulfil the duties of the region. Committees are obliged to carry out the commissions the assembly or the executive committee have delegated to them. Delegation decisions should be taken in the name of the committee. Legal documents and contracts issued through the authority of delegation must be signed by the delegated authority, and the decisions taken on the basis of delegation should be reported in the committee. It is stipulated that a committee must make sure that it receives necessary information to enable it to assume responsibility for the activity. Within their areas the committees must transmit any information required by the assembly, executive committee or other committee. A committee has the right to ask for comments and information from other committees when it is necessary to fulfil the tasks (Ibid. 1998a).

The committees decide on matters concerning the administration and other matters so designated by laws or ordinances. They also decide on matters delegated to them by the assembly. They are responsible for fulfilling the decisions of the assembly and required to render their accounts (Ibid. 1999g). The committees are to make sure that they follow the rules and regulations and ensure that internal control is operating sufficiently. The committees should account for its management of assets to the executive committee (Ibid.).

Each committee or board should be certain that it is informed sufficiently well enough to be responsible for any activity under its delegation. The executive committee has this responsibility for its own activities but also for follow-up of other committees' steering activities. Each committee has an obligation to report to the executive committee and, in a wider sense, to the assembly. To meet their responsibilities the committees must maintain internal steering and control of their activities. This means having effective administration in accordance with rules, regulations, and the goals of the assembly and receiving appropriate and satisfactory feedback of results (Ibid. 2001a).

The functioning of an activity can be delegated to another legal person or individual. If it concerns a public corporation the assembly should establish the purpose of the activity, appoint an auditor and should be able to submit statements concerning important matters (Ibid. 1999g).

The audit

The region has eleven elected auditors and an equal number of substitutes, from them a chairman and vice-chairman is elected by the regional assembly. The election of chairman and vice-chairman should be inversely proportional to the conditions in the regional assembly, e.g. the chairman should be an opposition representative and the vice-chairman a majority representative (Ibid. 1998c). These elected auditors are responsible for the overall audit work, but the scrutiny itself is conducted by the auditing unit or other expert auditors appointed by the elected auditors. The elected auditors also appoint elected auditors to the companies owned by the region.

The auditors, following generally accepted auditing standards, annually scrutinize all activities in the committees and the companies owned by the region. This means determining

if the activities are operated appropriately and are cost-effective, examining the accounts, verifying if sufficient control has been carried out by the executive committee and the other committees. This should be done in accordance with the directions given by the assembly. The auditors are responsible for taking the necessary initiatives to develop the audit activity and carry out for the audit activity (Ibid.).

On completion of their work, the auditors render their judgements as to whether discharge should be granted to the committees and boards. This report is given to the assembly (the principal) before decisions are taken on the matter. If there is disagreement among the auditors, each auditor's specific view is noted (Ibid. 1998c, 2001d). Comments and queries may be directed towards committees, assembly drafting committees, and the elected persons in these bodies (Ibid. 2001a). In summation, the auditors verify if operations of activities and departments are functioning appropriately and are cost-effective, examine the accounts, and access the internal control mechanisms. The auditor's final report is presented to the assembly (Ibid. 2001b).

The auditing unit has 10 employees. In addition to the audit conducted by the unit itself, auditing services are contracted out to auditing companies for security auditing. The security audit assesses control mechanisms and verifies the accuracy of accounts. Another aspect of the audit looks at management functions, examining efficiency of activities, quality and productivity of activities and identifies areas needing further development or improvements in the organisation and its control system (Ibid. 2001c). The audit tries to implement its investigations by focusing on the steering environment, the risk identification, information, communication and follow-up of the effect of steering etc (Ibid. 2001a).

The annual scrutiny is conducted in dialogue with the committees, boards and administrations where focus are on internal control and steering. In the audit unit each auditor is assigned to specific activities to foster an ongoing dialogue with the activity. To sum up, the annual scrutiny follows activities in documents and matters, looks at the conditions in committees and boards for steering the activities, determines if decisions and goals of the committee and the assembly have been reached, examines if decisions are implemented, and judges if the goals are reached and the systems and routines are used as intended (Ibid.).

The executive committee

The regional executive committee's role is to lead and coordinate the administration of tasks. It is in charge of other committees' activities and the activities in the VG region-owned companies. The executive committee, which has the right to ask for any information it needs, is charged with preparing matters for the assembly, being in charge of financial administration, carrying out the decisions of the assembly and duties that the assembly delegates (Ibid. 1999g). The executive committee consist of the 17 regional councillors appointed by the assembly. Its chairman is elected by the assembly, as is the vice-chairman. The executive committee is the leading political administrative body. It has the responsibility for the development of the region, for close scrutiny of the region's development, and handling the administrative and implementation tasks not entrusted to other committees. In

the financial and control areas the executive committee is in charge of preparing the budget and making sure that the financial administration in all activities is proper. The executive committee has the right to appoint the committees and make preparations it finds necessary. It handles administration of funds within the directives adopted by the assembly. Among other responsibilities the VG executive committee has to prepare matters for the assembly, to plan, give directives and guidelines for activities, to make sure that plans for activities and financial directives are followed, to verify that activities are conducted according to laws and rules, and to decide about basic policy questions within the area of the executive committee (to the extent that this is not done by the assembly), and to draw up directions and general lines (Ibid. 1998d).

Within the executive committee a select committee (the owner committee) consisting of five members is appointed. Its task, on the instructions of the executive committee, is to verify that resources are used in the most suitable way. Moreover, it prepares the budget (Ibid.).

Institutional checks

Purchasing policy

The service committee has the strategic managerial responsibility for purchasing and logistics in the regions. The P&R administration (Westma) is placed under the service committee and has the mandate to handle purchasing service, procurement and logistics for the activities. The policy is that the region should use its size in all purchasing to coordinate the procurement and that this should be done in close cooperation between the P&R administration and the users (buyers). In the policy the conditions, rules to be followed, routines and definitions of what characterize procurement are laid down. The policy further states that decisions to buy should be separated from the procurement decision. All purchases of supplies above one basic amount and services above two basic amounts should be conducted by the P&R department if it does not concern suborders (at call) on signed general agreements. Below these limits the activities themselves can conduct the purchase in accordance with the rules about businesslike character, competition and objectivity (Ibid. 1999b)

Attestation and pay out regulations

The organisational policy establishes that all payments of funds should be preceded by control, attestation and then disbursement. There are formal, defined rules both for attestation and disbursement of funds.

The attestation certifies that invoices, disbursement, salaries and other financial statements are controlled before payment and before they enter in the books. The committee has the overall responsibility for attestation within its activities and this responsibility is delegated to the administrative directors according to the delegation list. The administrative directors or their equivalent are the chief attestation authorities and appoint attestation persons within their respective activity areas. The person appointed to attest cannot delegate this. Attestation

should be performed by appointed persons; as far as possible the appointed persons should be individuals responsible for the budget of an area or someone who has been appointed to handle a specific matter (Ibid. 1999a).

The authorization of payment of money involves the final approval before a payment is effected. Controls should be in place to assure that the attestation has been made by an authorised person and that the payments are made to the right consignee. The administrative directors or their equivalents are the persons authorized to pay out for their activities and they appoint those authorised persons to pay out within the activity. The person who appoints those authorised to attest and pay out has the responsibility to informing those involved about the rules (Ibid.).

The regional director executes directions for implementation of the attestation rules. In the implementation directives it is stipulated that the control of the attestation regulations and their directives is the responsibility of the respective administration. Matters of fundamental importance and questions concerning the regulations should be decided by the executive committee. Areas concerning procurement and purchasing questions are regulated in a specific regulation. Attestation persons and individuals authorized to make disbursements cannot be the same people and they should be informed in writing about their duties and relevant rules (Ibid.).

The service committee

The service committee consists of nine members and an equal number of substitutes. From these members the regional assembly appoints a chairman. The main tasks of the committee in the area of the P&R administration are to provide strategic leadership for purchasing and be responsible for the distribution of resources to respective activities. Besides this the committee is responsible for the laundry services and IT support to the activities in the region (Ibid. 1999h).

The service committee can delegate in accordance with the law. In the instruction and delegation to department directors within the area of responsibility of the service committee, it is stated that the department directors are placed under the regional director and have the responsibility to lead the activity, work for a continued development of the organisation and decide about appointing managers who report to them. Other responsibilities of the department directors are to run the activity according to the directions of the assembly and the executive committee, to establish a clear organisational structure, and to handle the operation of administration in a rational and cost-effective way. Furthermore, it is the director who appoints in the specific activity area those authorized to attest, to order an amount to be paid out, and to sign for the company (Ibid.).

The central administration

The executive committee has the right to delegate duties in accordance with the law (Ibid. 1998d). The decisions taken on delegation are to be recorded and reported. The executive

committee delegates a number of tasks to the administrative directors concerning administrative and operational tasks. On the matter of signing and cancellation of trust agreements (*koncernövergripande avtal*) by the order of the buyer, this responsibility is delegated, within the limits envisaged, to the director of the P&R department. Another such task is the establishment of the buying department. In both cases the P&R director in turn has the right to delegate this one step further (Ibid. 1998e).

The regional director is the leading official and the director of the department directors. The director should coordinate the region’s activities, lead the work dealing with overall policy questions, guide the development of the organisation, and make hiring decisions for the posts of departments directors or equivalent positions. The director has the responsibility to ensure that activities function in accordance with the wishes of the assembly and the stipulations of the executive committee, that the organisational structure is clear, and that the region’s operations administration is handled rationally and cost-efficiently. The director is authorized to sign for the company, appoints persons to attest and persons to order disbursements (Ibid.).

The purchasing and resources administration

During the autumn 1998, the work started on joining the P&R department in Skaraborg and Älvsborg and parts of the municipal procurement company in Göteborg. When the joint organisation for the region started its work on January 1, 1999, the new P&R administration was handling purchases of supplies and services in the order of 4 billion SEK (Landstinget Skaraborg 1999). In 1999 the number of employees was about 200 and the activity was carried out in 11 places (Westma 1999). Westma works as a profit centre, and gives service to other activities in the region concerning procurement, depot (warehousing) supplies and means for assistance (see Figure 8.4). Most customers are internal within the region, but Westma also has external customers in the health care sector within the region (Västra Götalandsregionen 1999d).

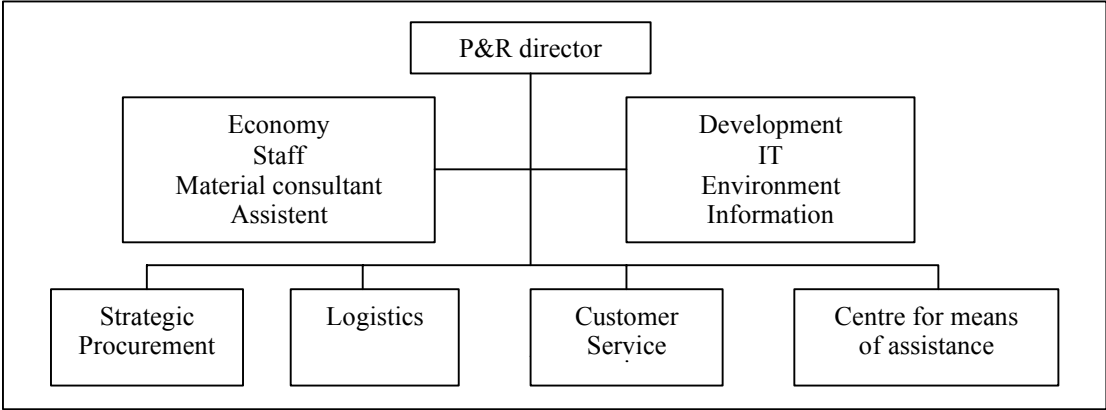


Figure 8.4. Organisation of the purchasing and resources department in the VG Region (1999)
 Source: Västra Götalandsregionen 1999e.

In the procurement division of the organisation there were four areas (later reduced to three): a) procurement of capital, b) procurement of services, c) procurement of expendable supplies, and d) procurement of contracts to be used by the regions' activities. The principle is that all supplies and services with a procurement value above one respective two basic amounts should be handled by the procurement division (Ibid. 1999f). In each of the functional areas there was a purchasing coordinator in charge of the purchasers. The purchasing coordinators report to the purchasing manager who in turn reports to the P&R director.

All procurements above three basic amounts should be reported in a memorandum by the person dealing with the purchase. The report is then to be sent to the purchasing manager and the staff. Regarding delegation from the director of the P&R department concerning purchasing, the purchasing manager was delegated to decide about purchases and general agreements for customers up to 10 million SEK. The purchasing coordinators were delegated purchasing decisional authority up to 200,000 ECU, while the purchasers, depending in which of the purchasing branches they were working, were delegated to take decisional authority over lower values. On procurement of services and on general agreements (*ramavtal*) this could be decided by the purchasers up to three basic amounts (Ibid. 1999i).

The management handbook is the overarching steering document in which the director of the P&R department presents the demands and recommendations of the P&R administration. The managerial system is based on planning, implementation, evaluation and development and affects management and steering functions, the staff, principles of organisation, handling of conditions for and demands on the activity, evaluation of the results, and development of the activity. It is stated that the responsibility to interpret external conditions and demands connected to carry out the activity is delegated to the persons responsible for the various fields in the department. The P&R director in turn is responsible to see that the conditions for the activity are fulfilled, while field managers are responsible to see that the demands connected to the conditions are fulfilled. Each manager has the responsibility to anchor in his/her division the directives of the document, which is available at the internal homepage of Westma (Westma 1999).

The P&R director has the responsibility to ensure that the activity follows laws and directions, and that it fulfils the conditions and demands placed on it. If there are ambiguities concerning the responsibilities and authorities of the director the question should be handled by the service committee. The management team formulates strategic goals within six focused areas and leads the work with the help of balanced scorecards, which is a method to follow-up activities with the help of established key indicators in activity plans of the divisions. The focused areas are the financial results, customer satisfaction, staff satisfaction, supplier outlook, internal processes and development. The various departmental divisions should formulate activity goals using a balanced scorecard. The long-term goals are to be approved by the director and should be anchored in the actual division of the organisation (Ibid.).

The aim is to delegate responsibility and authority as close as possible to the task so as to have room for creativity and initiative. Ethical and moral behaviour should characterise all

actions. The manager's main tasks are to explain what and why things should be done. A reward system should be used to motivate employees to take part in development work (Ibid.).

The organizational objective is to have procurement carried out in close cooperation with the users of the activities and the material consultants. The intention is to use benefits of scale and to operate within the relevant laws, ordinances, and the environmental policy. The operations of the department should operate under a pricing policy, which is revenue based and where products are offered at cost price. This means that the same prices on products are offered to all users in the region. The value for the region as a whole should be the first priority, not just the maximum value for a particular department (Ibid.).

The department director delegates to the division managers the power to determine what are the current demands on the activity, which in turn must be countersigned by the department director. Then the response to the demands is directed to the relevant person in the organisation (Ibid.).

All department activities should be evaluated. This concerns fulfilment of demands in the organisation, the efficiency of processes, the degree of fulfilment of objectives in the six focused areas, and the fulfilment of policy (Ibid.).

