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## Public procurement of interregional passenger transports and Swedish transport policy in practice since 1988: Towards new regional patterns?

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# **Public Procurement of Interregional Passenger Transports and Swedish Transport Policy in Practice since 1988 – Towards New Regional Patterns?**

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## ***Abstract***

The aim of this article is to investigate the development of procurement of inter-regional railway passenger transports and to explore how it affected the allocation of public resources since 1988. Did procurement only increase the efficiency of policy implementation (same or better service for the same or lower price), or did it also indirectly affect the relative allocation of public resources between regions and modes of transportation? The article shows that procurement via new bureaucratic practices affected the outcome of policy, which in turn changed the allocation of subsidies to railway and air passenger transports. The results are relevant for the future organization of the transport sector to avoid unwanted effects from procurement and other new organizational models.

# 1. Introduction

Like many other countries in Western Europe, Sweden has pursued an interventionist regional development policy since the latter part of the 1960s. The administration of this policy has however been scattered. Instead of creating one national agency or administrative regions with sole responsibility for regional policy, the field has been fragmented as several agencies have been responsible for parts of the policy. For instance, adjustments within transport policy have often been coordinated with regional policy ambitions. Since the latter part of the 1960s, one of the goals of transport policy has been to stimulate regional development.<sup>1</sup> The government has for instance subsidized freight costs for goods-producing firms in northern Sweden since 1970. Ice-breaking and the land transport subsidy were given specific fiscal titles in the government budget which have remained until today.<sup>2</sup>

It might be argued that Swedish regional policy in general has been characterized by this type of inertia, with strong dominance from vested interests. The different agencies have often found themselves scattered in an intersection between national political goals and demands of vested interests.<sup>3</sup> Consequently, regional policy decision-making have been characterised by ambiguity to a certain extent. Very seldom routines and operating procedures were developed or implemented. This means that practices such as “muddling through” or finding solutions in “garbage cans” were not uncommon.<sup>4</sup> If a decision-making process would drag on long enough and a regional interest group was persistent, they would often be awarded for their efforts with some form of government aid. However, a regional policy process could also just end up with very little or no result, leaving certain regions with destitution and only faint hopes for future short-term investments from market players.

In contrast, nation states have experienced fundamental processes of globalization over the past three decades, e.g. market liberalization, deregulation, privatisation, and increasing competition for public sector services that fundamentally have changed the conditions for regional policy decision-making. Although the pace of these changes has varied between countries, new policies, regulations, and practices have become increasingly important in the

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<sup>1</sup> Government Bill 1970:84.

<sup>2</sup> Pettersson (1999); Eriksson (2009).

<sup>3</sup> Falkemark (1991); Falkemark (1999).

<sup>4</sup> Cohen, March & Olsen (1972).

planning and delivery of transport across all modes. In parallel, there has been a general trend in most European countries towards less government intervention in the transport sector. One part of the trend has been privatization of government monopolist operators followed by procurement auctions to obtain concessions for operating traffic and in some cases infrastructure. Furthermore, new policy instruments to indirectly influence the actions of the private (and in some cases public) operators, for example public procurement, and new forms of subsidies and coordinating authorities have been established.<sup>5</sup>

This type of deregulations are often described as part of a general shift from direct to indirect government influence within all parts of the economy and the society or as a shift from government to governance.<sup>6</sup> Governance is in this context oriented towards outcomes and efficiency through new instruments for management of public budgets. Competition, as it is known in the private sector, is applied to organizations in the public sector, with an emphasis on new economic and leadership principles.<sup>7</sup>

In this article we ask the question whether this type of changes have affected the Swedish regional transport policy. The aim is to examine how new models and procedures that were developed to support the procurement of passenger transports in Sweden have affected the regional allocation of subsidies and pushed for new priorities within the transport policy targets. We will try to explain these changes through the changing relations between the national government agency in charge of procurement of inter-regional passenger transports, the National Public Transport Agency (*Rikstrafiken*), and the Ministry of Enterprise, Energy and Communications.

### ***Swedish Transport Policy after 1988 in Regional Perspective***

In parallel to the European Union's directives on transport sector liberalization, the Swedish railway sector was gradually deregulated between 1988 and 1998.<sup>8</sup> The Transport Policy Act of 1988 is commonly considered the starting point for the deregulation process. Up to then, the Swedish railway sector was more or less synonymous with Swedish State Railways (SJ).

