

A CLEAN HOUSE?

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Studies of Corruption in Sweden

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Preface

In the spring of 2016, two executives at the Swedish Tax Agency secretly warned a former colleague of theirs that he was under scrutiny by journalists who were looking into taxes on foreign assets. When they were found out there was a public outcry, because they had broken the principle of impartiality—that all should be treated as equals before the law.

The case is a good illustration of that countries such as Sweden, which typically are viewed as being free from corruption and having a strong *Rechtstaat*, are not immune from nepotism, cronyism, and other types of favouritism that border on corruption. Not much is known, however, about the nature or extent of corruption in mature democracies traditionally thought of to be spared from these types of problems. This book is an attempt to remedy this by tackling head-on the problem of corruption in a country that at first glance seems the least likely candidate—Sweden.

We owe a debt of thanks to three institutions that made this volume possible. First of all, we would like to thank the Swedish Research Council. In a sense, the book represents an end point of a journey that started in 2007, when we were granted funding from the Swedish Research Council for the project ‘Trust and Corruption in Local Politics’. Secondly, we wish to thank the Expert Group on Public Economics (ESO), which in 2012 granted us funding to complete a research report in the shape of a summary in Swedish of our research thus far, written for a general audience. Lastly, we are grateful to the Swedish Agency for Public Management for their generosity in sharing their survey data on corruption in local government.

Many others have been kind enough to read early drafts or parts of this manuscript, and indeed to comment on the project as a whole. We wish to extend our particular thanks to Staffan Andersson, Yvonne Gustafsson, Carl Dahlström, Apostolis Papakostas, Britt-Marie Citron, Nils-Erik Schultz, and Gunnar Helgi Kristinsson. Any remaining mistakes are, of course, entirely our own.

Why care about corruption in low-corruption countries?

Let us begin with the good news, at least from the Swedish perspective. A number of much-cited sources confirm the image of Sweden as one of the least corrupt countries, and having the strongest rule of law, in the world. In both 2010 and 2011, the World Justice Project ranked Sweden as the country that best adheres to the rule of law (Agrast et al. 2010; 2011),¹ and in subsequent years, it has always been ranked at the top (Agrast et al. 2013; World Justice Project 2015).² Since Transparency International's (TI) Corruption Perception Index (CPI) was launched in 1995, Sweden has never been ranked lower than sixth on the list of the world's least corrupt states, and in the World Bank's Worldwide Governance Indicators (2015) it is one of the leading countries as regards 'the rule of law' and 'anti-corruption measures'. No matter what comparative index is consulted, Sweden performs strongly when it comes to the rule of law and an absence of corruption.

There is, however, also somewhat less uplifting news. In view of Sweden's excellent standing in so many international indices, there are now—and rather paradoxically, one might add—more and more survey data and studies which, independently of one another, suggest that Swedish citizens perceive their politicians and public officials as more corrupt and less impartial than might be expected given Sweden's excellent rankings in, for example, the Rule of Law Index, the Corruption Perception Index, and Worldwide Governance Indicators. Indeed, perceptions of public corruption and a lack of impartiality among public officials stand out in a comparative Nordic context—such mistrust is more widespread in Sweden compared to the other Nordic countries (Erlingsson et al. 2012; Linde & Erlingsson 2013; Erlingsson 2010).

Additionally, the attention paid to the problem has increased rapidly since 2010, the prime reason being the Swedish investigative journalism programme *Uppdrag Granskning*, which began to unravel the Gothenburg Scandal, a corruption scandal in Sweden's second-largest city. In the comprehensive coverage that followed, the media presented not only new angles on what was going on in Gothenburg, but also disclosed possible corruption in other municipalities. The exposés and the public storm that followed prompted the interest of researchers: in the autumn of 2010, the SOM Institute³ at Gothenburg University addressed for the first time a wide range of questions about corruption (Bauhr & Oscarsson 2011), and the Swedish chapter of Transparency International maintained that 'corruption in Sweden has increased' (Engfeldt et al. 2010).

The problem of corruption also engaged the government. In June 2011, it instructed the Swedish Agency for Public Management to produce a factual report giving a comprehensive picture of the case-law, research and perception of the existence of corruption in municipalities and county councils and in enterprises owned by them (Fi2011/2882: 1), which duly published *Köpta relationer: Om korruption i det kommunala Sverige* (Statskontoret 2012).⁴ In addition, early in 2012 a special commission of inquiry was set up to investigate the alleged culture of bribery in Gothenburg (Amnå et al. 2013), and in the late spring of 2012 the Swedish National Audit Office began to chart anti-corruption measures in the government's own agencies, with a report published the following year (Riksrevisionen 2013). Also in 2012, a comprehensive report was published on Swedish institutions' ability to resist corruption (Andersson 2012). In other words, the subject of Swedish corruption—corruption, local and national, in one of the world's least corrupt countries—rapidly became a hot topic among journalists and researchers, as well as politicians and public officials, and all this in a relatively short time.