Actors views about the organisation of the region in general

From this formal presentation of the organisation and its delegation structure I now turn to the actors and their views. First, focus is on the selection of managers and how awareness was created about goals and control mechanisms. After that, focus shifts to the mechanisms for monitoring, reporting requirements and institutional checks.

Choosing managers and creating awareness about the principals' goals and control mechanisms

The audit

From this formal presentation of the organisation and its delegation structure I now turn to the actors and their views. First, focus is on the selection of managers and how awareness was created about goals and control mechanisms. After that, focus shifts to the mechanisms for monitoring, reporting requirements and institutional checks. As to the education of managers, topics brought forward as being important were leadership abilities and ethics and morality. Attention was drawn to these topics both in the form of written directions and ethical directions (Interview 42).

It was the opinion that there is a strict attitude within the organisation regarding entertainment expenses and control, which is reflected in the regulations. The extent of entertainment expenses in county council organisation was, according to an interviewee, affected by the amount of international exchanges taking place. It was perceived that

international exchange requires some forms of entertainment expenses. But one problem concerning these matters by interviewees was that the control apparatus is not fully developed to maintain adherence to the rules. This is true both in terms of the size of the staff and their competence. Furthermore the newness of the organisation and its “in-development” organizational structure was singled out as a danger area in which some people could use this for unwarranted and unjustified purposes (Interview 76).

The executive committee

Choosing managers

In the choice of the new regional director, certain qualities were viewed as important, namely, the ability to manage the region, to manage the administrations, and to create order. In the final rounds the chairman and the vice-chairman conducted interviews with five of the applicants (Interview 80). The region was seeking a manager with experience from politically-managed organisations or organisation of officers and employees, and it should be someone from the outside of the organisation (Interview 59). The other members of the executive committee received the information from the chairman and the vice-chairman of the committee in a rather late stage, according to one member (Interview 86).

Other managers are recruited by the regional director sometimes in consultancy with the responsible committee chairman and the vice-chairman (Interview 80). The recruitment of managers is a matter for the officials who appoint managers. When rules for committees and boards were passed, there was a discussion over whether the whole committee or just the chairman and the vice-chairman should be included in consultancy concerning choosing manager, according to information obtained from one interviewee (Interview 52).

Many managers recruited had been employed in the former county councils but there were also external recruitment where competence and experience were important (Interview 68). All managers were recruited during the period of the provisional board. This was before the politicians were elected in the region (Interview 49). The recruited managers were expected to support the content and values in documents but were not directly trained in that matter (Interview 86).

Creating awareness about control mechanisms and the wishes of the principal

Regional councillors have overall responsibility. The commissioners’ responsibility divides into different areas (Interview 43). The executive committee sets goals and guidelines, which are interpreted by the officials who give feedback through dialogue with the responsible politicians. Information to the commissioners is based on dialogue with the officials who run and manage the activities (Interview 59).

The regional director’s role is to inform the administrative directors about the wishes of the executive committee and bring relevant matters to the executive committee. The executive committee meets the regional director two or three times a month; the political secretaries working for the commissioners also have contacts with the departments and the administrative directors (Interview 80).

On the issue of alcohol rules and entertainment expenses, the decision taken was that alcohol was not to be served during internal entertainment and hospitality events (Interview 80). There was a lively discussion about the internal regulatory framework connected with the passing of the regulations. According to one interviewee, regulations regarding expense guidelines for external entertainment and hospitality was left to each committee to decide; there had been no discussion about a general policy in the area, outside the chairman and the vice-chairman level (Interview 86). Several persons interviewed commented that there is a bigger awareness about entertainment expense questions now, following the many scandals (Interview 80). One interviewee said that there had been an on-going discussion among the staff about values, perspectives and long-term goals but there had been no organised program for creating awareness (Interview 86).

The central administration

Recruiting managers

Administrative managers were recruited by advertising within the former organisations, and if this did not produce successful results the positions were advertised externally. The required job qualifications were stated in the advertisement. Selection was based on an impartial judgement; references and other types of recruiting instruments were used. Among the important criteria stated was the will to become a manager (Interview 83).

Training of managers

The intent of the recruitment process is to select a capable manager and to provide training to the candidate before appointment to the position. Priority has been given to leadership training. Nevertheless, there are many other areas in which the successful candidate should have competence including ethics, with honesty regarded as a prerequisite (Interview 83). Managers were expected to understand what kinds of rules were applicable to the job (Interview 53).

Creating awareness about directives, control mechanisms and the wishes of the principal

The merger of the different county councils implied cultural differences concerning representation, official journeys and contacts with business but everyone is aware that a restrictive outlook is in force. Procurement was generally regarded as stricter today as a consequence of the Public Procurement Act (LOU) (Interview 85). In the financial area there is a special regulatory system, and a financial policy has been proposed for the executive committee and the assembly (Interview 53). Concerning entertainment expenses, one interviewee said that:

Regarding official journeys and invitation for official dinners I have said that the region is paying when it concerns education and official visits, we then pay against produced receipts. It is a general policy. We follow the rules for official journeys. (Interview 53)

Another interviewee reported that there is a policy for representation but as many others thought that offers are often accepted in contacts with the pharmaceutical companies (Interview 63). As to the degree of awareness in the organisation and the efficiency of the control mechanisms applied there seems to be a variance of views among the interviewees.

Monitoring, reporting requirements and institutional checks

The audit

Possibilities to control and monitor

Every committee has a contact person in the audit office who follows the operation of activities over the year. The auditors at the audit office have 55 areas divided among them, which are monitored the year round. The eleven elected auditors meet all committees and boards every year, receiving all documents and meeting the activities' management staff. The elected auditors are divided into three groups; the chairman and the vice-chairman are included in all three groups (Interview 42).

The performance audit has a projections aspect as well as scrutiny of current affairs. The elected auditors have contacts with the managers of activities and report on their conclusions. The auditors meet the administration and report and sometimes send them questions (Interview 42). For auditors the most common way to get information is to talk with the staff in the organisation (Interview 76).

One control mechanism used is to take samples though it is seldom used. A powerful audit instrument used is "register analysis", usually bought from an outside auditing service, where all transactions in a committee are checked. One interviewee commented on the problems regarding control that:

There are too few officials controlling. It is difficult to control politicians, to a large extent they control themselves. (Interview 76)

The unit for analysis and evaluation, employing 50 people, also can check on how well a department is following directives. This unit evaluates and analyses, among other factors, the efficiency and goal adherence of activities. This is an integral part of the county council administration's activities in contrast to the audit, which is directly subordinated to the assembly (Interview 42).

Alarm signals and control systems used

The internal control mechanisms with control systems such as archives, attestations and official registers have as their purpose to make it difficult to cheat. Written delegation builds up control and rules for whom should do what. A person can never attest his/her own bills or invoices. The audit is stressing the importance with a well functioning internal control (Interview 42).

If the regional director receives signals of improprieties the director should go to the responsible committee that is affected or otherwise to consultants, the auditors or the director's own staff in order to correct things. The managers of the activity are responsible for ensuring that there is satisfactory control. They can ask the auditors for help to check internal control, though the auditors decide independently what is to be examined. Improprieties and criminal activities should be reported to the police by the committee itself, but this can also be done by the auditors (Interview 42).

On lower levels the alarm signals are most often coming from employees in the organisation, as the public does not have the same insight into operations. If a signal is noticed the auditors must make contact with the manager of the activity, which then has to examine the matter. The task of the auditors is to pay attention to things that need to be taken care of by the activities. The new law pays attention to this and, if the committees do not take measures to meet the requires made by the auditors, the auditors can then raise such questions in the regional assembly (Interview 42). Asked warning signals, one interviewee said that if it were a substantially serious matter then the auditor makes an investigation without telling the administration. If it is a less clear situation, the auditor sits down with the administration manager, reports what has been heard, and gives the reasons why they believe that it is true. A time schedule is set for the manager to report back, and then the auditor investigates. In this case the audits are open and strengthen internal control by increased attention (Interview 76). The following statement illustrate well one of the problems identified in the organisation:

On one hand we have regulations and policies to restrict behaviour, but on the other hand the control apparatus is not on a par with the organisation structure and its demands. The size of the organisation makes regulations difficult to apply. (Interview 76)

Major, dramatic changes are regarded as creating dangers, it was observed by interviewees. The routines were not perceived as being ready and there was no control apparatus ready when the old structures were torn apart. Such upheavals required extra resources.

The executive committee

The responsible committees have a better possibility to control while the executive committee should have the overarching role, not being involved in the detailed operations (Interview 80). The work in committees and their subordinated administration is followed up by monthly and by half-year reports. Members of the executive committee also check with party members in the committee. They can obtain protocols from each committee if so requested. Generally access to formal documents is uninhibited. Political secretaries working for the commissioners also have direct contact with the officials (Interview 86).

As regards the committees, there are regular meetings with members of committees. Some have the opinion that members in the local health and medical committees are powerless in influencing matters, especially in areas where previously they had the full responsibility for activities (Interview 71).

Some interviewees also had the opinion that to know what is really happening on the floor one needed to get experience from there and that the part-time politicians have less possibilities to follow things up than the full time politicians do (Interview 86). Information is also obtained from written reports and the audit (Interview 59).

The owner committee focuses not so much about how things are run by the departments; it is the result that is important. How the departments carry out their tasks is regarded as a question for the departments itself and the committee in charge (Interview 68).

Comptrollers can check what the administration does and are so used by the regional director. According to one interviewee, if it concerns improprieties the auditor is turned to instead of the comptrollers (Interview 80).

When it deals with control of the committees, the assembly has the auditors as one vehicle of control. However, according to one interviewee, in the executive committee there is no control of what is presented; partly this is blamed on the fact that the purchaser-provider contracting system was unclear (Interview 80).

Signal and control system used and agencies responsible for follow-up and investigation

There were no reports to the owner committee about systematic cheating. When there are complaints about the running of activities, it is reported to the controllers who investigate. It is only reported to the owner committee if it concerns finances or staffing. There is no explicit strategy for handling of such signals. When there were alarm signals about nepotism and poor administration at a hospital in a division, the controllers at the regional director were given the task to determine how to handle it (Interview 68).

The auditors have hearings with the group leaders, survey officials and politicians, and it was a common opinion that the auditors were much more active than before and had more focus on performance audit.

There were reported cases where information had come from third party sources. One channel for information about improprieties is from people working in activities who are angry at something. One interviewee pointed to rumours about doctors who treat private patients using the public hospital, and also about purchasing staff but added that a lot of it is gossip. The same person said that the picture received in the executive committee has been filtered through several manager stages, and the interviewee stressed the importance of being out in the activities and to have information from employees in the activities so as to have alternative pictures (Interview 71).

One institutional check referred to was the attestation system where different people do the steps, attest and to pay out money and the use of the P&R administration in procurement (Interview 80).

The central administration

The political level delegates authority, but the main control rests with the manager. The managers are responsible for control of their subordinate managers (Interview 83). The committees' possibility to control and survey the managers' activities has largely been based

upon trust in the managers. As its information channel the executive committee uses the regional director (Interview 63).

The mechanisms by which the administrative directors and subordinate managers are to report their activities are shaped in the respective committee. Managers are subordinated to the regional director but are also available for the committees. They can receive delegated authority from both a committee and the regional director. According to the committee rules, it is the responsibility of managers in their respective positions to enter into contracts. When they make decisions they are obliged to report back to the committee from whom they received the delegation (Interview 63).

Every administrative manager should follow-up the subordinate managers' actions. Normally the administrative managers examine financial reports and results. Respective committee are responsible for its own activity and giving the department director instructions and assigning tasks (Interview 63).

Delegated tasks can be checked by the controllers connected to the regional director. The auditors can also be brought into the process (Interview 63). So far the controllers have mainly looked at the hospitals and focused on cases where there have been problem signals that there were problems (Interview 82).

Concerning corruption and improprieties one person stressed that it was not enough to inspect internal control, to discuss if internal audit groups should be introduced or not, checking if there was a need to check results, check routines and do an in-depth study of the whole process. Rather one also has to look at who is sending the alarm and who is dealing with it. It is a matter for the audit and the manager of economy that had to be developed further (Interview 53). The same interviewee said that:

The reporting back is largely based on the director's judgement of what is important; if you are handed a task you are expected to report back. (Interview 53)

Follow-up is done by activity reports and reports about the personnel situation and so on. In the major hospital group the divisions report every month to the implementation boards about the activities, the finances and personnel. The secretariat of the owner committee follows up all the activities that are under them and is mainly focused on the finances. The follow-up takes place through talks with managers and internal auditors. That information is then passed on to the chairman and the vice-chairman of the owner committee (Interview 82).

Signal and control system used

One interviewee related that if someone expresses criticism of an employee then it was discussed with the employee. Clear rules of the game for how to handle the information were regarded as important in the staffing department. If signals concerned corruption or improprieties it should always be an impartial party that investigates (Interview 83). On ways to handle alarm signals there were differing viewpoints in the organisation.

Another interviewee said that if alarm signals were noted the suspicions would be passed on to the chief lawyer. If it regarded improprieties or something that seemed suspicious, the

matter would first be checked with the controllers, then passed on to the chief lawyer (Interview 82).

Regarding information from third party and its role for information and control of activities, many improprieties were uncovered as a result of rumours, according to an interviewee. First, in those circumstances information was gathered, for examples, accounts, addresses, and there were discussions with the involved parties. In the next step independent auditors were engaged as consultants and finally it became a matter for the police and prosecutor. (Interview 63) According to another interviewee the press is very vigilant as a result of scandals, checking the official register every week (Interview 82).

On the issue of avoiding corruption in the administration, the finance area and the procurement of service were regarded as large areas with a danger that some consultants could be favoured. In the finance division at the central administration LOU is followed, consulting services could be procured up to two basic amounts, and the financial director has delegation to purchase up to two basic amounts, above that it would be referred to Westma. This is in line with the general rule in the county council. Criteria are set up and a representative sample of consultants is informed. Then all tasks are sent to Westma and they make a first composition. After that, the finance division sits down and talks together with Westma, and adjustments might made. Then it is up to the finance division to choose which alternative is the best. The Procurement Act (LOU) was regarded as more difficult to apply in procurement of goods than of service (Interview 53). It was a common opinion that moral standards are very high and that there is awareness about avoiding corruption and improprieties. One person even commented that:

People are afraid – it almost becomes a problem. People are not sure where the boundaries are for what is allowed and they are too afraid to use their common sense. It does not have to concern money. I think this has a checking effect on our activities. (Interview 53)

Actors views about the purchasing and resources administration

Having considered the actors' views about selecting managers, creating awareness about goals and control mechanisms and monitoring and reporting requirements in the whole organisation, in the following section the focus turns to the purchasing and resources administration. After that I look at the structure of these mechanisms in the new VG Region in the light of the former organisations.

Choosing managers and creating awareness about the principals' goals and control mechanisms

The service committee

The chief instructions to the director of the P&R administration are that the service committee wants good results – incomes and expenditures should balance. If the department's costs are too high then the prices will be high and they cannot sell. This would be regarded as an indicator of inefficiency. Concerning rules and ethics the committee has worked out an initial guide for Westma. The P&R director is responsible for making managers aware of the wishes of the committee (Interview 58).