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<sup>5</sup> Lodge (2003); van de Velde (1999).

<sup>6</sup> Pierre & Peters, (2000); Rhodes (1997)

<sup>7</sup> Dunleavy, Margetts et al, (2006)

<sup>8</sup> In this context, it should be noted that Sweden did not become of the member of the European Union until 1995. The regulation of transport and infrastructure was however harmonized with the Common European Transport Policy already from 1987.

SJ was a State-owned company which had a monopoly on both the freight and passenger markets as well as on railway infrastructure construction. Firms contracted SJ for logistics and freight services as well as inter-modal transports. As for passenger traffic, SJ could plan and schedule the majority of its passenger lines on its own account. For the passenger services that were unprofitable for SJ, some of the operations were even subsidized by the government if the Parliament considered them important enough to meet the targets within transport policy. These targets were often related to regional development issues.<sup>9</sup>

After the transport policy act of 1988, SJ underwent substantial organizational changes. By creating a new agency (*Banverket*) for railway infrastructure, the government limited the role for SJ to railway traffic.<sup>10</sup> In 1993, a public commission investigated the possibility for deregulating the railway sector by creating more opportunities for firms to compete with SJ. In its report, the Commission proposed that all inter-regional passenger transports in Sweden should be procured by the government in full competition between private companies and SJ.<sup>11</sup>

From a regional perspective, this ambition was never fulfilled. In 1998, the government decided that only parts of the market should be opened up for procurement and competition. Consequently, the government could still intervene to protect traffic on those lines that were important for regional policy reasons. Since 1988, the government had procured railway passenger transports through annual negotiations with SJ. This system had replaced the earlier arrangement where subsidies had been directly transferred to SJ every year to cover the deficits.<sup>12</sup> In July of 1999, a new government authority, the National Public Transport Agency, *Rikstrafiken*, was created to procure long-distance public transports not carried out by the local transport authorities or commercial transport operators, but which are motivated by the goals of national transport policy. Accordingly, the scope of procurement was also broadened to include all modes of transport<sup>13</sup>

The creation of *Rikstrafiken* coincided with the general implementation of new forms of governance and administrative practices in the public sector. It is therefore reasonable to

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<sup>9</sup> Andersson-Skog (1993).

<sup>10</sup> Government Bill 1987/88:50.

<sup>11</sup> SOU 1993:13.

<sup>12</sup> Riksdagens revisorer (2001), p. 8

<sup>13</sup> Government Bill 1996/97:56, p. 67ff.

assume that *Rikstrafiken* would be exposed to them to a certain extent. In the following we will analyse two cases which illustrates how new procurement models which affected the outcome and regional allocation of subsidies were developed and implemented. We will limit our survey to regional civil aviation and railway traffic. These are two areas that traditionally have been characterized by substantial government intervention and the emergence of vested interests. Consequently, it is where administrative and organizational changes would have the greatest effects in both fiscal and political terms.

### **Procurement of civil aviation: new regional priorities with new procurement instruments**

Since 2001, *Rikstrafiken* has been engaged in procuring air passenger transports from ten locations in Northern Sweden to Stockholm-Arlanda airport. The airlines that were operating the routes to those airports had also been subsidized before 2001 as the municipalities behind the local airports financed these regional routes with a government subsidy. In 2002, the government instructed *Rikstrafiken* to begin work on an analytical model which could be used as guideline in situations where regional civil aviation transport was to be procured. When it finally was developed, the model would serve as an important tool to prepare data before deciding whether the government should engage in a certain route. At first, several methods were discussed. These included market surveys, cost-benefit-analyses, mobility analysis and accessibility analysis.<sup>14</sup>

One geographical area of particular interest to such analyses was the interior part of northern Sweden. The interior part of northern Sweden is characterized by a low population density but has a large number of local airports in small towns. In a report published in 2004, *Rikstrafiken* questioned its continued commitment in that region and was looking for means to rationalize the procured traffic. In this context, the accessibility analysis was emphasized as an analytical tool for decision-making. *Rikstrafiken* concluded one hour should be the minimum connection time for a road transport to an airport in the interior of northern Sweden. If travel time to more than one airport in a region was less than one hour, procured airline traffic in that region had potential to be rationalized.<sup>15</sup>

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<sup>14</sup> Rikstrafiken (2002).