The evident paradox in all this gives rise to important questions. In comparative international studies, Sweden undoubtedly comes out not merely well: the country is understood to be among the absolutely best, if not *the* best, when it comes to the absence of corruption and the quality of the rule of law. Yet, simultaneously, scandals are regularly brought to light, in particular at the local level, and there is a comparatively

widespread perception among the Swedish public that politicians and civil servants abuse their powers for either their own gain or for the people close to them, especially friends and relatives. In pace with this, interest on the part of the media and researchers has increased.

How ought this paradox be resolved, and what does the paradox say more generally about the incidence of corruption in settings that traditionally are described as practically non-corrupt? One way of dealing with it is simply to ignore the public opinion polls and call into question whether the current interest in corruption in Sweden is warranted, going on to argue that the fascination demonstrated by the media and academics is disproportionate to the true extent of the problem. Such an approach could point to Sweden's excellent rankings in international comparative indices and the relatively few criminal charges brought to court for corruption offences in Sweden. The great degree of attention is then explained by the fact that a number of people—academics, persons in positions of authority, and journalists—have their own reasons for inflating the danger of corruption in Sweden (see Sandgren 2011).

We cannot agree with such attempts to explain it away. Not only does it trivialise the scandals that actually have been uncovered, but it also ignores the very real anxieties of the general public. Moreover, theory leads us to believe that it is precisely the trivialising of Swedish corruption that lies at the root of the naivety and gullibility—and consequent lack of preparedness—with which corruption in the public sector, and perhaps chiefly in the municipalities, has been met (Andersson et al. 2010; Statskontoret 2012). Whatever else, it offers no answer to the question of why there were widespread suspicions of corrupt practices in public administration long before researchers and journalists began to show an interest.

One important point of this book is worth underlining: our purpose is *not* to call in question the image of Sweden as one of the world's least corrupt countries. Rather, what we would argue, is that the subject of corruption and partiality among public officials in least corrupt countries has not been given the degree of public attention it properly deserves. Both researchers and leading political figures have been far too quick to brush aside the problems that exist, often referring to Sweden's high rankings in international indices and the

rarity of prosecutions for corruption. The historical lack of interest is thus matched by a lack of systematically collected knowledge about the corruption problem in Sweden. Hence, we do not know how widespread corruption is, and we do not know what actually characterises corruption in a mature welfare state such as Sweden.

The unfortunate consequence has been that problems related to corruption have been underestimated in the Swedish context. As Girling (1997) points out, just because a country has undergone a democratisation, modernisation, and development of sorts, this does *not* mean that corruption has disappeared; rather, it changes character and may adopt more advanced or, to use Papakostas' term (2009: 127), 'sophisticated' forms, which are thus more difficult to detect. Such corruption, for instance, is evident in cases in which nepotism or cronyism elicit various types of services or services in return, so that unjust account is taken of them in public decision-making (Brå 2007: 146). The cases that have been uncovered show that individuals can be quite inventive when it comes to exploiting their positions as elected officials or civil servants for private gain, whether for themselves or those close to them. This is true even of a country such as Sweden, which is usually thought to have been spared these kinds of problems.

Since we first embarked on the project of researching trust and corruption in Swedish local politics back in 2007, many have queried our interest in corruption in Sweden. For that reason alone it is worth setting down at the outset why we think one should care about matters related to corruption and the rule of law, especially in a country that, unlike so many others, is widely thought to be spared from such problems (at least according to a strict, legal definition of corruption). We believe there are at least six good arguments for taking a much closer look at corruption in supposedly 'least corrupt' settings such as Sweden.

Six arguments that should give us pause for thought

First, the fact that a social problem is relatively less serious in one country than another tells us nothing about the actual extent of the problem per se. The only thing it says, is that the situation in Sweden is better than in many other countries. Based on this, to make the

uncritical assumption that everything is fine in our own backyard, because Sweden happens to top the list of having the world's strongest rule of law and being one of its least corrupt states, is just as wrong-headed as a doctor who examines 180 patients and pronounces the least ill of them healthy. It would be absolutely essential to take a close look at this 'least ill' patient to see whether any treatment is required; similarly, it is a false conclusion to think that we should abstain from researching corruption and the quality of the rule of law in countries which, compared to others, seem to be spared corruption. Consider the question of gender equality in Sweden, for example. It would be unreasonable, merely because Sweden is regularly ranked as one of the countries with the greatest levels of gender equality, to cease research and renounce the political ambition to continue making improvements.