The P&R director is made aware of the wishes of the committee through the reports to the committee that give the committee a sufficient understanding of what the department is doing. Based on what the director tells it, the committee can express its viewpoints. During 1999 there were 7-8 meetings. As part of the control mechanisms the committee follows up reports and meetings. The quarterly financial reports attempt to explain the rationale for the results (Interview 58). As to other forms of follow-up, the control is according to many interviewees due to the size of the organisation problematic. One interviewee commented:

In a smaller organisation you often take direct contact and have viewpoints but this is often lost in a giant organisation such as the region. (Interview 58)

The same interviewee also expressed the view that there are no direct measures to encourage following rules; it is regarded as a precondition and if rules are not followed measures are undertaken (Interview 58).

The purchasing and resources administration

Recruiting managers

When the region was created some of the first appointments were from external recruitment in open competition. The demands on the candidates' level of knowledge was higher for some appointments than others. The managers under the Westma director were picked on competence and their theoretical knowledge. There was a large group of people in the old organisations and if they were not clearly incompetent they were placed in the new organisation. Due to upcoming retirements, there will be greater possibilities to recruit externally (Interview 77).

There was no external recruitment of purchasers and purchasing coordinators. Division manager positions were advertised but not positions under that (Interview 84, Interview 67). The purchasing manager was expected to have a broad experience of purchasing, abilities in staff management and planning. The position today does not include much direct-operations work (Interview 84).

Training of managers and purchasers

The first year little training of managers was done due to the great amount of practical work needed to get the organisation functioning. Many managers have had training experience through their former county councils. Plans are to have development plans at the individual level for all members in the organisation. This is part of the job of the manager of staff at Westma (Interview 77).

Everyone has a common basic education. There are formal guidelines (templates) for inquiries and deals to avoid mistakes in procurement. In the guidelines we find guidelines for the way the P&R administration works and what kind of administrative measures are available. These types of education concern all staff (Interview 84).

The purchasing in-service courses have concentrated on the procurement law (LOU). These courses are the same for the purchasing directors as it is for the purchasers. On the matter of routines and documentation, there is follow-up, responsibility distribution, reference groups, and contract templates in the form of a handbook (Interview 44). There are educational study sessions several days a year. Educational programs concerning laws and rules are being developed step-by-step. As well, there is a purchasing handbook and a one-day course. However, to obtain the branch organisation's Silfs³ purchasing license a four-day course focused on LOU and EU-purchasing is required (Interview 67). Even with these educational efforts, there were also critical voices expressed concerning the education available. One of these opined that:

They are not real courses. They do not contribute much if you do not have the basic knowledge required. And there should be more education about the new organisation. At the time of the merger it was not checked what type of education would be needed. (Interview 51)

And another interviewee also asked for more courses and requested that they should be led by professionals for example from the procurement agency (NOU). According to the interviewee, the procurement law has not been fully tested, making it difficult for lawyers to give advice and implying that decisions are taken under a degree of uncertainty (Interview 62).

Rules for delegation

The delegation is decided by the regional assembly that gives Westma the task to be responsible for supplies. Westma works on commission from the regional management, the administrations or own initiative (Interview 84).

The purchasing manager has to live up to the purchasing policy. The goal is to become as effective as possible in the supply of goods and service (Interview 84).

Westma's task is to secure the business parts for the region; details are checked carefully in deals. It is in the interest of the regions to coordinate procurement through Westma. But interviewees pointed to that there is a complicated mixture of tasks; at one moment Westma has a service task and at the next it is included in a concern perspective (Interview 77).

The service committee takes no decisions about the purchases but receive accounts of the activities. Today the focus is on goals and results. This might increase the risks but serves to

avoid unnecessary bottlenecks. The purchasers make the purchases, which they present in reports for the purchasing manager. The purchasing manager has delegation from the P&R director up to 10 million SEK (Interview 77). The purchasing coordinator can sign up to 200,000 ECU and on smaller deals the purchasers themselves could take the decision (Interview 44).

The purchasers have a rather regulated job (Interview 67). Today when the bids are presented, the bid stands and there is no room for negotiations. But for the P&R administration this is not a major change as there was little negotiation on bids before (Interview 67).

Many regarded is as bureaucratic that the purchasing coordinator examines the deal when it is over the amount delegated to the purchaser (and that the purchasing manager examines the purchasing coordinator when it is over 2 million and when it is over 10 million it has to go up to the P&R director). These steps were especially cumbersome because it was often hard to get in contact with the purchasing manager and the P&R director as they travelled a lot between the places of business. As one person said:

We have had extensive discussions about this. The purchasers put this to a vote of confidence. It is a pedagogic problem. (Interview 84)

This problem was also taken up by other interviewees, for example one viewed the delegation rules as ridiculous. According to that person the purchasers have no delegation at all. Most of them have three basic amounts and some on capital purchases have half a million SEK, which means that some of them almost never sign a deal. According to that individual, the delegation rules do not take into account that the administration works in so many places, which sometimes makes it difficult to get into contact with superiors (Interview 62).

Some interviewees expressed that the delegation rules are not regarded as related to the power the purchasers have, especially as the instructions of the purchaser in the deal were always followed. One interviewee argued that:

In the purchasing note I write, I am the only one with knowledge. What I suggest someone signs. There is too much belief in the possibility of delegation rules to stop cheating. They are motivated with that they are needed, but they have to trust me, the rules create false security. (Interview 62)

According to the interviewees, the organisation norms and rules were generally strict concerning invitations and other events; the policy being that the administration pays for its own costs in relation to suppliers. These matters were discussed continuously. It was stated that many companies today work very much on creating relationships, which implies risks off getting dependent upon them (Interview 84). It was perceived that rules have become stricter after the introduction of the LOU. The entertainment expenses rules were strict already in the Skaraborg department and today these are the foundation for the rules of Westma (Interview 67).

Instructions to managers and purchasers

There are no detailed instructions to the P&R director; it is rather free. There are activity areas and there are economic goals, but instructions are rather limited. The director and the committee set up guidelines. The service committee has a strategic responsibility established in the rules but nothing other than this (Interview 77).

Every line manager makes activity plans that should be in accordance with the balanced scorecards used. Within those guideline frames there is almost total freedom. Considerable work was done in 1999 concerning how to manage and measure the activity (Interview 77). The purchasing manager receives information from the director and provides this to the organisation. The role of the purchasing coordinators is similar to that of foreman. The purchasing division works with the users in reference groups. Every purchaser is expected to be able to conduct his work independently without instruction (Interview 84).

It was a common opinion that the job description in the purchasing line had no specific instructions to the purchasers besides the laws. But there are new administrative rules such as the utilization memos so that activities can be reported to the service committee (Interview 44). Additionally, it was stressed that the work today is steered more by laws and ordinances. One interviewee commented that earlier the knowledge about the activities was the most important knowledge for a purchaser while today judicial knowledge is at least as important (Interview 87). The purchasers need much more competence than before. One interviewee said that:

The purchasing policy in the region is a good tool. It is a lot about securing quality and make sure that we act in the same way in the organisation. But there are naturally no instructions for how you negotiate. (Interview 62)

Concerning instructions to managers and purchasers, another interviewee said that:

It took about a year for direct instructions to evolve. Now we have been informed about the management handbook on a staff meeting, it is the first time we have such a concrete document. This should then be developed in each line. Before we had operative goals such as to reduce the cost where clear goals have been given but how to reach them have been very flexible, it has been steering with goals. (Interview 84)

Creating awareness about directives

The P&R director is made aware of the principal's wishes in the service committee and then has the responsibility to bring the information to the organisation (Interview 77).

Managers subordinated to the P&R director are made aware of wishes by line managers. It disseminated through management meetings and information on the homepage of the P&R department. Because of the size of the organisation it is difficult to operate differently (Interview 77).

The only control system of which the purchasing manager is made aware of by the service committee is the audit. Of course, laws should be followed – if someone complains it goes to court – but the rules are still not completely clear (Interview 84). To make managers under the purchasing manager aware there are meetings with the purchasing coordinators every third

week and they in turn have meetings with the purchasers in their respective function. Three or four times a year there are meetings with all staff and there are continuous educational endeavours (Interview 84).

Purchasing coordinators receive information through protocols from the meetings of the Westma management. Direct information to the purchasing line goes via the purchasing manager to the purchasing coordinator meetings, then is passed to the purchasers (Interview 44).

According to some interviewees there are no direct way of making purchasers aware of wishes and control mechanisms, but if the purchasers do not follow the procurement rules they can end up in court as has happen to some (Interview 67). It was also regarded to some extent to be the responsibility of the purchasers themselves to ask about these matters and become informed about the policy and thereby be able to judge whether something is correct or not (Interview 70).

There are no direct sanctions to encourage employees to follow rules but if grave mistakes are done it will be noted. But if someone does not follow the intentions, salaries may be affected (Interview 84). One interviewee said that

If you break the law you end up in hell having to go to court and the suppliers will be mad. It is also a shame to look like you do not know the rules. But I think the knowledge about rules is much lower in the municipalities where also the closeness between the purchasers and the politicians can be a problem. (Interview 62)

In general the information situation was regarded as a problem, due to the size of the organisation and that its business locale is spread over many places (Interview 84). Especially in the lower echelons of the delegation chain it was perceived that there was too little information from the management to the purchasers (Interview 62).

Monitoring, reporting requirements and institutional checks

The service committee

The follow-up of the activities in the purchasing and resources administration

Each committee has a protocol regarding delegation matters and what has been decided; if something seems odd members of the committees can ask. The access to information for the committee mainly comes via the P&R director, and it seems as the chairman obtains the information wanted. The chairman of the committee has contact with the director every now and then. The importance of trust between the chairman and the director for a sufficient information flow was stressed (Interview 58). About the follow-up of the work of the P&R director, one interviewee said that:

The department director has to follow the rules of the game. In detail the committee has no viewpoint on or interest in what he is doing in his daily work. If the turnover is increasing that's

positive signals, if it is decreasing it is negative signals and you have to check why. (Interview 58)

Signal and control system used and agencies responsible for follow-up and investigation

There have not been any alarm signals from the audit concerning the service committee. Asked about how the service committee would react if there were alarm signals about improprieties or corruption, one interviewee said that it would then have been a matter for the audit. The department director would also have been contacted and actions taken together with him (Interview 58).

The use of third party sources such as suppliers and the public for information about the state of affairs in activities were commented by an interviewee who said that:

It is very seldom you get signals from the public. In such a big organisation you are far away from the citizens, which makes people less likely to call. (Interview 58)

The purchasing and resources administration

The follow-up of the activity within the P&R administration

The service committee has the political responsibility to control and keep informed about the activities of the department. But it was pointed out that it is difficult for the committee to know how to act. Nevertheless, here is a model, which should enable the committee to follow the activities from a financial, staff, process, supplier, customer satisfaction, development and renewal perspective. About this it was expressed that:

This makes it easier to follow the efficiency in the activity but improprieties are not possible for them to see. (Interview 77)

The P&R director reports to the committee chairman and the vice-chairman and to the entire committee (Interview 77). In the committee the line managers also present what they do. All matters conducted on delegation are presented (Interview 84).

The importance of having an informed committee was stressed and as well as the fact that it takes time to make the committee a part of activities and to take their viewpoints into account. In the long run an informed committee was regarded as effective and good for the department. This is because the service committee is not isolated in the organisation and provides information to the owner committee whose decisions affect Westma. The director of Westma can also use the manager of the secretariat in the owner committee for information exchange, which is an alternative channel to the regional management for the P&R activity (Interview 77).

Before the merger of the organisations, follow-up measures were present on economic policy and P&R administrative policy compliance. In the new organisation this has not been implemented yet. There is a discussion about how to follow-up the activity and a new system where information responsibility is divided between managers concerning how laws affect different topics. In principle people responsible for an area should report everything that happens in their areas to the organisation (Interview 77).

The division managers report during management meetings. They present their goals and need to be cognizant of what the organisation needs to be informed about; this is something that was not always developed (Interview 77). The purchasing manager can bring up matters at management meetings, and other ways of reporting include the annual report (Interview 84).

Every month a summation is made of which phase the purchases are in. The purchasing manager regularly gets all the memos, and assembles them together for the P&R director. There are monthly purchasing meetings where the purchasers report ongoing activities (Interview 44).

Possibilities to control delegated tasks in the administration

The purchaser reports to the purchasing coordinator. The purchaser can also ask for instructions and the purchasing coordinator in turn reports to the purchasing manager. There are rules for what actions purchasers need to report back. Purchasers receive information during meetings and they are supposed to keep the purchasing coordinator informed (Interview 67).

The purchasing coordinator follows-up the work of the purchaser, formally meeting once a month. Information comes from the list of commissions and also through the purchasing notes. The purchaser presents lists of commissions as a foundation for estimating the amount of work. In addition, there are daily communications with the coordinator (Interview 62). When the contract preparation is completed the purchaser presents it for the purchasing coordinator for approval if the deal is above the limit for the purchaser's delegation (Interview 67).

One person said, in reference to the possibility of exercising control over whether a purchase is carried out correctly, that such control is very difficult because the buying department can write the specification requirement criteria in such a way that it excludes suppliers, without the purchaser noticing this. But he thought that it did not happen often. If someone gets mistreated they can also complain both during and after the purchase. The interviewee emphasised the importance to treat all customers similarly to keep the trustworthiness both internally in the organisation and externally (Interview 84).

It was also regarded as not possible for the purchasing division to affect the choice of product, but the commercial basis of the deal could be affected. If this is done it is possible to check against the standards and the established commercial conditions (Interview 84).

The purchasers are monitored via the delegation order, the reports on commission and the purchasing note. The note is a simple description of the purchase. The purchasing coordinator passes this further up in the organisation. According to one interviewee when a purchaser is unsure about something it is always possible to ask someone higher up in the organisation. A note is written after every general agreement. In the note a record is made of how the deal came about and the result. One goes to the official register, the purchaser keeps one, the original bid and the decision note goes to the official register. From the purchaser's point of view the note can also serve as a support to fall back on in case competitors call and ask questions about the decision (Interview 67).

Every purchaser has much responsibility, and according to some interviewees they have much freedom in the job. Purchasers have to be able to work independent to be accepted. One person said that if the purchasing coordinator were absent he would rather take the risk of signing a deal above the limit than wait (Interview 67). But according to another person the discretion of the purchaser is very reduced and one's own initiatives are not welcome (Interview 51). This person related that:

If you questioned the foundations for the question moulds (standards), then you are told to bring it up in the mould group. This is an effect of the size of the organisation and the anxiety to lose control. (Interview 51)

Signal and control system used

The intention in the P&R administration is that alarm signals should be dealt with at the level in question. The manager responsible for the line should deal with it, but there seems to be a tendency that it instead goes all the way up to the top in the organisation. In case nothing happens the P&R director should deal with the alarm signal (Interview 77). One interviewee, expressing a common view in the new organisation, said that:

We have had no corruption problems, but the bigger the organisation the longer is the breaking distance. It takes longer times before a suspicion gives signals. It is hard for the department director to know what an individual is doing. If it concerns false invoices and the like that will be discovered. The department (earlier Skaraborg) has had a strict economic control since 1992. (Interview 77)

There is an ongoing dialogue with the audit, which have an internal auditor connected to Westma. This preventive audit work was positively regarded by the P&R administration (Interview 77).