<sup>15</sup> Rikstrafiken (2004).

In this respect, the interior part of the County of *Västerbotten* was especially scrutinized. These airports were located so closely to each other that alternative airports could be reached in less than one hour. Consequently, there was a need for a concentration of the procured traffic to fewer airports. No decision was however taken regarding to which airport operations should be shut down in 2004. It was decided that the procured traffic would continue to all airports to at least 2008, where a new contract period would commence.<sup>16</sup>

As planning for the decisions on the new contracts began, a new report on this issue was prepared in 2006. By now, the accessibility analysis model had been further developed by the planners at *Rikstrafiken*. The foundation of the accessibility analysis model was 6 criteria that were to be fulfilled through the government intervention so that the accessibility between different places in Sweden could improve to an acceptable minimum standard. If these criteria already were fulfilled, for instance through a commercial alternative, there was no need for any government procurement of transports. Table 1 gives an overview of these criteria and how they should be met:

**Table 1. The accessibility criteria used in the *Rikstrafiken* model**

Criteria	Minimum standard
1. Access to Stockholm	It should be possible to make a round-trip to Stockholm during a weekday
2. Access from Stockholm	It should be possible to make a round-trip from Stockholm during a weekday
3. Access to international travel	It should be possible to reach an international hub in the Nordic countries (Stockholm-Arlanda, Gothenburg-Landvetter, Copenhagen-Kastrup or Oslo-Gardemoen) in 6 hours at least five days a week
4. Access to culture, services and special purchases	Not applicable with regard to civil aviation
5. Access to regional hospitals	One-way travel time to a regional hospital should not exceed 4 hours
6. Access to campuses for higher education	It should be possible to commute to and from university/college campuses to a degree which allows a student to be able to return home over the weekend

*Source:* Rikstrafiken (2006), p. 52ff.

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<sup>16</sup> Rikstrafiken (2004).

In its accessibility analysis of the local airports in the County of *Västerbotten*, *Rikstrafiken* concluded that the accessibility criteria could be met by a reduction of the procured traffic. It was now inevitable that at least one local airport needed to be closed down. In this respect, *Rikstrafiken* recommended that the government no longer should procure the traffic to and from the airport in *Storuman*. *Rikstrafiken* had noted that the airport was located in between to other local airports in the towns of *Lycksele* and *Vilhelmina*. Furthermore, the peripheral location of the airport in *Storuman* meant that effective travel time to the nearest airport, which is *Vilhelmina*, was less than one hour. Another factor that favoured the other airports in the region was that they carried more business travellers than *Storuman*. In this respect, *Rikstrafiken* concluded the airport in *Storuman* did not seem to play the crucial role for the local economy as regional airports generally do in Sweden.<sup>17</sup>

In October 2007, the board of *Rikstrafiken* decided to follow the recommendations of the report. No new procurement contract was awarded on the route between *Storuman* and Stockholm-Arlanda.<sup>18</sup> The decision to wind up the government commitments to the airport in *Storuman* was further emphasized by a decision to suspend the operating subsidies that had been given to maintain the airport's infrastructure. This decision was taken by a public commission which had been appointed to decide on the future policy for the civil aviation infrastructure.<sup>19</sup> In this respect, *Rikstrafiken* and the Commission had been instructed by the government to coordinate their efforts in that area.<sup>20</sup>

The municipality of *Storuman* and other local interests linked to the airport reacted forcefully to this decision. The municipality of *Storuman* valued the connection to Stockholm so greatly that it decided to subsidize continued airline operations. From November 2008 up to June 2010 traffic to Stockholm was upheld. Finally, the municipality realized that it no longer could afford to subsidize the route and operations have since been shut down.<sup>21</sup>

The implementation of the accessibility model and other technical practices by *Rikstrafiken* has also resulted in the formation of pressure groups who try to lobby against *Rikstrafiken* on the national political arena. One such pressure group is *Utveckling flyg i Norrlands Inland* (UFNI – “Development of Civil Aviation in the interior part of northern Sweden” in English).