Second, irrespective of whether the problem is relatively minor or major, it is necessary to improve our knowledge of corruption in Sweden so that in future we can design stronger institutions, not only in Sweden, but also in other countries. If, as emphasised by the Swedish National Council for Crime Prevention (Brå 2007: 6), we do not have adequate knowledge of the specific nature of Swedish corruption, we cannot know how to prevent and combat it—regardless of whether the problem is minor, or if it is more serious than traditionally believed. Moreover, a thorough analysis of corruption in societies such as Sweden, where corruption has traditionally been thought comparatively low for a century or more, has the potential to increase our general understanding of how anti-corruption institutions are created and maintained (see Bauhr & Oscarsson 2011).⁵ In other words, it is important to investigate Swedish corruption for reasons of policy.

Third, international comparative indices do indeed give us insight into how corruption problems in different countries compare to those elsewhere. But are we really to take their reliability at face value, without consulting more detailed, country-specific data? The source most frequently cited—the CPI—has been comprehensively criticised (see e.g. Andersson & Heywood 2009; Teorell 2010, Ko & Samajdar 2010). Moreover, the CPI is aimed chiefly at specific forms of corruption, in particular bribery. As mentioned, it should be kept in mind that corruption does not automatically disappear when countries are modernised and democratised; corruption can indeed assume more

sophisticated forms that are more difficult to discover (Girling 1997; Papakostas 2009). A good example of how unreliable the international corruption indices might be is the case of Iceland. In the mid-2000s, Iceland was described as a virtual paradise (see, for example, *The Guardian* 18 May 2008): Icelanders were the happiest people in the world, topping the UN's HDI ranking list and the CPI.⁶ A couple of months after the financial crash in the autumn of 2008, scholars suggested that cronyism, nepotism, clientelism and an abuse of power had played a role in its genesis (see Vaiman et al. 2011). The experienced corruption investigator, Eva Joly, went so far as to assert that 'the scale of potential corruption at the Icelandic banks should be treated as one of the most important financial investigations Europe has ever known' (*The Telegraph* 11 June 2009). Against that background, it seems reasonable to assume that the CPI was not even close to capturing what was really going on under the surface in Iceland in the mid-2000s; on the contrary, there is every indication that practices such as cronyism had long been established in Iceland (see, for example, Kristinsson 2012). Without detailed studies of Swedish conditions, then, it cannot simply be taken for granted that corruption in Sweden is as limited as the CPI and other indices may lead us to believe. At the very least, ranking highly in comparative indices provides no conclusive reason to refrain from investigating the extent and character of specifically Swedish corruption.

Fourth, one needs to bear in mind that indices which are designed to quantify corruption and the rule of law are typically focused on central government. The fact that Sweden has a well-functioning central government administration does however not preclude problems in local government (Andersson 1999; Erlingsson 2006; Statskontoret 2012). One of the causes is that many of the responsibilities of Swedish local government are particularly linked with risks of corruption; examples include town planning, the granting of permits, public procurement, and face-to-face encounters within social services (see Andersson & Erlingsson 2012; Konkurrensverket 2009). Add to that the fact that local government often attracts less attention and is typically less exposed to stringent scrutiny by the media or official auditors than the national authorities are, and one has a combination—municipal functions that *ex ante* are particularly open to corruption, and the particular

difficulties of uncovering improprieties in local government—that reinforces the argument in favour of focusing on corruption in local government. This too is a reason to maintain a healthy scepticism about the international rankings of corruption levels, and at least to refrain from using them as an excuse for not researching corruption and other forms of abuses of confidence in mature welfare states such as Sweden.

Fifth, all credit to the former Under-Secretary-General of the United Nations Office of Internal Oversight Services, Inga-Britt Ahlenius (2004), for noting that the debate about whether there is a Swedish corruption problem largely boils down to the question of how corruption is defined. We develop this argument in the second chapter of the book. Those with a narrow legal understanding of the concept of corruption—those who hold that only actions subject to legal prosecution, such as giving and accepting bribes, should be considered corrupt—are unlikely to consider the corruption that occurs in Sweden as being particularly serious, or even a problem worth devoting resources and attention to. Historically speaking, it is theirs that is the dominant view, and definition, of corruption in Sweden. Adopt the internationally accepted definition—that *the exploitation of one's public position in order to obtain improper advantage for oneself or others*—and the perspective changes; accept that the definition of corruption should extend to gross abuses of trust (the deception, breaches of trust, and incompetence that are closely related to cronyism, clientelism, and nepotism) (see, for example, Leijonhufvud 1996/1997; Rothstein & Teorell 2008) and the problem of corruption will probably transpire to be more extensive than is traditionally thought to be the case.

Sixth, and finally, perhaps the most important reason for drawing attention to corruption and abuses of trust in developed democracies is that there are costs attached to it. Corruption has an abundance of negative repercussions on societies. It distorts competition, reduces the readiness of enterprises to invest, and limits entrepreneurship. It threatens the legitimacy of the constitutional state and reduces confidence in important social institutions and in the processes of the market economy. Thus, there is a risk that corruption will simultaneously undermine the conditions for economic development and the foundations of a functioning, democratic form of governance.⁷