In general there was no experience of using third party sources outside the regional council. Concerning if the purchasing and resources administration act in a correct manner or not, there have been some cases in the courts where potential suppliers have complained. Nowadays the court can try cases also during an on-going purchase. But the usefulness of complaining and sounding the alarm might be counterproductive from the supplier's point of view. One interviewed commented:

But it takes flagrant wrongdoing from our side for someone to complain, because they want good relations with a big an important customer. (Interview 77)

Within the P&R administration, the director and the managers in the purchasing division use the information from other administrations about the activities of the P&R department, which provides complementary pictures to those provided by the own administration (Interview 84, Interview 44). It was the opinion that the responsible politicians use information sources other than those of the Westma administration; for example, political secretaries and the party groups are used. Thus, they grasp a variety of information, which provides pictures about the organisation (Interview 77).

Institutional checks

One type of built-in check is that it is thought to be in the interest of the region for procurement to be coordinated through Westma, which has the business responsibility on behalf of the region where the subject matter is checked carefully. For example, in procurement of service situations Westma signs the agreement, the buying committee examines the content, while Westma has the business responsibility: this provides a type of double check (Interview 77).

Some interviewees identified problems in the new large region in getting the coordinated procurement to work as intended. For instance, there were delays with the investment budgets in the organisation, which made it impossible to coordinate and build reference groups (Interview 84, Interview 62). An interviewee pointed to another problem, saying that:

The problem is when high managers in the regional management that are recruited directly from the private sector do not want to follow the conditions that the administration has to follow. (Interview 62)

The study of the VG Region in the light of the former organisations

Lessons learnt from the failures of the past

It is difficult to say to what degree earlier experiences of scandals have played in setting up the new organisations. However, there is some information from the interviewees that sheds some light on this. In general the picture given by those interviewees with a background in Älvsborg is that to some extent the experiences had an influence, but more could have been learnt from them in the realm of regulation and control. One counter-argument employed against using these experiences has been that the region was something new and could not be built on fragments from the old organisations (Interview 72, Interview 63, Interview 65, Interview 47).

In comparing the newly merged council to the county councils from which it was constituted, many interviewees were of the impression that risk awareness was higher and the use of entertainment and hospitality expenses more cautious now as a result of scandals (Interview 48, Interview 77, Interview 73). But they felt it had not inhibited the adoption of the profit centre model as a type of operation nor had it discouraged the use of businesslike types of operation.

Screening, selection and contract design

One area some interviewees discussed in relation to the former problems of Älvsborg and other parts of former county councils was the issue of leadership. This largely dealt with

questions about the responsibility of the manager and the importance of having simple routines that are easy to understand (Interview 83).

On the issue of new regulations and delegation rules, there was some uneasiness expressed as a result of past experiences; the scandals have hurt trust (Interview 63). Interviewees stressed that an organisation must be based on trust, but some respondents added that on the other hand it was to some extent that very reliance on trust that contributed to the scandal in the P&R department in Älvsborg (Interview 72). It was stressed that the director of the audit had taken experiences of the former into account and that strict policies concerning entertainment expenses rules and credit cards had been established. But it was also added that:

The need for clear committee regulations and other rules of the game have been underestimated, which causes insecurity about responsibility and authorities. (Interview 60)

Monitoring, reporting requirements and institutional checks

The affairs in Älvsborg caused many to be afraid, but adherence to ethical rules was positively affected and led to new documents and handbooks, such as “Order and Method”. In the purchasing and resource department in Västra Götaland indeed these handbooks were used as a starting point for handling finance and staff. However, there were no similar handbooks for the region (Interview 77).

The discussion about attitudes and ethics is regarded as more alive than before. In the region it has focused on their importance and the need to be aware of their role. If not, it was argued, the activities of the county council could be severely damaged. According to an interviewee, the scandals meant that there is a higher awareness of the need to make sure that the control system is working well (Interview 42). But even so one interviewee said that

What happened in Älvsborg can happen again. The stopping distance can in this perspective [the new big organisation] be extra long and you do not know people in the same way as before. (Interview 77)

The status of the audit has been upgraded and according to the auditors their opinions are being listened to carefully (Interview 42). At first the budget for the audit work was very restricted, but at the request of the auditors the budget was doubled even though a cost-savings package applied to all other activities in the region. Commenting on the audit, one person said:

I have never experienced that the audit has gotten such attention. (Interview 42)

Types of operation and its implications on transparency and control

In the new region different types of operation of activities are used besides the traditional type. The alternative types deal with running activities as profit centres and with different types of privately run activities and local-government owned companies. Different types of

operations were tried in health care and the service committee as well as some other areas. The intention was that the employees should be able to start up their own businesses to create alternatives for patients (Interview 80). In the three old county councils the businesslike approach was more apparent in Bohus county than in either Skaraborg or Älvsborg.

The program for alternative types of operating activities and the competition program consisted of two objectives: a) the stimulation of workplaces to start up their own initiatives, and b) the open purchasing of activities meaning that bids from providers other than the region could win. The responsible committees could also take initiatives to enter activities into competition (Interview 82).

Regarding control and responsibility of the alternative operational forms, the activities should be audited and in some circumstances exposed to extra audit. The alternative forms required that 1) purchasing procedures be followed, 2) the written contract be precise with eventual built-in control mechanisms and 3) follow-up audits be done (Interview 82).

Whether the alternative types of operation encouraged or discouraged monitoring and follow-up activities was a question over which there were divided opinions. The intention was to keep the same degree of oversight independent of the type of operation. According to the negative opinion, the region had not had prior experience with these types of operations and so was ill equipped to control these activities. The essence of the contracts is that the signing parties to the contract know in detail what to do. In some areas this is easy, but in others it was regarded as very difficult, such as for care of elderly (Interview 80). According to the interviewees holding more positive viewpoints, the alternative types of operation facilitate a more businesslike mode of operation in which management roles were clearer. This, the interviewers concluded, was a positive step because there had been a tradition of disregarding or “forgiving” bad business practices and not holding the activities responsible for their actions (Interview 68).

One of the organizational structures characterizing the new region was limited companies that were owned by the region. They are kept accountable through the articles of association and the owners’ directive. The chairman of the owner committee represents the region at the annual meeting of shareholders. The annual reports would serve as a vehicle for informing the assembly. Having the various limited companies’ annual shareholder meetings on the same day was to increase the likelihood and possibility of assembly members taking part (Interview 80). As many foundations were to be reorganised as companies, questions about the companies were quite pertinent. The members of the boards, regional councillors and substitutes, were educated about rules for stock companies, the responsibility of the board, laws, the work and various changes (Interview 72).

According to some interviewees, the control by the assembly over the limited companies was often weaker than over the committees (Interview 80). They also pointed to a potential problem in that board members have certain rules to follow which could be in conflict with other interests of the region (Interview 86). Others held a contrary view, stressing that the Companies Act was actually much clearer than the Local Government Act and conveyed better control and enhanced possibilities to keep the responsible persons accountable. One interviewee said that the resistance itself against running activities in alternative types:

Implied that the control is sharpened both in companies and alternative types of operation but also in the activities organised as a traditional government service. (Interview 58)

Difference in contexts between the Västra Götaland region and Skaraborg and its consequences

Most important differences between the former county councils and the new region are the size and that different county council cultures were to merge into one. There are several overarching dimensions that the audit takes as a point of departure for their deeper examinations (Västra Götalandsregionen 2001a). First, the merger has destroyed old routines and new ones are trying to find their forms. The contact routes in the old organisation are broken down. The new organisation has therefore to take shape and support the staff and be suitable towards the citizens and users. Second, the region has a genuine lack of effective and systematic follow-up in all areas. The need to develop measures practically and to develop methods for such measures are endless. Third, systems and routines for a committee to follow its activity and economy are essential. The merger has to tear to rags the old routines at the same time as the law stress the responsibility of the committees and boards. Absence of internal control implies a risk for anti-organisation and lack of steering. It is a standing interest, common to the committees and boards, to give priority to internal control.

According to the interviewees, these factors have far-reaching implications on a lot of areas, stretching from the possibility to inform and communicate, to have a control apparatus and the politicians' possibilities to be informed. The cultures from the different organisations have not been inter-twisted. There is a great overlapping of values but there are different traditions in the carrying out. The organisation is integrated at the top, but the departments responsible for implementation have not been substantially altered under the new management system (Interview 83).

In P&R administration the organisational structure and the culture in the organisation is much the same as it was in the former joint Skaraborg-Älvsborg organisation. The same purchasing philosophy prevailed in Skaraborg-Älvsborg as in the region. The P&R director used this organisation idea first in Skaraborg then in the Westma, and later for the entire region (Interview 67). But also here the new organisation has implied important changes.

Screening, selection and contract design

The selection of managers in the new organisation has largely been based on recruiting managers from the former county councils. We see this in the P&R administration where the employees in the former organisations, as far as possible, have been offered positions in the new organisation. To that extent most people in the organisation have some knowledge of the culture of the county councils, even though the cultures in the various county councils differ in some aspects. There is risk with the variance between the different cultures in the organisation and one important countermeasure put forward was:

To reduce crime that just passes the limit for what is allowed, the most important aspect is that there are clear values in the organisation. (Interview 85)

Projects addressing the issue of the values in the organisation have been instigated (Interview 85). Rules and policies affecting P&R matters are similar to the previous ones. The major difference is that more of the policies and views of the organisation are formally codified. In this regard the management handbook plays an important role. The delegation rules are similar to the former joint organisation in Skaraborg and Älvsborg, even though there has been an increase in the size of the deals that each step in the delegation chain are granted authority to decide upon. Another difference in the purchasing line is that there is one more step in the delegation chain between the purchasing manager and the purchaser, the purchasing coordinator. The P&R director has larger delegation than before compared to the technical delegation in Skaraborg, where it was more direct management from the technical delegation (Interview 77).

As to rules, regulations, policies about procurement and the policies governing hospitality and representation expenses (both in conjunction with suppliers and customers), there have been slight differences. Regarding representation expenses, the rules are regarded as stricter than before by some interviewees. When some interviewees compared the organisation in Emma (Älvsborg) to Westma, their impression was that the Westma management today works differently (Interview 64). According to interviewees, there was more far-reaching delegation in Emma for the purchasers. The management in Westma was regarded as stricter compared to Emma, where the management according to the interviewee was trying to “run very fast” and it was the other staff that tried to slow things down (Interview 51). Concerning the rules for representation expenses one interviewee said that:

It was basically the same, but a little freer in Emma. Now a purchaser cannot even buy customers travelling a long distance lunch. This has not been reasoned, and it is very strange considering that a purchaser can decide about travelling and purchasing for big amounts. In Emma the management had a positive attitude to individual initiatives, they tried to loosen up the old culture. Now it is the old type of administration again. (Interview 62)

Because of the staff's different experiences in the former county councils there are differences in how they perceive the rules and policies. This means that it is important to promote the regulations of today and the policies for various areas in such a way as to maximize acceptance. Here several interviewees have witnessed that one of the major challenges in the organisation is the information challenge: how to get the information out to the staff and how to get the staff to search for information themselves (Interview 77).

The delegation rules within the administration are important double checks and safety measures, but the understanding of this varied in the organisation. In the lower echelons of the organisation it was common to regard this as a matter of “no confidence” in relation to the purchasers. In the long run, the efficiency of the rules requires that they have legitimacy especially among those directly affected by them.

Monitoring, reporting requirements and institutional checks

The committees' knowledge is regarded by many as being more limited now compared to the situation in Skaraborg. Therefore new communications systems are regarded as necessary in the organisation. There is awareness among the responsible persons that different cultures meet in the organisation and, next to the economic problems and staffing issues, the next step is to deal with management (Interview 76). One interviewee said that the work with getting the organisation on its feet to some extent had postponed the questions about control and avoiding corruption and improprieties. Notwithstanding this delay, they were regarded as very important. On a general level one interviewee said concerning the access to information that:

In a greater perspective there is really bad access to information, 2/3 of the members of the regional assembly do not think they have any information at all about matters. And some politicians at the top know this but they do not care about it. (Interview 58)

The size of the new organisation also affect the possibilities of the responsible committee to monitor and follow-up the activities in the P&R administration. As one interviewee said:

The politicians have come even further away from the activity and the knowledge about investments to carry out healthcare decreases among them. This aspect is important not least concerning capital procurement and general agreements. (Interview 87)

The information channels to the service committee are mainly through the reports coming from the P&R administration. Generally, it appears the committee feels that it gets the requested information. Here an alternative and independent view could be provided by the audit. The balanced scorecard method, that the administration has started to use, focus many areas besides the economic result. This could also be an improved possibility for the committee to better follow-up the activity. But, at the time the interviews were conducted, the focus of the committee's follow-up was on the economic result rather than how the result was achieved. Compared to the former organisation this is nothing new. It is not surprising either concerning the economic problems in the former county councils, especially given the large deficit in the VG region. Concerning the possibilities to control corruption in the P&R administration, the size of the organisation might mean that it takes a longer time before suspicions come to light. It is hard for the director to know what an individual is doing, and similarly it is hard for committee members to know what the officials in the administration are doing.

On the overarching level more emphasis is put on follow-up in the form of an evaluation unit and controller group than before. In the purchaser-provider contract system this should be a normal consequence where much emphasis has to be put on follow-up and evaluation. The audit also seems to have been given much attention and regarded as important in the organisation. There is an employed audit unit to assist the elected auditors. The director of the audit unit is the former director of the audit unit in Skaraborg, where a similar system was in force.

Institutional checks are similar to those in the former P&R administration. Having coordinated procurements between the buying administration and the P&R administration constitute a type of institutional check. This is also true for the attestation and pay out rules and, to some extent, the delegation rules, meaning that it is not the same person who deals and prepares the deal as the person who signs the contract.

Conclusions – lessons learnt

In the last three chapters three county councils and their purchasing and resources administration have been analysed. The aim has been to add knowledge about aspects and mechanisms important in understanding corruption and its danger zones. In doing this we then have to ask ourselves what have been learnt?

These three chapters have shown that screening and selection is important and that interpreting rules and understanding the culture can be an important aspect. Of course, contract design is important but, as many interviewees have said, compensation schemes using the salary as an incentive are not commonly employed in the public sector in Sweden. In all cases there were no systematic use of third party sources as an alternative form of information source regarding the purchasing and resources administration. But in the general context in the county councils interviewees referred to party members, party organisation, the public and the media to get alternative and important pictures about the activities of the county council. In the type of political organisation that has been evolving in the county councils and the municipalities in the 1990s with flexibility, decentralisation, increased delegation and purchaser-provider contracting systems on the agenda, monitoring and control is very important. If actors in the delegation chain are given more discretion in search for increased efficiency this could raise shirking by the agents. To compensate for this risk monitoring and control is vital. Concerning corruption it can be added that this might be very difficult to reveal with the normal tools, such as the audit and internal control. Here an efficient instrument could be to improve the use of information from alternative sources, such as suppliers, the press and the public, that could sound the alarm if irregularities are suspected.