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<sup>17</sup> Rikstrafiken (2006), p. 73.

<sup>18</sup> Minutes from meeting of the *Rikstrafiken* board, 22 October 2007.

<sup>19</sup> SOU 2007:70.

<sup>20</sup> Rt 2007-104/32, ”Beslut om upphandling av flyglinjer samt om utformning av förfrågningsunderlag för kommande anbudsförfarande”.

<sup>21</sup> *Västerbottens Folkblad* 20 January 2010; *Västerbottens-Kuriren* 26 May 2010.



UFNI has demanded that the procurement ambitions regarding civil aviation in northern Sweden should be raised. In this respect, UFNI argues that civil aviation policy should be adjusted to supplement regional development policy goals that emphasize structural change in the interior of northern Sweden.<sup>22</sup> From this perspective, it should be noted that government investments in infrastructure such as civil aviation and information technology traditionally has been considered as an important instrument to stimulate the emergence of the private service sector in the scarcely populated areas.<sup>23</sup>

### **Procurement of railway passenger traffic: new regional patterns in the allocation of subsidies**

Competition has gradually been introduced on the Swedish railway market. Despite being tendered since 1992, the break-through for competing operators in the market for inter-regional services did not occur until the year 2000.<sup>24</sup> For the interregional services procured by the government, there were reductions of the subsidies during the first two years of tendering, despite a lack of new entry.<sup>25</sup> After that a period of tenders with stable subsidies followed. When new firms were able to win tenders in competition with the incumbent, the State railway company SJ, in 2000 additional subsidy reductions were achieved.<sup>26</sup> Partly, these savings can be explained with a general increase in railway travel. The procured traffic has increased by 28 percent between 1989 and 2008 in passenger kilometres, but this is still a moderate increase compared to the national increase of 40 percent.<sup>27</sup> The difference between procured and commercial railway traffic development may be related to the fact that procurement has not changed the railway routes that receive subsidies. Almost all traffic that is procured by Rikstrafiken in 2010 is a legacy from the Delegation for procurement of public transports that handled procurement between 1989 and 1999.<sup>28</sup> Moreover, the stability in procured railway routes can be explained with SJ's influential position in relation to procurement decisions. SJ's role in procurement decisions was established during the early years of deregulation of the Swedish railway sector in the late 1980s.

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<sup>22</sup> UFNI, *Synpunkter på rapporten Flyg i glesbygd – Allmän trafikplikt och upphandling av flyglinjer från 2008*; UFNI (2010).

<sup>23</sup> See, for instance, Andersson & Strömquist (1988).

<sup>24</sup> Alexandersson (2000).

<sup>25</sup> Alexandersson & Hultén (2008).

<sup>26</sup> Alexandersson & Hultén (2008).

<sup>27</sup> SIKA (2009).

<sup>28</sup> Statskontoret (2003), p. 44.

Since 1988, SJ notifies the Government if a particular route is commercially unprofitable according to SJ's judgement.<sup>29</sup> Then, the government leaves to the Parliament to decide whether the State will buy traffic on the route in question and, if so, the Parliament also decides the budget that is to be used for this purpose. If the Parliament decides to subsidise traffic on a new route, the Government instructs the Delegation to procure traffic through SJ or to request bids from potential railway operators. The decisions to procure services have typically been taken without having been preceded by any systematic analysis or assessment of the need of traffic, let alone of any formalized cost-benefit calculus.<sup>30</sup> This put SJ in a position as a competing *meta governor* within the railway sector when *Rikstrafiken* was established in 1999, with direct influence on *Rikstrafiken*'s procurement processes. Together, the historical legacy of procured traffic, SJ's role as a competing meta governor, and the outcome of the accessibility model, create tension in *Rikstrafiken*'s procurement processes. This tension becomes visible in committee reports where MPs argues that the transport policy goal for supporting regional development should be emphasised rather than accessibility.<sup>31</sup> One background to these tensions might have to do with the changes in allocation of subsidies to interregional railway traffic. Regardless of the stability of procured railway routes, there have been a reallocation of subsidies to procured railway traffic from 1989, when the first steps towards procurement and competition was taken, although as before mentioned under the auspices of SJ. *Table 2* shows the total traffic procured by The Delegation between 1989 and 1999 and by Rikstrafiken since 1999 in relation to the total railway passenger traffic and the regional patterns of allocation of subsidies.