In all cases there have been elements of institutional checks concerning attestation and pay out rules and the purchasing policies aiming at coordinating procurement between the buying activity and the purchasing resources administration. This means that two parties with different starting point are conducting the purchases.

Some further points that should be noted is that in the former organisations much was based on trust and that the organisations therefore needed good screening and selection mechanisms. In Älvsborg we saw the problem of weak monitoring and control of delegation and at the same time the purchasing and resource management had been recruited externally with little knowledge of the county council culture. Overall the chapters make it possible to see the effect of changes in the possibility of keeping agents accountable and how important it is to take the effects of changes on this into account. In the new region the changes are many

and extensive which impact on the purchasing and resources administration. One direct change in the purchasing division is that there is one more step in the delegation chain between the purchasing manager and the purchaser, the purchasing coordinator compared to in the former organisations. Furthermore, the P&R director has larger delegation than before compared to the technical delegation in Skaraborg and purchasers now have delegation to decide about small deals, which was not the case previously. Therefore awareness about these things are important and how to get the chain of delegation working when social control probable is reduced due to the size of the organisation. The awareness seems to be high in the purchasing and resource department but there are also many things to solve and work out. Concerning delegation rules we have also seen that the rules and their usefulness are understood very differently depending on the actor's position in the delegation chain. The more legitimate these rules are understood to be, the more effective they are likely to be, i.e. the more costly it is to break them.

The result regarding the impact of changes could be of a general importance. Changes in general can affect the possibilities of agents to shirk and principals' possibilities to be informed. And here we could also point to some changes in these particular cases that did have serious consequences on control and accountability.

¹ The local government act stipulated that a common committee between county councils should formally be appointed by one of the county councils and be part of the organisation of that county council (Landstinget Skaraborg 1997b).

² In 1996 the Swedish parliament decided that an experiment with changed regional responsibility would be carried out between 1997 and 2002 in four Swedish regions: Skåne, Västra Götaland, Gotland, and Kalmar (Gustafsson and Svensson 1999: 172).

³ Silf was originally Sweden's Purchasing and Logistics association. In 1996 it was renamed to the Organisation for Purchasing and Logistics I & L.

9

Conclusion – A Least Corrupt Case Revisited

Numerous international corruption scandals have fostered more attention to the corruption issue, not only in the high corruption societies but also in countries formerly regarded as almost free from corruption. We can see this in Sweden; in the mid-90s many scandals were widely covered in the press, as were the outcomes of the legal investigations. As a result corruption was placed higher on the political agenda.

There can be little doubt that corruption has a negative impact on society. The historical record shows that corruption has grave consequences on the political sphere. For citizens to have trust in decision-making and in societal institutions and for them to be able to count on fair and equal treatment, they must believe that decision-makers are not affected by improper influences. Corruption also has negative effects on the economic sphere and a detrimental impact on the economic development in many countries. Economic success and development are founded on well-functioning institutions and a belief in the integrity of the system. Research into corruption shows that even in countries with little corruption a change in the expectations of whether officials are corrupt can have a direct effect on individual citizens' decisions about engaging in corrupt exchanges. If others are expected to be corrupt then the corruption alternative might be seen as less of a problem for an individual. Consequently, even a country with a long-time good record of a low level of corruption is susceptible to corruption and the positive record cannot be taken for granted. For these reasons, it is important to undertake corruption studies in countries known to have little corruption.

This study of Sweden has contributed to the general knowledge about corruption since little was available in the academic literature about this particular case. Furthermore, I have shown that our knowledge about corruption and danger zones in the literature can be extended by applying the existing literature and theories to a “least corrupt” case. In the literature on corruption we find models that address the questions of how countries maintain low levels of corruption and why other countries, though similar, have higher corruption levels. But for a more in depth study into possible changes or adjustments to these models, we need to move beyond the theoretical models to the empirical world. This cannot be done by only studying particular corruption stories or by correlation studies on macro-level comparing countries. Instead we need a combination of variable and case-oriented studies. Doing this within the context of a least corrupt country, provides a fertile ground both for understanding danger zones of corruption and for tracking important changes that affect corruption risks and factors, which keep corruption at low levels.

The empirical results

The purpose of this study has been to map out and analyse corruption and danger zones in Sweden. In addressing the research questions themselves I try to place Sweden in a comparative context as far as possible.

Let us then turn to the research questions raised in the dissertation. The following questions were raised: a) What types of corruption can be identified? b) What areas and activities in the public sector are in danger for corruption? c) What are the attitudes about different types of corruption? d) In what ways is corruption changing over time? e) How do institutional and other contextual changes affect the likelihood of corruption? and f) What measures are undertaken in the political and administrative spheres of the public sector to avoid and combat corruption?

In my answers, the question of change is in one respect addressed only relatively briefly (under question d). However, this section is specifically concerned with change in a more narrow sense, namely the level of corruption, which is not the main focus of the dissertation. Change more broadly conceptualised is addressed throughout the chapter as a recurring theme (and with regard to institutional and contextual changes specifically under question e). Also note that on the first two questions my answers emerge from several research results about corruption in Sweden. This is the consequence of my using different sources. One result is obtained from the use of quantitative data from legal indicators on crimes and convictions concerning bribery. Another is found by turning to the results emerging from the media study, and finally a third result is developed from the opinions of political actors. I analyse types of corruption with the help of the following categories; a focus on the location of corruption, i.e. the level of government it concerns; what type of actor it concerns, i.e. politicians or public officials; if it concerns breaking legal or non-legal norms; if the transactions are direct or indirect; and how the acts are perceived by the public. In my description and classification of types of corruption in Sweden we see that distinctions between non-legal versus legal norm transgressions and between direct or indirect transactions are important factors in the way the acts are perceived by the judiciary and by the public.

The first research question: types of corruption

The answer to the first research question, on the types of corruption that can be identified, starts with the legal rulings on bribes. Almost twice as many of these cases concerned the local government than the national level of government. Most cases involved officials in the administration and, to a much lesser extent, politicians. In terms of the distinction between legal-based versus ethical-based norms and indirect versus direct transactions, we found most of the cases concerned direct transactions and the basis was the legal codes.

Turning to the media findings, largely based on an examination of coverage in a Swedish national daily, we found other types of corruption. Here cases dealt with local and national level to about the same extent and in the reported cases politicians were almost as well

represented as officials. This does not mean that politicians are the ones who in absolute figures are most involved in corruption and improprieties. But when they are, this is seen as a happening of major news value for the press. Compared to the legal results, more cases concern an ethical breach of norms and the incidence of cases concerning indirect types of transactions is higher. Many of the activities exposed concerned the use of public funding for private matters such as trips, restaurant visits, and economic favours.

The empirical material covered violations of non-legal norms as well as legal norms. Naturally, the findings from press coverage, compared to the legal findings regarding bribery, dealt to a greater extent with non-legal norms being broken. The same is true in studying whether direct or indirect transactions were involved in the cases, even though direct transactions dominated in both types of results. As to the cases reported on in the press, part of the cases concerned transaction types of a specified direct transaction, for example, giving a bribe to influence a certain decision. These transactions often concerned both violations of formal and ethical norms. Of particular interest are the cases that concerned indirect, more vague transactions that do not concern persons directly. In Sweden this debate has been most intense around financial contributions from organisations and companies to political parties and the resultant related risks. This kind of contributions from organisations and companies is approaching the demarcation zone for corruption, in which there is divided opinions as to whether we are dealing with corruption or not, but where, nevertheless, the laws so far have not regarded it as improper.

The third finding is provided by turning to interviews in two Swedish municipalities, Motala and Skellefteå, and interviews at the national level with representatives of the parliamentary parties with political actors regarding their views about different types of corruption. The experiences of corruption and improprieties, experienced first-hand by the interviewed or by their colleagues, covered a broad spectre, ranging from clear-cut examples to cases in the borderland of corruption. Many of the cases concerned direct gains for the parties involved and breach of legal norms. But cases concerning breach of non-legal norms and indirect gains were also found. Some interviewees referred to the contribution of the LO (the Trade Union Confederation) to the Social Democratic Party as corruption. This contribution is not illegal though the introduction of new legislation, with stricter interpretations about favours to parties, prompted at that time discussion about it. Using Heidenheimer's classification this could therefore be regarded as a case of grey corruption, not legally corrupt but regarded as corrupt by many. The cases dealing with nepotism mainly regarded politicians at the local level acting in situations of conflict of interest. Cases of embezzlement, to which we referred, dealt with mainly lower echelons of the bureaucracy. In Motala and Skellefteå, cases also concerned power abuse and breaking of laws. At the national level one person had experienced extortion and another related a case where a large bribe was offered.

To sum up, a lot of the examples covered what we could, in terms of the Heidenheimer typology, call grey corruption. We should not be surprised by this since we have seen in this dissertation that attitudes against corruption are rather strong in Sweden, that the focus on improprieties has been high, and the fact that Sweden has not had much corruption or major

corruption scandals compared to many other European countries. Nevertheless, even in Sweden there are clear-cut cases of corruption (black corruption) measured in terms of an agreement between public opinion and a legal evaluation.

The second research question: areas and activities in danger of corruption

The second research question concerns what areas and activities in the public sector are in danger for corruption? The danger zones of corruption in this study concern those areas in society where corrupt transactions are most likely to occur, keeping in mind that these areas might not necessarily be characterised by high levels of corruption. Rather they can be characterised, for example, by many opportunities for corruption, by corrupt offers being common, by suspicions often being directed towards the area, or by particular factors being present in such a way that corruption could be promoted.

If we start with the legal finding we discover that the local level has had more corruption cases than the national level of the public sector. Some sectors and functions seem to be more exposed than others. Sectors that are particularly represented by many cases are public sector relationships with the building trade, the public transport, procurement and purchasing, and permissions and licenses areas. When the public sector is studied, it is apparent that there are many reported cases of bribe attempts in duties where the official has direct interaction with the client, such as a police officer reporting a violator or an employee involved with purchases.

In general, however, the spectra covered in the cases reported in the press were broader than this. Many of the cases concerned people entrusted with handling of money. Regarding politicians and higher-ranking public servants, the moral aspect has been important in many cases where questionable entertainment expenses were incurred on behalf of taxpayers such as alcohol purchases and nightclub visitations. Many of the publicised scandals concerned these and similar happenings. Some cases concerned privileges and use of benefits by high-ranking officials. Debate has ensued over whether these acts are proper or not and many of these cases have been tried in court.

Looking at what level of government was most involved in the cases, the result from the press survey pointed to the central government, which constituted the majority of cases. This was in contrast to statistics from the legal cases on bribery where almost twice as many cases concerned the local government. If media are studied at the national level, as was the case here, happenings at the central level of government receive more attention than at the local level. Furthermore, matters involving politicians have a high media news value, especially those concerning national level politicians. Nevertheless, some of the scandals at the local level did receive much attention in national news.

In the findings from interviews with political actors, many different kinds of business relationships were signalled as danger zones of corruption. Purchasing, tendering, and efforts to attract companies to municipalities were seen as danger zones, particularly at local government level. Other vulnerable factors, which contribute to negative effects on control and accountability, are the same party holding onto power for a long time and the presence of

small decision-making groups consisting of only a few people. Additionally, handling of money, the financial area, the defence area and decisions about infrastructure were also identified as vulnerable due to the large interests at stake and the risks for bribery and other undue influences. In local government certain positions such as directors of purchasing, of economy, of industry and trade were regarded as exposed positions. It can be concluded that among the national politicians local government was seen as more vulnerable than central government, mainly because the weaker control possibilities both internally and externally. Political power conditions in general were regarded as more risk-prone due, in many cases, to no alteration of power, weak opposition parties, weaker control and audit and less scrutiny by the press. Local-government owned companies were especially perceived as being in a danger zone.

To illustrate danger zones and types of corruption in Sweden individual cases of improprieties and corruption were presented in Chapter Four. As in the material above, these cases mainly concerned direct transactions and covered a broader spectrum from clear-cut examples of corruption to cases bordering on corruption, or in Heidenheimer's terms, grey corruption. Relations with business, outside employment, contributions to political candidates, and public procurement are some of the danger zones and aspects that were illustrated by the cases. Others concerned actions such as officials who had private interests in companies which strove to take over the public activities where they worked. Some of the cases concerned customer entertainment and positions where contracts on housing and construction are decided. To this can be added that in several of the cases concerning misuse of public resources, there was a friendship connection between the persons involved, and that the control thereby was weakened by loyalty. It shows a danger when this, uncontrolled, passes over the demarcation zone for what is legally and ethically accepted by outsiders.

I examined in particular one sector that is regarded as a danger zone, namely, the purchasing and resources administrations in three county councils. In doing this I used principal agent theory, focusing on how delegation and control mechanisms were organised and also how they were affected by various changes that took place. This analysis showed that institutional aspects were important in understanding why shirking or outcomes undesired by the principal were present. But it also showed that individual actors have an important role when the institutions change. Actors' discretion was affected as well as their possibilities of action. We observed substantial changes taking place in one of the county council, Älvsborg, were carried out by a management in the purchasing and resources administration which did not fully understand, or alternatively did not want to understand, the rules of the game, which to some extent were tacit. This was contrasted by the county council in Skaraborg, where also major changes took place, but where the rules of the game were clearer and were created in cooperation between the administration and the politicians. Above all, in Skaraborg the administrative director of the purchasing and resources administration was a role model for his department colleagues. A comparison between these two county councils shows that, in some situations of change where the agent (in this case the purchasing and resources administration) is given large discretion and the ex post control mechanisms are rather weak, the choice of agent is vital. The less ex post control, the more important is the ex ante control

and the choice of agent. Finally, changes affecting control mechanisms of delegation naturally also affect the costs or gains for actors to disregard the wishes of the principal.

The third research question: attitudes

The answer to the third research question regarding attitudes is that the attitudes about corruption in Sweden in general is not that different from many other countries, especially those in the least-corrupt or somewhat-corrupt category. Comparatively speaking, attitudes were more similar between countries in the early 90s than in the early 80s. This was due to hardened attitudes against bribes in general which decreased the variation among countries. This change in attitudes against bribes is likely to be explained by the many scandals. Attitudes against corruption in Sweden seem to be strong measured by the non-tolerance of bribe-taking. This also holds true in a comparative perspective in relation to other European countries. Historically Swedish attitudes have been strongly opposed to corruption, but recent data points to a possible trend toward those attitudes becoming slightly more tolerant in comparison to some other European countries. Overall, other results are consistent with the findings in the survey that I conducted and it is to this survey I now turn.

I surveyed young citizens' attitudes about different types of corruption in Sweden, building upon a similar study conducted in Canada by Kenneth Gibbons. In the survey nine different scenarios drawn from examples in the corruption literature were evaluated by choosing between concept pairs of corrupt/not corrupt, democratic/nondemocratic, local/national level of government, and common/uncommon. The study shows that in general the behaviours represented in the nine scenarios were judged rather harshly and that it seems that indeed there are quite strong notions of what is corrupt and what is not. It is possible to distinguish between different corrupt behaviours, but there are many indications that respondents find this difficult to do. This is a sign that, though we may see a clear distribution of how corrupt different acts are, this is something the respondents regard as being difficult to evaluate.

In general the results between the two studies were rather similar. The scenarios evaluated as the most corrupt were the same in my survey and the Canadian study. The scenarios that were ranked as the most, second most, and third most corrupt in both the studies dealt with situations of bribery, nepotism, and legislative conflict of interest. The least corrupt scenarios in the Swedish survey concerned pork-barrelling, campaign finance and party discipline. In the Canadian study it was the campaign finance, influence-peddling and pork-barrelling scenarios that were regarded as the least corrupt. The scenarios describing cases of bureaucratic conflict of interest and patronage behaviour were ranked in the middle in terms of corruption.

There were also some differences between the studies. It seems reasonable to assume that these partly can be explained by different traditions, regulations and experiences of the behaviours represented by the scenarios. But here it must be added that it is not possible to make outright comparisons between the two studies in order to make explanations, due to the small sample and the fact that my study makes no claim of general representativeness. In the Swedish survey the party discipline scenario was evaluated among the least corrupt,

compared to being placed in the middle in the Canadian study, and was evaluated as somewhat rare, though important, and associated with the national level. Here it is interesting to note that in my survey it was evaluated as the third most undemocratic scenario, and the fourth in the Canada survey, but despite this the students in the Swedish case compared to the Canadian survey did differentiate between this and corruption. In Sweden it is likely that even people who dislike party discipline still would regard it as a legitimate part of the system and not corrupt.

Legislative conflict of interest was regarded as only the sixth most common in the Canada study, while second in my survey. One possible interpretation of this is that in Sweden there has been for a long time a discussion about politicians occupying many positions at the same time. Furthermore, the job responsibilities of parliamentarians have few regulations. The scenario representing a case of influence-peddling was evaluated as the seventh most common scenario in the Canadian study compared to the third most common in the Swedish study. Here, this could to some extent reflect that in Sweden there has not been regulation of party finance other than the voluntary agreements between the parties. This could cause respondents to believe that the kind of contribution described in the scenario is common. Campaign finance was evaluated as the fourth most common in the Canadian study but the second most rare in my study. One possible reason for this result is that it is a reflection of the much less candidate orientation of the Swedish election system and the smaller role of private funding of parties.

In the Swedish survey I added one impropriety scenario to catch behaviour similar to that which has caused disapproval from the citizens in some cases in Sweden. This scenario turned out to be the third most corrupt in the Swedish study, and it was also regarded as one of the scenarios most connected to Social Democratic governance along with the party discipline scenario and the patronage scenario; the others were more associated with conservative rule. Furthermore, the respondents associated all the corruption scenarios more with other EU-countries than with Sweden. I think this is an indication that young Swedes regard their country as still among the countries with best non-corruption records.

In about half of the scenarios the background variables together had a substantial impact on the corruption evaluations; some of the variables had a significant and rather robust influence. In the Canadian study alienation and censoriousness was pointed to as the most powerful variables in explaining the variation. Turning to my Swedish survey, satisfaction with the way democracy works and perceptions of politicians had an impact; those respondents more dissatisfied in these two aspects were also more likely to label a scenario as corrupt. For the interpersonal trust indicator we found that those expressing less trust in other people were more censorious in their corruption evaluations. Furthermore, the gender of the respondent affected the corruption evaluation of some of the scenarios, with the direction of the evaluation varying depending on the scenario. So based on these results there is no clear indication that either gender is more strict in views. But in interviews with politicians and officials some persons point to male norms, or a male culture developing in decision-making groups consisting only of men, as explaining scandals. If this is true, it does not seem to be

present in the views of young citizens, rather it is something that seems to develop within these organisations.

Comparing the results with the study in Canadian, we have to be aware that my survey was conducted on a much smaller sample and that the Canadian study was conducted in the 1980s. Nevertheless, to a great extent the evaluations of the behaviours were similar in the two studies, with some exceptions. This demonstrates that attitudes in Sweden are generally comparable to other countries; in this case the comparison is made to another country also in the least corrupt category.

The fourth research question: corruption over time

The fourth research question deals with the ways corruption is changing over time. As a starting point we see that the distribution of corruption in Western Europe seems to follow a north-south dimension, with countries in the north having less corruption. This was in line with what was expected from the theory on distribution of corruption. Using trust as an indicator of the degree of civicness, we found a high correlation with corruption, i.e. little trust with more corruption. However, concerning attitudes about bribes, no distinct north-south pattern could be distinguished. Internationally there is a belief that corruption is more prevalent, and this investigation notes a similar tendency in Sweden.

Legal data show that there has been a slight increase in corruption over time during the 1990s measured by the number of bribery cases. The number of corruption cases peaked in the mid-1990s but from 1997 onwards the number of cases annually climbed back to the 1980s levels. But we have to remember the limited number of cases and, therefore, this in itself cannot be a reason for far-reaching conclusions. Turning to the cases in the press, more cases were reported on in the 1990s than before, especially after the highly publicized scandals in the mid-1990s. Whether this is due really to more cases or to more scrutiny and interest from the media is not possible to say. In the international arena awareness of corruption has been as a consequence of major scandals and here researchers also conclude that corruption has increased in the 1980s and 1990s. In Sweden, in addition to the factors above, it has been noted that in business and marketing transactions the number of questionable offers and bribes have increased during the 1990s. Political actors themselves are divided in their opinions, as expressed in the interviews, as to whether corruption has increased or not. Another study show that about 30 percent of the party officials thought that corruption would increase as a consequence of the changes in the election system with the introduction of the preference vote.

The fifth research question: institutional and other contextual changes

On the fifth research question about how institutional and other contextual changes affect the likelihood of corruption, I turn first to official government investigations and their view of how changes impact on the risk of corruption and improprieties. Several changes in politics and administration, an important factor in talking about corruption, were identified in the

investigations. The push in the public sector to increase efficiency creates new demands on controlling bodies. But decentralisation and increased discretion have not been accompanied by an adoption of internal and external control systems. An important change in the control of the administration by the central government is the passing of laws that establish only a general framework and give greater discretion to authorities to have implementation directions complementing the rules. It was argued that democratic values, legal security, and public ethics have come second to economic values of later years. A negative trend was noted regarding possibilities of whistle-blowing and expressing criticism within the administration, vital factors in corruption control. Furthermore, internationalisation, especially the membership in the European Union, is singled out as demanding new routines and working forms from the government and the authorities.

In my interviews the respondents focused on institutional and cultural factors as explanations of corruption and improprieties. Political power conditions such as holding power for a long-time and the strength or weakness of the opposition were also identified by many persons. Fewer respondents used individual morality as an explanation. Those who did in many cases connected this to social problems, lack of judgement, and “power-mad” persons. Furthermore it was stressed that actors in leading positions play an important role in setting an example. However, this also points to the danger of relying too much on strong leaders instead of a strong institutional framework. If the cases analysed are compared, we see that in the Motala interviews the local political culture was more emphasised than in the Skellefteå interviews or the interviews at the central level. Similarly, individual morality and the role of the individual actor were emphasised more in Motala. This is not that surprising and might be explained by the focus on individual actors and cultural factors following the Motala case revelations.

National level politicians were asked specifically if they thought any changes in society had taken place, affecting the occurrence of corruption. Many referred to internationalisation and increased distance between politicians and the electorate. International contacts involve more travelling and exposure to different cultures and norms. Also social control was regarded to become weaker abroad and similarly social control is affected negatively if politicians distance themselves from what citizens in general think is proper behaviour. Among other delineated factors were economic changes, changed management forms, adoption of public services to market criteria, and changing morality. Furthermore, some changes such as increased media coverage and harder scrutiny of politics were identified as being instrumental in revealing corruption and thus serving as a control function.

In the final chapters (Chapters Six, Seven and Eight) the principal agent approach helped to see how some of the contextual changes affected delegation and risk of corruption. Among other factors changed economic conditions, increased demand on efficiency, increased possibilities to delegate task to the administrations and changed procurement laws affected the delegation relationships. These per se did not produce corruption nor make control less likely, but they necessitated changes if increased corruption was to be avoided. This is true especially in terms of how delegation and control were structured. We found that this part of the package of changes was not carefully thought out, compared to ways to increase

efficiency, flexibility, decentralisation, etc. Moreover, in one of the organisations the weakened ex post control in the form of reduced political as well as administrative control went hand-in-hand with weakened ex ante mechanisms for control. In turn this also affected the likelihood of agents carrying out tasks not in line with the wishes of the principal. Here we also probably find an important answer to the problems experienced in one of the county councils and not the other. These cases also highlighted new forms of public management and how to run activities, whether as traditional government services, companies (local government owned or private) or in other forms. This also points to the importance of taking corruption risks into account in future governance studies and in particular it calls for a need to see the importance of adopting control mechanisms that are in accordance with new forms of organisation and running of operations.

The sixth research question: how to combat corruption

The sixth research question highlights the measures undertaken in the political and administrative spheres of the public sector to avoid and combat corruption. The international comparison of regulations to combat corruption shows that generally bribery in the domestic arena has been more regulated by law than bribery of foreign officials. This is also true for Sweden. On this matter, we did not find any specific relationship between allowing tax deductibility of bribes and the propensity to use bribes internationally. Regulations of public officials and funding of political parties and candidates also varies between countries within OECD and Western Europe.

Sweden is taking an active part in the international work against corruption and as a result has strengthened its legislation domestically, particularly against bribery of foreign officials and prohibition of tax deductibility for bribes in international business relations. The implications of the domestic legal changes concerning interpretation of bribes have been a matter of debate, especially on the issue of contributions from organisations to political parties.

With the recent legislative changes in force, Sweden can be said to have strong legislation against bribery, both domestic and foreign bribery. Previously this was true only for the former. As to whether to have legislative rules to regulate party financing, Sweden has chosen to follow the traditional Swedish line with limited legislation. In a similar way there has been little emphasis on formal codes of conduct for politicians. But there are indications that the position of the parties might change, since studies (reported in Chapter Four) based on interviews with party officials show that almost as many now regard legislation as important as those who do not.

The many scandals in the 1990s increased the focus on improprieties and corruption, though traditionally corruption has not been high on the political agenda in Sweden. Overall, concerning regulations and risk of corruption the Swedish policy points to awareness about the risks of bribery while other areas have been more neglected. Some of the investigations have also indicated that there is need for legislation to be changed in certain areas as well as the need for increased information and education about corruption and ethics. The increased

stress on information and education can be seen as an indication of greater awareness or at least a way of showing that this is taken seriously. And these types of measures are indeed important, especially as what is regarded as corrupt might vary between individuals and over time. We have seen that attitudes towards corruption do not only differ depending on what type of corruption it concerns and on which person is asked, but attitudes towards corruption also change. To keep corruption at low level it is important to maintain a public attitude that condemns corruption. It is also very important that the government and its agencies take notice of matters bordering on corruption and what is regarded as corrupt by the public.

As for danger zones of corruption, the Swedish answer to the OECD survey of 1997 revealed no official awareness or policy position about which areas are of most concern in terms of corrupt or questionable activities. However, bribery in procurement was an area singled out in later government reports. Moreover, this is an area where the institutional and legal framework has been strengthened substantially over the last ten years. Measures suggested in committee reports and investigations in many cases concern control system and transparency particularly in public companies and local government where audit were seen as important. The investigations pointed to dangers with mixed forms of government, implying that ownership control over the development is lost and systematic control may be missing. It was noted that controlling bodies in Sweden are not as independent as in other comparable countries. But recently changes have been made to strengthen the local government audit. On the national level it has been decided that the Swedish National Audit Office will get an independent role from the government when a new body is created that will come under the authority of parliament. Additionally, the consequences of outside employment have been examined and the regulations in the Public Employment Acts concerning extra-occupational activities have been extended from the state to include county councils and municipalities. In one investigation extra-occupational activities were pointed to as especially problematic when persons close to the employee are engaged in a business related to an area in which the authority also is engaged. Furthermore, the heterogeneity of the public administration means that support for a common ethics and administrative culture was regarded as important. Positions where officials are exposed to contacts with organised crime was another area identified. In a traditionally sensitive area, financing of political candidates, it seems as attitudes are becoming more in favour of legislation. As far as the control of the voluntary rules agreed to by the parties, this area has not been developed, pointing to a need for improved knowledge and control.

Measures suggested by interviewees to combat corruption and improprieties include legislative changes as well as information and education. Several of the measures concerned local government and to improve insight and control. Many of the interviewees regarded education as the most important measure to counter corruption. In general the party representatives were sceptical towards legislation concerning funding of political parties and candidates, an area where they prefer self-regulation and voluntary agreements between parties. But as was noted before there are indications that the resistance within the parties against legislation of party financing might be weakened.

If we look at the control system in Sweden from a principal agent perspective the emphasis is or has been on ex ante mechanisms such as nomination of candidates and less on ex post mechanisms such as institutional checks and “police patrol” measures such as strong audit. Weaknesses in police patrol mechanisms are something that also has been pointed to in other studies despite evaluating Sweden as a low corruption case. However, in comparison, fire-alarm control is probably effective because Sweden is an open society with good protection for those who whistle-blow to the media, and it has open access to public records, and a well-informed citizenry. But here one can add that fire alarm might not have the same efficiency in all areas. One danger zone scrutinised in the last three chapters of the dissertation – public procurement – is such an example where it can be counter productive for interested parties to sound the alarms. If a supplier hopes for a deal in the future the supplier might choose to keep quiet even though a transgression has occurred.

Corruption and danger zones in Sweden

Knitting these empirical findings together might help us not just to summarise the most important aspects or consequences of these findings but also to say something about the trend over time. From the perspective of the literature on corruption, the danger zones and types of corruption identified were not surprising but it is nevertheless an important research finding to establish that Sweden is in this area not a deviant case.

Danger zones are similar in Sweden and in other countries. Some areas are more prone or exposed to corruption than others. Areas where there is big room for discretion and where decisions are made about permissions, licenses, and procurement of projects are in the danger zone for corruption. As the data from other countries show, exposed areas include such areas as police activities, border control, public procurement, and procurement of building projects. These findings are confirmed in Sweden. In addition many of the improprieties and corruption cases are happening at local government level, not very surprising since such a large part of public activities carried out are the responsibility of the local authorities. In the municipalities we can expect closeness between decision and implementation to be more obvious than at the central level of government where the legislators are not to the same extent as close to the implementation. Furthermore, many of the economic and institutional changes carried out in the 1990s had serious repercussions for the local government level and the control system did not change to the same extent.

When we looked at the danger zone of procurement, we could see that changes affecting the structure of the activity (how the delegation is structured, control mechanisms and so on) are important factors in explaining risks in the chain of delegation that characterise the organisation structure in the representative democracy. The analysis of the three county councils pointed to the need to consider how changes undertaken affect control mechanisms and the possibility of keeping agents accountable. Institutional aspects were shown to help us in understanding shirking by agents. But we could also see the importance of the individual

actor and how integrated an agent was in the norms of the organisation during times of major change. But with this observation I do not want to imply that changes undertaken in the organisations were something negative. On the contrary they were well intended and to a large extent responses to other changes, especially economic conditions that worsened during the 1990s. However, it is very important to think about their implications and examine ways to handle their negative effects and not just the positive ones. This is especially true concerning factors which may effect the accountability of actors, such as the strength of monitoring and audit, the protection and encouragement of whistle-blowing and the awareness among actors in an organisation about the control mechanisms and rules that apply.