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<sup>29</sup> Alexandersson & Hultén (2008), p. 23.

<sup>30</sup> Statskontoret (2003). p. 53.

<sup>31</sup> The traffic committees report (trafikutskottets betänkande) 2009/10:TU24

**Table 2: Procurement by *Rikstrafiken* of inter-regional railway passenger traffic 1989-2008**

Year	Total railway passenger traffic (billion passenger kilometers)	Total procured traffic (billion passenger kilometers)	Total procured traffic (Mkr)	Cost per procured passenger kilometer (Kr)	Percent of total procured traffic in the regional policy area (Mkr)	Percent of total procured traffic in the regional policy area (passenger km)
<b>1989</b>	6,6	1,1	490	0,45	62,4	70
<b>1994</b>	6,5	1,1	379	0,34	57,0	68
<b>1997</b>	7,0	1,1	373	0,34	60,6	66
<b>2003</b>	8,8	1,1	443	0,40	38,8	50
<b>2006</b>	9,6	1,4	332	0,24	36,5	46
<b>2008</b>	11,0	1,6	389	0,24	40,7	42

*Sources:* Annual Reports from *Rikstrafiken* and from *Delegationen för köp av viss kollektivtrafik*.

According to Table 2, subsidies and procured railway passenger kilometers were in 1989 concentrated to the sparsely populated northernmost parts of Sweden, that coincides with the regional policy area, with more than 62 percent of the total subsidy and 70 percent of the total procured passenger kilometers.<sup>32</sup> However, in 2008 the pattern was reversed with a concentration of subsidies and procured passenger kilometers to the southern parts of Sweden outside the regional policy area. This is partly explained with a rapid increase in passenger traffic on the railway routes in southwestern Sweden around the Gothenburg area.<sup>33</sup> In general, the railway routes in southern Sweden are passing through regions where the accessibility for the municipalities is good and there are good alternative traveling possibilities. Therefore, according to *Rikstrafiken*'s accessibility model, these routes should not be subject to government procurement.<sup>34</sup> Thus this traffic, that represents a legacy from early procurement practices before *Rikstrafiken*, should not be procured in the future. This highlights the consequences of the different governance principles that existed before and after the creation of *Rikstrafiken*. In this case, the decision-making processes concerning the UVEN railway route, stretching from Uppsala via Västerås and Eskilstuna to Norrköping, represents a railway case with many parallels to the case of subsidies to the air route to *Storuman*.

<sup>32</sup> The regional policy areas cover roughly the northern two thirds of Sweden and is basically based on the European unions definition of a sparsely populated areas, i.e. less than 12,5 persons per square kilometer.

<sup>33</sup> *Rikstrafiken* (2009)

<sup>34</sup> *Rikstrafiken* (2009)

The UVEN route was the first major railway route that the board of *Rikstrafiken* decided to stop procuring.<sup>35</sup> Railway investments in the region surrounding Stockholm has historically been an example of successful lobbying from strong regional interest groups. Economic historian Magnus Carlsson has showed that regional mobilization was important in the decision-making processes concerning the construction of the regional railways *Mälardalen* and *Svealandsbanan* in 1992.<sup>36</sup> The objective behind the investments in those railways was to improve the rail links between cities in the *Mälardalen* region and Stockholm, which was considered impossible without major improvements in standards and the construction of new railways. After the construction of the new railways followed demands for new subsidies for maintaining the passenger traffic on the route.<sup>37</sup> However, the board of *Rikstrafiken* decided in October 2005 to stop procuring the traffic along the UVEN route and the procurement contract expired in June 2009. This decision was motivated in several ways. According to *Rikstrafiken* the traffic on the route has a small percentage of interregional travel, the accessibility for the municipalities is good and there are alternative traveling possibilities.<sup>38</sup> Moreover, an expanded mandate for *Rikstrafiken* was also discussed with the Ministry of Enterprise, Energy and Communications. A consequence of this mandate, based on arguments for supporting regional development and the expansion of regional labour markets, *Rikstrafiken* would become responsible for procuring transports for frequent long-distance work and school commuting (beyond 100 km).<sup>39</sup> *Rikstrafiken* concluded in a report about the future of procuring traffic on the UVEN route, that if it was given a general responsibility to assist this type of long-range commuting it would become a very costly procurement.<sup>40</sup>