Corruption attitudes in Sweden are strong, measured as attitudes about bribes, and rather similar to other European countries. This is probably an important ingredient for why corruption is remaining on a low level, since attitudes among citizens affect the expected cost for an individual to engage in corrupt deals. The number of public officials assumed to be corrupt and the reputation about corruption can affect the willingness of others to engage in corrupt deals. As we have noted there are some indications pointing to a relaxation in attitudes and this is something important to follow. If many Swedes believe that corruption increased during the 1990s, this could indicate increased risks of corruption.

To the discussion about attitudes we can connect the findings from the attitude survey I conducted that showed that respondents distinguish corrupt actions from non-corrupt, but at the same time we see that this is perceived as difficult to do, and indeed in some cases, the perceptions of what is corrupt differ between individuals. This is important as we discuss measures against corruption in the public sector and indicates that the sound judgement of each individual is not enough to rely on as a measure against corruption.

Applying Heidenheimer's typology, Sweden is still close to the category called the civic-culture based system. In Sweden the level of corrupt practises and their incidence consequently falls when we are going from cases of petty corruption to aggravated corruption. One should note, however, that compared to the examples of corruption used by Heidenheimer, interesting cases fall between the categories. This study also casts doubt on the thesis that resistance towards favouritism is stronger among the elite compared to other groups. Instead, this study emphasises that the public in general has very harsh attitudes against any kind of improprieties or questionable actions. This, of course, also implies that there is a tendency among the public towards more frequently viewing dubious practises as outright (or black) corruption.

Based on the findings of this study is it difficult to say if corruption is currently on the rise in Sweden. The international trend and indications point to such a trend, and some results indicate the same is true for Sweden. However, here we must be cautious in our interpretations. In the mid-1990s a large number of scandals were revealed in Sweden. Many of these were exposed by the media, but in the last years it has become quieter. Is this because there is a decreased amount of corruption and improprieties? Or is it that the media has decreased their focus on corruption and devoted less resources to uncover such happenings? Or is it that individuals have learned how not to get caught? Unfortunately I cannot answer these questions without further research, but what I can say is that I have identified some

factors to be aware which could affect the corruption level. This particularly concerns changes in attitudes and the impact of institutional changes on control mechanisms.

Even though it is difficult to say if corruption has increased, it appears that Sweden is falling behind slightly. The 1990s have shown that a low level of corruption cannot be taken for granted and that there are many danger zones for corruption. This points to the need for increased attention to corruption in countries regarded as least corrupt.

My approach – the next step

My research shows that we can use the knowledge in the existing literature to learn more about corruption in Sweden. The application and development of the knowledge and tools in this literature is a more productive position than simply labelling Sweden as an outlier and dismissing it in corruption studies. Concerning danger zones for corruption and the various forms it takes, we see similarities with other countries. Also concerning attitudes among people, empirical data show that Sweden is in many circumstances similar to other countries.

By studying such a country I hope to have made several albeit humble contributions to the literature on corruption. First, by developing more empirical data about the specific case of Sweden I have added to the general knowledge about countries in the least corrupt category. Second, by employing as the theoretical framework a combination of several approaches common to the international literature I have highlighted the fruitfulness of applying to this area of study a theoretical framework combining more than one approach. Third, in looking at corruption using multi-method instruments, I have shown how in the field of corruption studies it is possible to combine both case-study oriented and variable-oriented research strategies.

The better and more extensive data that can be gathered, the better the possibility to identify exposed areas. As a first step, an important part of the corruption puzzle is the investigation of the dependent variable fully, not jumping directly to the task of explaining something of which we do not know the details. In turn, investigating the dependent variable fully helps to understand better underlying mechanisms. Hopefully this study has made a contribution here, but I realise that this is an area that could be developed further; a statement that applies to the literature in general. I want to point out here the need to build on theoretical knowledge in empirical case studies. Case studies connected to theoretical knowledge can provide important contributions to the understanding about corruption in general. This has been an expressed ambition in this study; one which has, perhaps, not completely been fulfilled, but towards which I hope my study has made some progress. In any case, the alternative, just studying the most affected countries and the most obvious cases, would only add one side to the puzzle. It does not contribute enough when we want to test theories or try to develop them.

But these (modest) contributions raise questions about the next step in corruption research. The combined theoretical approach developed in this research study aims to give a full as possible picture of corruption and danger zones. As mentioned in Chapter Two, the

constituting parts of my approach were given about the same weight at the outset of the study. The empirical investigations and the conclusions have drawn more from the Heidenheimer part and the principal agent part than from the contextual factors approach. But the contextual factors part was not less relevant as it served as a guide for where to look for danger zones by pointing to aspects of great importance. However, in a further study of danger zones I would give greater emphasis to the principal agent approach. Such an approach gives a theoretical base for understanding how institutional arrangements affect decisions of the actor and at the same time it provides a concrete way of studying this empirically.

The application of the principal agent framework in the last three chapters highlighted some of the aspects important in political and administrative organisations which are important in understanding why delegation fails and how it can increase the risk of corruption and improprieties. This does not, however, enable us to say which organisational form is the best. And, of course, thinking about minimising the risk of corruption as the leading principle in establishing an organisation might not result in the best one from some other broader perspective. But this study showed clearly how changes affected the investigated organisations, the efficiency of their control mechanisms, and how this resulted in working or failed delegation. From a governance perspective this gives insight to better understand difficulties involved in undertaking different forms of operations of government activities. In general the mechanisms highlighted with this approach, as central pillars of how to come to terms with and get a working delegation from principal to agent, are very useful in the study of mechanisms by which danger zones turn into corrupt activities.

In the various steps in the delegation chain, we have seen the importance of information, and the problems with principals who are insufficiently informed. The principal agent approach highlights the importance of asymmetry of information and how to come to terms with it. One of the solutions is alternative sources information for the principal; another is punishment for not delivering correct information. The principal agent approach makes it possible to study the delegation chain and the importance of information, reporting and control.

To some extent one might say that identifying the important mechanism in avoiding the principal agent problems could also be done by other approaches – and I agree. But I believe that my approach helps focus an empirical study of these aspects in a way that is not equally facilitated by most alternative approaches. Other approaches could also highlight the importance of different control mechanisms, information, culture and risk of detection, and so on. However, unlike this approach, they do not to the same extent catch the relationship between the various steps in the democratic delegation chain at the same time as the actor is studied in his/her context.

One avenue for pursuing further corruption research, just to mention a possible example, is to connect what we know about danger zones and the mechanisms influencing actors' corrupt behaviour and then apply that to discussions of new models of the politics of management in multi-level governance. With many new forms of governance emerging, corruption studies is probably going to be a growing field of research in political science.

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Appendix I Corruption data 1980-2001 (TI and BI) and Interpersonal trust 1990 (IPT)

Country	TI 2001	TI 2000	TI 1999	TI 1998	TI 1997	TI 1996	TI 1995	TI 1988-92	TI 1980-85	BI 1980-83	IPT 1990
Finland	9.9	10.0	9.8	9.6	9.48	9.05	9.12	8.88	8.14	9.50	63
Denmark	9.5	9.8	10.0	10.0	9.94	9.33	9.32	8.88	8.01	9.25	58
New Zealand	9.4	9.4	9.4	9.4	9.23	9.43	9.55	9.30	8.41	10.00	.
Singapore	9.2	9.1	9.1	9.1	8.66	8.80	9.26	9.16	8.41	10.00	.
Iceland	9.2	9.1	9.2	9.3	.	.	.	.	.	.	44
Sweden	9.0	9.4	9.4	9.5	9.35	9.08	8.87	8.71	8.01	9.25	66
Canada	8.9	9.2	9.2	9.2	9.10	8.96	8.87	8.97	8.41	10.00	52
Netherlands	8.8	8.9	9.0	9.0	9.03	8.71	8.69	9.03	8.41	10.00	56
Luxembourg	8.7	8.6	8.8	8.7	8.61	.	.	.	.	.	.
Norway	8.6	9.1	8.9	9.0	8.92	8.87	8.61	8.69	8.41	10.00	65
Australia	8.5	8.3	8.7	8.7	8.86	8.60	8.80	8.20	8.41	8.00	.
Switzerland	8.4	8.6	8.9	8.9	8.61	8.76	8.76	9.00	8.41	10.00	43
UK	8.3	8.7	8.6	8.7	8.22	8.44	8.57	8.26	8.01	9.25	44
HongKong	7.9	7.7	7.7	7.8	7.28	7.01	7.12	6.87	7.35	8.00	.
Austria	7.8	7.7	7.6	7.5	7.61	7.59	7.13	7.14	7.35	8.00	32
Israel	7.6	6.6	6.8	7.1	7.97	7.71	.	7.44	7.27	9.25	.
USA	7.6	7.8	7.5	7.5	7.61	7.66	7.79	7.76	8.41	10.00	50
Ireland	7.5	7.2	7.7	8.2	8.28	8.45	8.57	7.68	8.28	9.75	47
Chile	7.5	7.4	6.9	6.8	6.05	6.80	7.94	5.51	6.53	9.25	23
Germany	7.4	7.6	8.0	7.9	8.23	8.27	8.14	8.13	8.14	9.50	38
Japan	7.1	6.4	6.0	5.8	6.57	7.05	6.72	7.25	7.75	8.75	42
Spain	7.0	7.0	6.6	6.1	5.90	4.31	4.35	5.06	6.82	7.00	34
France	6.7	6.7	6.6	6.7	6.66	6.96	7.00	7.45	8.41	10.00	23
Belgium	6.6	6.1	5.3	5.4	5.25	6.84	6.85	7.40	8.28	9.75	33
Portugal	6.3	6.4	6.7	6.5	6.97	6.53	5.56	5.50	4.46	6.75	21
Botswana	6.0	6.0	6.1	6.1	.	.	.	.	.	.	.
Taiwan	5.9	5.5	5.6	5.3	5.02	4.98	5.08	5.14	5.95	6.75	.
Estonia	5.6	5.7	5.7	5.7	.	.	.	.	.	.	28
Italy	5.5	4.6	4.7	4.6	5.03	3.42	2.99	4.30	4.86	7.50	37
Namibia	5.4	5.4	5.3	5.3	.	.	.	.	.	.	.
Hungary	5.3	5.2	5.2	5.0	5.18	4.86	4.12	5.22	1.63	.	25
Tunisia	5.3	5.2	5.0	5.0	.	.	.	.	.	.	.
Trinidad & Tobago	5.3	.	.	.	.	.	.	.	.	.	.
Slovenia	5.2	5.5	6.0	.	.	.	.	.	.	.	.
Uruguay	5.1	.	4.4	4.3	4.14	.	.	.	.	.	.
Malaysia	5.0	4.8	5.1	5.3	5.01	5.32	5.28	5.10	6.29	6.00	.
Jordan	4.9	4.6	4.4	4.7	.	4.89	.	5.51	5.30	8.33	.
South Africa	4.8	5.0	5.0	5.2	4.95	5.68	5.62	7.00	7.35	8.00	28
Lithuania	4.8	4.1	3.8	.	.	.	.	.	.	.	.
Costa Rica	4.5	5.4	5.1	5.6	6.45	.	.	.	.	.	.
Mauritius	4.5	4.7	4.9	5.0	.	.	.	.	.	.	.
South Korea	4.2	4.0	3.8	4.2	4.29	5.02	4.29	3.50	3.93	5.75	34
Greece	4.2	4.9	4.9	4.9	5.35	5.01	4.04	5.05	4.20	6.25	.
Poland	4.1	4.1	4.2	4.6	5.08	5.57	.	5.20	3.64	.	35
Peru	4.1	4.4	4.5	4.5	.	.	.	.	.	.	.
Brazil	4.0	3.9	4.1	4.0	3.56	2.96	2.70	3.51	4.67	5.75	7
Czech Republic	3.9	4.3	4.6	4.8	5.20	5.37	.	5.20	5.13	.	28
Bulgaria	3.9	3.5	3.3	2.9	.	.	.	.	.	.	30
Croatia	3.9	3.7	2.7	.	.	.	.	.	.	.	.
Colombia	3.8	3.2	2.9	2.2	2.23	2.73	3.44	2.71	3.27	4.50	.
Mexico	3.7	3.3	3.4	3.3	2.66	3.30	3.18	2.23	1.87	3.25	33
Slovakia	3.7	3.5	3.7	3.9	.	.	.	.	.	.	.
Panama	3.7	.	.	.	.	.	.	.	.	.	.
Turkey	3.6	3.8	3.6	3.4	3.21	3.54	4.10	4.05	4.06	6.00	10
Egypt	3.6	3.1	3.3	2.9	.	2.84	.	1.75	1.12	3.25	.
El Salvador	3.6	4.1	3.9	3.6	.	.	.	.	.	.	.
Argentina	3.5	3.5	3.0	3.0	2.81	3.41	5.24	5.91	4.94	7.66	23
China	3.5	3.1	3.4	3.5	2.88	2.43	2.16	4.73	5.13	.	60
Ghana	3.4	3.5	3.3	3.3	.	.	.	.	.	.	.
Latvia	3.4	3.4	3.4	2.7	.	.	.	.	.	.	19
Thailand	3.2	3.2	3.2	3.0	3.06	3.33	2.79	1.85	2.42	1.50	.
Malawi	3.2	4.1	4.1	.	.	.	.	.	.	.	.
Moldova	3.1	2.6	2.6	.	.	.	.	.	.	.	.
Dominican Rep.	3.1	.	.	.	.	.	.	.	.	.	.
Philippines	2.9	2.8	3.6	3.3	3.05	2.69	2.77	1.96	1.04	4.50	.
Zimbabwe	2.9	3.0	4.1	4.2	.	.	.	.	.	.	.
Senegal	2.9	3.5	3.4	3.3	.	.	.	.	.	.	.
Guatemala	2.9	.	3.2	3.1	.	.	.	.	.	.	.