As with the cancelled air route to *Storuman*, regional interest groups have reacted against the potential consequences of applying the accessibility model on the UVEN route. Local members of Parliament have submitted bills with the argument that UVEN should continue to be subsidized and that *Rikstrafiken* should consider the above-mentioned long-distance work and school commuting in its accessibility model.<sup>41</sup> The County Council of *Östergötland* writes in a memo that the council's committee for regional policy should continue to address

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<sup>35</sup> Rikstrafiken (2008)

<sup>36</sup> Carlsson (2001).

<sup>37</sup> See Nash (2002, 2008); Shaw (2009); Docherty (2004) for further examples of regional consequences of the railway deregulation in the UK and in other countries.

<sup>38</sup> Rikstrafiken (2008), p. 2.

<sup>39</sup> Rikstrafiken (2008), p. 5.

<sup>40</sup> Rikstrafiken (2008), p. 5-6.

<sup>41</sup> Motion 2009/10:T457, and T486.

the question in contacts with the government.<sup>42</sup> Also, the Minister of infrastructure within the Ministry of Enterprise, Energy and Communications debated the issue with members of Parliament on March 13 2009. In parallel to these reactions to changes in procured railway traffic, Rikstrafiken is working toward including long-distance work and school commuting in its accessibility model, although the costs for these adaptations are unclear.<sup>43</sup>

## ***Concluding Discussion***

In Sweden railway policy but also transport policy at large became the most important public instrument for the development of peripheral parts of the country through government investment policies and operations with special obligations already in the late 19<sup>th</sup> century.<sup>44</sup> Transport subsidies and transport investments directed towards sparsely populated parts of the country have historically been motivated with political goals for regional equality from a transportation cost perspective.<sup>45</sup> It is therefore of special interest to follow the relations between traffic policy goals and the regional outcome of procurement of inter-regional passenger transports.

One *first conclusion* from our investigation is that the allocation of subsidies to railway and air passenger transports still has been used as instruments to reach many different political goals, with an emphasis on supporting regional development. In this respect, the new procurement practices of *Rikstrafiken* have changed the outcome of traffic policy since it only acknowledges one main policy target, namely accessibility. Before the first steps towards public procurement and competition were taken in the early 1990s, the majority of railway and air passenger subsidies were allocated towards northern Sweden's sparsely populated areas, within the regional policy area. However, since the 1990s the pattern for allocation of subsidies has changed and are now concentrated to the southern parts of Sweden with a relatively high population density.

Therefore, our *second conclusion* is that transport policy in Sweden appears to have "over-subsidised" sparsely populated regions with a relatively slow economic development as a tool for increasing regional equality. This trend appears to have been broken during the 1990s.

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<sup>42</sup> Minutes from meeting with the committee for regional policy of the County Council in *Östergötland* (2008-11-05).

<sup>43</sup> Rikstrafiken (2009).

<sup>44</sup> Andersson-Skog (1996)

<sup>45</sup> Pettersson (2006), Andersson-Skog (1993)

Thus, the bureaucratic processes, including new procurement practises, together with the expansion of railway markets have changed the outcome of traffic policy in practice. It is therefore our *third conclusion* that changes in markets and sector governance is the main explanations why interest groups have been searching new ways to influence the traffic policy instrument, e.g. changing the policy instruments instead of influencing policy goals, since the traffic policy goals have not been changed to any significant degree since the 1960s.

One important factor that has contributed to these bureaucratic and operational developments within *Rikstrafiken* is that the governing contracts between its principal, the Ministry of Enterprise, Energy and Communications, and *Rikstrafiken* have allowed for a shift from input control towards outcomes and output control. As we have seen, the shift towards decentralization and delegation have allowed *Rikstrafiken* to act more independently, which reflects an important part of the general transition from government to governance in many countries.<sup>46</sup> The new pattern within procurement of public transport may, then, be interpreted through the transformation of *Rikstrafiken* from a government-controlled to a semi-autonomous agency.