Country	TI 2001	TI 2000	TI 1999	TI 1998	TI 1997	TI 1996	TI 1995	TI 1988-92	TI 1980-85	BI 1980-83	IPT 1990
Venezuela	2.8	2.7	2.6	2.3	2.77	2.50	2.66	2.50	3.19	5.75	.
Romania	2.8	2.9	3.3	3.0	3.44	.	.	.	.	.	16
India	2.7	2.8	2.9	2.9	2.75	2.63	2.78	2.89	3.67	5.25	34
Honduras	2.7	.	1.8	1.7	.	.	.	.	.	.	.
Kazakhstan	2.7	3.0	2.3	.	.	.	.	.	.	.	.
Uzbekistan	2.7	2.4	1.8	.	.	.	.	.	.	.	.
Vietnam	2.6	2.5	2.6	2.5	2.79	.	.	.	.	.	.
Zambia	2.6	3.4	3.5	3.5	.	.	.	.	.	.	.
Côte d'Ivoire	2.4	2.7	2.6	3.1	.	.	.	.	.	.	.
Nicaragua	2.4	.	3.1	3.0	.	.	.	.	.	.	.
Ecuador	2.3	2.6	2.4	2.3	.	3.19	.	3.27	4.54	5.50	.
Russia	2.3	2.1	2.4	2.4	2.27	2.58	.	3.27	5.13	.	38
Pakistan	2.3	.	2.2	2.7	2.53	1.00	2.25	1.90	1.52	4.00	.
Tanzania	2.2	2.5	1.9	1.9	.	.	.	.	.	.	.
Ukraine	2.1	1.5	2.6	2.8	.	.	.	.	.	.	.
Bolivia	2.0	2.7	2.5	2.8	2.05	3.40	.	1.34	0.67	.	.
Cameroon	2.0	2.0	1.5	1.4	.	2.46	.	3.43	4.59	7.00	.
Kenya	2.0	2.1	2.0	2.5	.	2.21	.	1.60	3.27	4.50	.
Azerbaijan	2.0	1.5	1.7	.	.	.	.	.	.	.	.
Uganda	1.9	2.3	2.2	2.6	.	2.71	.	3.27	0.67	.	.
Indonesia	1.9	1.7	1.7	2.0	2.72	2.65	1.94	0.57	0.20	1.50	.
Nigeria	1.0	1.2	1.6	1.9	1.76	0.69	.	0.63	0.99	3.00	23
Bangladesh	0.4	.	.	.	.	2.29	.	0.00	0.78	4.00	.
Belarus	.	4.1	3.4	3.9	.	.	.	.	.	.	26
Jamaica	.	.	3.8	3.8	.	.	.	.	.	.	.
Morocco	.	4.7	4.1	3.7	.	.	.	.	.	.	.
Yugoslavia	.	1.3	2.0	3.0	.	.	.	.	.	.	.
Paraguay	.	.	2.0	1.5	.	.	.	.	.	.	.
Mongolia	.	.	4.3	.	.	.	.	.	.	.	.
Mozambique	.	2.2	3.5	.	.	.	.	.	.	.	.
Macedonia	.	.	3.3	.	.	.	.	.	.	.	.
Armenia	.	2.5	2.5	.	.	.	.	.	.	.	.
Albania	.	.	2.3	.	.	.	.	.	.	.	.
Georgia	.	.	2.3	.	.	.	.	.	.	.	.
Kyrgyzstan	.	.	2.2	.	.	.	.	.	.	.	.
Ethiopia	.	3.2	.	.	.	.	.	.	.	.	.
Burkina Faso	.	3.0	.	.	.	.	.	.	.	.	.
Angola	.	1.7	.	.	.	.	.	.	.	.	.

Note: Data on corruption from Transparency International (TI) 1995a, 1995b, 1996d, 1997a, 1998b, 1999, 2000 and 2001a and from Mauro 1995 (BI 1980-1983). Calculations on interpersonal trust (IPT) are based on Inglehart et al. 2000.

Appendix II Variables and questions from World Values Surveys

Variable 94. People trusted

Question: “Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?” Response choices: “1– Most people can be trusted”, “2–Can't be too careful” “9 –Don’t know”

Variable 306. Accept bribe

Question: “Tell me for each of the following statements whether you think it can always be justified, never be justified, or something in between: ...Someone accepting a bribe in the course of their duties.” Response choices: Never 1/2/3/4/5/6/7/8/9/10 Always

Appendix III The different scenarios (Swedish scenarios in italics)

- A. A civil servant is in a position to hire a new worker in his office. He decides to give the job to his relative rather than to another person who is better qualified. (Nepotism)
A. En tjänsteman i offentlig sektor ska anställa en ny medarbetare till kontoret. Tjänstemannen ger jobbet till en släkting istället för en annan bättre kvalificerad person.
- B. When a party A won the last election, it removed a number of people from their government jobs and replaced them with loyal party A supporters. (Patronage)
B. När partiet A vann valet bytte man ut ett antal personer från deras högre statliga/kommunala tjänster och ersatte dem med lojala anhängare till partiet.
- C. During a recent election candidate X announced that the government would build a new highway in the riding that the constituents had wanted for years, but only if the party and candidate X win the election in the riding. (Pork-barrelling)
C. Vid förra valet lovade kandidat A att det skulle byggas en ny väg i distriktet som väljarna hade önskat i många år, men endast om partiet och kandidat A vann valet.
- D. Mr X an average citizen, wants to get a favourable ruling from a civil servant in the government, so he offers to buy the official a television. (Bribery)
D. Personen A, en genomsnittlig medborgare önskar ett fördelaktigt utslag i ett ärende från en tjänsteman i offentlig sektor, så A erbjuder tjänstemannen en ny TV och tjänstemannen accepterar erbjudandet.
- E. A wealthy man, Mr Y donates \$50,000 to the campaign fund of candidate B and B accepts. (Campaign finance)
E. En rik man Y, donerar 300 000 kr till kandidat A:s valkampanj och A accepterar.
- F. A legislator owns \$25,000 worth of stock in a large mining company. He votes for bill giving tax concessions to the mining industry. (Legislative conflict of interest)
F. En parlamentsledamot (A) äger aktier i ett stort gruvföretag för 150 000 kronor. A röstar för ett förslag som ger gruvindustrin skattelättnader.
- G. Mrs X, a legislator, often makes references in the legislature to business in her constituency while speaking during question period. These businesses contribute to her campaign fund. (Influence-peddling)
G. En riksdagsledamot/fullmäktigeledamot pratar ofta om företag från sin valkrets under frågestunder i riksdagen/fullmäktige. Dessa företag bidrar till hennes valkampanj.
- H. Mr X, who has made known his intention to vote against his party on an upcoming bill, is told by his party caucus to vote with the party or lose its support for his nomination and campaign funding at election time. (Party discipline)
H. En riksdagsledamot/fullmäktigeledamot har tillkännagivit att han tänker rösta emot partilinjen vid en kommande fråga. Partigruppen meddelar att han kommer att förlora partiets stöd vid nominering och kampanjbidrag vid nästa val om han inte röstar med partiet.
- I. A group of officials in a government department use their knowledge and contacts to establish a part-time consulting firm, which give advice to private clients. The officials are still employed by the government. (Bureaucratic conflict of interest)

I. En grupp tjänstemän i ett departement/kommunal förvaltning använder sina kunskaper och kontakter till att etablera en konsultfirma på deltid som ger råd till privata klienter. Tjänstemännen är fortfarande offentligt anställda.

J. The politicians delegate responsibility for an activity to a civil servant. The knowledge of the politicians about the activity and their follow up is meagre. The civil servant leads the activity with great interest and work a lot overtime. The civil servant decide to compensate himself economically for the overtime, among other things by letting his wife following him on an official journey abroad that is paid for by the administration, which the responsible politicians do not know about. (Impropriety)

J. Politiker ger en tjänsteman ansvar för verksamheten i en förvaltning. Politikernas kunskap om verksamheten och uppföljning av den är liten. Tjänstemannen leder verksamheten med stort engagemang och arbetar mycket övertid. Tjänstemannen beslutar sig själv för att kompensera sig ekonomiskt för övertiden, bl.a. genom att låta frun åka med på en studieresa utomlands som betalas av förvaltningen, vilket de ansvariga politikerna inte får veta.

Appendix IV Statistical relationships

Table 1 Correlations between the corrupt/not corrupt evaluation for the ten scenarios

		Corrupt- Not corrupt									
		A	B	C	D	E	F	G	H	I	J
Corrupt- Not corrupt	A	1.00	.08	.08	.12	.05	.13	.00	.02	.12	.10
	B	.08	1.00	.09	-.13	.02	-.04	.11	.01	.10	-.06
	C	.08	.09	1.00	.07	.13	.15	.26**	.12	.03	-.02
	D	.12	-.13	.06	1.00	.12	.00	.04	.03	-.04	-.05
	E	.05	.02	.13	.12	1.00	.20*	.39**	-.06	.25**	.01
	F	.13	-.04	.15	.00	.20*	1.00	.15	-.02	.11	-.04
	G	.00	.11	.26**	.04	.39**	.15	1.00	.12	.25**	.06
	H	.02	.01	.12	.03	-.06	-.02	.12	1.00	-.01	-.02
	I	.12	.10	.03	-.04	.25**	.11	.25**	-.01	1.00	.17*
	J	.10	-.06	-.02	-.05	.01	-.04	.06	-.02	.17*	1.00

Note: Correlations are Spearman's rho.

Legend: * Significant at the .05 level, ** significant at the .01 level.

In some instances the scenarios do show significant correlations (Table 1). Scenarios E (campaign finance), G (influence-peddling), and I (bureaucratic conflict of interest) show correlation. All are ranked among the least corrupt cases and all to different degrees have been considered as conflict of interest situations. Campaign finance (E) is also correlated with legislative conflict of interest (F), both being vulnerable to the possible influence of money on politics due to improper considerations to contributors.

Influence-peddling (G) and pork-barrelling (C) also were correlated. Regarded as among the least corrupt cases, both concern politicians' relationships to their constituencies. Scenario I (bureaucratic conflict of interest) and J (impropriety) also were related and while both concern administrative behaviour it is only the former that concerns conflict of interest, the latter more subject to unauthorised private gain.

Table 2 Evaluation of the corruptness of the scenarios according to four degree scale.
Answers in percent, mean and ranking

Evaluation of the scenarios	SCENARIO									
	A	B	C	D	E	F	G	H	I	J
Not at all corrupt	2.5	24.1	59.4	0.6	24.1	11.9	24.5	34.2	24.1	5.7
Slightly corrupt	15.8	32.3	25.8	5.7	34.2	30.8	44.0	25.9	28.5	16.4
Quite corrupt	34.8	30.4	9.7	19.6	27.2	24.5	23.9	20.9	31.0	30.8
Very corrupt	46.8	13.3	5.2	74.1	14.6	32.7	7.5	19.0	16.5	47.2
Total	100	100	100	100	100	100	100	100	100	100
Mean	3.26	2.33	1.61	3.67	2.32	2.78	2.14	2.25	2.40	3.20
Ranking (1 = most corrupt)	2	6	10	1	7	4	9	8	5	3

Note: Mean is counted where Not at all corrupt = 1, and Very corrupt = 4.

Key: Scenario A. Nepotism E. Campaign finance I. Bureaucratic conflict of interest
 Scenario B. Patronage F. Legislative conflict of interest J. Impropriety
 Scenario C. Pork-barrelling G. Influence-peddling
 Scenario D. Bribery H. Party discipline

The more differentiated evaluation scale resulted in fewer cases regarded as clearly corrupt compared to the dichotomy, the difference being that patronage and bureaucratic conflict of interest were not clearly corrupt (quite corrupt and very corrupt were counted together – with means above 2.5) and with some minor changes the ranking is about the same as before (Table 2). The differences are partly due to some respondents judging a scenario as “slightly corrupt” here whereas when presented with only the “corrupt/not-corrupt” choice they evaluated it as “corrupt”.

Table 3 Correlations between the four-point scale and the corrupt/not corrupt evaluation

	Four grade corruption evaluation										
	A	B	C	D	E	F	G	H	I	J	
A	-.46**	-.09	-.02	.02	-.08	-.06	.02	.02	-.05	-.01	
B	-.11	-.74**	.01	.15	-.02	.08	.05	-.08	-.03	.09	
C	-.16	-.14	-.52**	.06	-.03	-.14	-.09	-.16	.02	-.02	
D	-.05	.09	-.03	-.24**	-.09	.03	-.02	.02	.08	.07	
Corrupt-	E	-.01	.03	-.12	-.05	-.75**	-.18*	-.31**	.02	-.28**	.08
Not corrupt	F	.03	.01	-.08	-.04	-.18	-.73**	-.24**	.10	-.12	.05
	G	-.01	-.09	-.19*	-.05	-.39**	-.30**	-.68**	-.11	-.24**	.04
	H	.01	-.07	-.26**	.00	.09	.00	-.05	-.76**	.02	.09
	I	-.40	.02	-.02	-.09	-.12	-.23**	-.21**	.02	-.75**	-.06
	J	-.16*	.02	-.05	-.13	.01	-.08	-.07	.03	-.16*	-.56**

Note: Correlations are Spearman’s rho.

Legend: * Significant at the .05 level, ** significant at the .01 level.

In general correlations between the evaluations according to the two different scales are high, but in one case, the bribery scenario (D), the correlation is low (Table 3). In this case the variation is low and it also shows that of the respondents evaluating the scenario as somewhat corrupt about 90% regard it as corrupt and 10% not corrupt. This is an indication also of a

general pattern that the corrupt/non corrupt scale gives a clearer pattern. Backed up by the fact that the two different scales give about the same picture, I utilize the corrupt/non corrupt evaluation method in the discussion of what variables influence the evaluations made by the respondents. In Table 4, I use a multiple regression model to study the impact from the background variables.

Table 4 Multiple regression model. The impact from background variables¹

	E. Campaign finance			G. Influence-peddling			A. Nepotism			F. Leg. conflict of interest			B. Patronage		
	B	Beta	t	B	Beta	t	B	Beta	t	B	Beta	t	B	Beta	t
Constant	2.46		2.47	1.15		1.07	.58		.93	1.03		.96	2.31		2.00
Gender	-.31	-.31	-2.4	-.28	-.28	-2.03	.20	.34	2.42	.41	.42	2.97			
Social background										.21	.43	2.73			
Democracy										-.29	-.37	-2.28			
Politicians care										-.29	-.43	-2.55			
Increase in corruption															
Party preferences										.09	.37	2.48			
Interpersonal trust	-.39	-.32	-2.37	-.47	-.38	-2.59									
Knowledge															
Moral				.36	.30	2.20									
Date							-.24	-.40	-2.72						
	R square = .48			R square = .43			R square = .38			R square = .38			R square = .40		

In the campaign finance scenario the variables with high impact was gender and interpersonal trust. Women tend to evaluate the scenario as more corrupt than the male respondents did and those persons that said that “you cannot be too careful” evaluated the scenario as more corrupt than ones who said that “you can trust most people.”

Influence-peddling was most influenced by gender, interpersonal trust, and the question about individual morals (in regards to what to do with a found wallet with money). Persons with low trust in other people regarded the influence-peddling scenario as more corrupt than those with more trust and those that said that they would keep the found wallet or money regarded the scenario as more corrupt than those who responded that they would hand the wallet and the money to the police. Women were slightly more condemning than men was.

Concerning the nepotism scenario the background variable with most impact on the evaluation was gender. As the number of female respondents increased, the evaluation of not corrupt increased.²

In the legislative conflict of interest scenario the greatest impact came from gender and social background, meaning that women tended to evaluate the scenario as less corrupt than the men did as did persons with working class background compared to person with middle class background. The respondents satisfied with the way democracy worked in Sweden were less censorious than the dissatisfied respondents. The direction was the same regarding whether politicians cared about the views of the respondent, the more pleased were less censorious. Party preferences also had a significant impact, those with preferences on the left were more condemning than those to the right.

¹ The other R square figures were: the party discipline scenario .28; bureaucratic conflict of interest .25; impropriety .22; bribery .20; and pork-barrelling .16. To check the robustness in the results I also tried the model and its explanatory power on the evaluation of the scenarios treating the independent variables as dichotomous variables. The results were similar but in general R square was slightly lower.

² As well, the date (spring or fall term) had an impact in this case.