In this respect, the developments within *Rikstrafiken* bear a close resemblance to what researchers such as Peter A. Hall and Hugh Heclø have noticed about organizational change and social learning within bureaucracies.<sup>47</sup> Such procedures and routines may also be interpreted according to James Marchs and Johan P. Olsens so called “normative instutionalism”. March & Olsen regard institutions as collections of interrelated rules and routines that define appropriate actions in terms of relations between roles and situations. Routines are means through which individual members can minimize their transaction and decision-making costs during participation. All organizations develop routines and then employ those routines as the means of monitoring and reacting to changes within their task environments. These rules help them determine what the situation is, what role is being fulfilled by the organization, and what the obligation of in that situation is.<sup>48</sup> Consequently, institutions that constrain the agents concerned with procured traffic have therefore emerged through the development of procurement models. The implementation of such procedures as a mean to make decisions regarding subsidies has been vital in decisions where distinct winners

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<sup>46</sup> Christensen & Laegreid (2006); Pollitt, Talbot, Caulfield & Smullen (2004); Wettenhall (2005).

<sup>47</sup> Hall (1993); Heclø (1974).

<sup>48</sup> March & Olsen (1989).

and losers and the formation of vested interests are an integrated part. Where disagreement over policy values and goals has occurred, *Rikstrafiken* have been able to refer to its technical operating procedures in deciding conflicts over procured traffic.

The ability of a pressure group like UFNI to access the decision-making arenas has been further limited by the fact that the capacity to sign procurement contracts has been decentralized from the Ministry of Enterprise, Energy and Communications to *Rikstrafiken*. As the contracts deal with inter-regional traffic, the procurement process is conducted through governance networks that consist of all concerned parties. These networks then include public actors from municipalities and county boards as well as private actors like transport firms, who are important partners for *Rikstrafiken* as they prepare and draft the proposals for procurement contracts.

Just as the government-controlled corporatist arrangements included the formation of policy networks and issue networks, we have been able to identify that the government has strived to regulate the conditions under which this network has operated through the instalments of “meta-governors”.<sup>49</sup> All decisions where contracts are awarded are made by the board of *Rikstrafiken*. The board is appointed by the government. This arrangement guarantees that political control over *Rikstrafiken*’s procurement is upheld. Consequently, the board members fulfil the role of meta-governors in the field. This structure resembles what might be described as *the network design* type of governance network. The government has actively encouraged the formation of the governance network, but has also drawn formal boundaries for its influence.<sup>50</sup>

In a wider perspective, our investigation also contributes to our knowledge of how the New Public Management (NPM) trend has been transformed and adapted to the Swedish policy traditions and interest group patterns. NPM theories are oriented towards outcomes and efficiency through better fiscal management. The main political driving force is usually that more market orientation in the public sector will lead to greater cost-efficiency for governments, without having negative side effects on other objectives and considerations. Here, NPM is defined as a combination of splitting large bureaucracies into smaller more

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<sup>49</sup> Kooiman (1993); Jessop (2002); Sørensen & Tørfing (2005).

<sup>50</sup> Sørensen & Tørfing (2005), p. 203f.

fragmented ones, competition between different public agencies and between public agencies and private firms, and finally new economic incentives.<sup>51</sup>

Sweden is today among the European countries which have adopted the NPM paradigm to a relatively high degree, which could indicate that the Swedish political tradition with strong independent agencies has been relatively easy to adapt.<sup>52</sup> Veggeland argues that the reasons for this are complex, but might relate to a Scandinavian regulatory approach rooted in a policy planning tradition which emphasises concepts like regional equality, regional development and local political planning and control.<sup>53</sup> This study shows that this adaptation may not be as friction free as previous studies have shown. Instead, we might have revealed an early reaction with a possible “backlash” towards stronger government control and weaker public agencies at least within the transport sector. But the consequences and magnitude of this reaction is too early to draw conclusions from today.

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<sup>51</sup> Hood (1991); Christensen & Lagreid (2001); Christensen & Lagreid (2007); Osborne & Gaebler (1992).

<sup>52</sup> Veggeland (2008)

<sup>53</sup> Veggeland (2008)



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