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Abstract

The aim of this article is to describe the public procurement of inter-regional railway and airline passenger transports in Sweden since the 1980s and to explore how it has affected the regional allocation of transports. Did the introduction of new forms of procurement only increase the efficiency of policy implementation, e.g. the same or better service for the same or lower cost, or has it also affected the relative allocation of procured transports? Our investigation shows that the new policy instruments affected the regional allocation of subsidies to railway and airline transports. The area traditionally targeted for regional policy subsidies no longer receive the same relative amount of procured traffic. In this respect, we argue that the introduction of new procurement routines not only affected practice within transport policy. They also constrained the attempts from traditionally strong regional interest groups to lobby for subsidies, which strengthened the enforcement of the institutional settings in the transport sector. The results demonstrate significant changes in policy practice, which are relevant for policy-makers in the transport sector who make decisions regarding procurement and governance models.
Introduction

In Sweden, the direction of transport policy has changed dramatically over the last three decades. Like in many other countries, fundamental changes such as market liberalization, deregulation, privatisation and increasing competition have changed the role and scope of such public sector services. New policies, regulations, and practices have become increasingly important in the planning and delivery of transport across all modes. One part of the trend has been the 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, i.e. new forms of subsidies and coordinating authorities, have been established.³ Despite that national Swedish transport policy goals historically have had a distinct character of regional equalization of accessibility, we do not know if these new policy instruments have affected this regional distribution since the 1990s.

The shift towards indirect government influence within the Swedish transport sector is of course a part of the general political trend from government to governance that can be seen in many western European nations since the 1980s. The orientation towards outcomes and efficiency through new instruments for the management of public budgets has been much stronger than in the past, where detailed regulation was the preferred

The developments of these new policy instruments and the agencies that administer them in the Swedish transport sector have also not been investigated. Therefore, the aim of this article is to increase the knowledge of why and how procurement has been implemented within Swedish transport policy, and what the effects have been on the public allocation of resources within the transport sector since the 1980s. A more specific research question is if procurement only increased the efficiency of policy implementation, e.g. the same or better service for the same or lower price, or if it also in practice changed the hierarchy of transport policy goals, e.g. less emphasis on regional equality and more on internal cost efficiency.

To this end, we study the procurement of interregional passenger transports within the railway and civil aviation sectors since the late 1980s, but with special focus on procurement handled by the National Public Transport Agency (Rikstrafiken) in the period from 1999 to 2010. We focus on railway and aviation procurement because Rikstrafiken primarily deals with inter-regional transports, and these long distance transports are usually carried out by these modes of transportation. Rikstrafiken is an agency which was established under the Ministry of Enterprise, Energy and Communications in 1999. The establishment of Rikstrafiken coincided with the liberalization and deregulation within the Swedish transport sector as well as the general implementation of new forms of governance and administrative practices in the Swedish public sector at large. Consequently, we need to deal with the relationships between factors such as the transport sector’s institutional settings, policy goals, agency tasks and policy instruments and the participation of interest groups, in order to explain the changes in the regional patterns of procured traffic.

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Moreover, to empirically identify and discuss explanations for these new regional patterns, we need a theoretical framework that suits the empirical approach of our investigation. One necessary characteristic of such a model is that it should be able to explain the relations between both policy goals, policy instruments and policy outcomes as well as the role of government authorities and interest groups. One such model has been presented by political scientist Peter A. Hall in his often cited article about changes in British monetary policy during the 1980s. Hall argues that to understand the impact of policy change it needs to be traced on three different levels; policy goals, policy instruments, and the settings of policy instruments. Hall also analyses the policymaking process as social learning, in which ideas and actors play an important role. Therefore, three key features lie behind policy change according to Hall: the experiences of previous policies, the key agents of the learning process, and the capacity of the State administration to act autonomously from societal pressure. Moreover, Hall argues that policy change can occur in three different ways. A first order change is characterized by gradual change and decision-making based on routines, as a result of which the instrument settings change, for example an increased subsidy to railway traffic. During a second order change, both policy instruments and their settings are altered; this often implies new agencies and a reorganisation of the policy area, but the hierarchy of goals is not changed. A third policy change implies that also the hierarchy of policy goals is changed. Transferred to a Swedish contest, it is noticeable that transport policy goals became more market orientated already in the 1960s, when parliament decided that each

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4 Hall, Policy paradigms, p. 280.
transport sector should have full internal cost coverage. However, it was not until 1998, when the Parliament took yet another decision to enhance deregulation and competition in the railway sector that new transport policy instruments were introduced and a private operator for the first time received a contract in competition with the State railway company. The shift in policy goals towards internal cost coverage was complete in 2009 when parliament decided to abolish the goal of transports supporting regional development.\(^5\) Even though a new railway policy decision in 1988 facilitated competition on the tracks railway policy practice was still to a large degree an internal concern for SJ, the State railway company, until the establishment of Rikstrafiken. It has for example been (and partly still is) up to SJ to decide if a specific railway route is to be subsidised or operated on commercial basis. First we describe the historical changes in Swedish transport policy goals and instruments and secondly analyse the changes in the regional patterns of the allocation of public resources. Finally we will analyse and explain these new patterns using Hall’s theoretical model.

The context: from direct government ownership and control to market procurement

Transport and communications policies in Sweden have in most cases since the first half of the 20th century been characterized by strong public agencies with a (de facto) monopoly on the infrastructure, and strong regulation of, and sometimes direct government involvement in, operations.\(^6\) In political decision making it became clear,

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\(^5\) Mål för framtidens resor och transporter, regeringens proposition 2008/09:93.

especially during the 1950s and 60s, that there had been a mismatch between policy objectives, the organization of the transport and communications sectors, and the sectors’ market development. A growing competition between all modes of transportation and communication made the coordinating role more complex for the government agencies of the sectors. Thus, Swedish communication and transport policies have been characterized by conflicts between mutually incompatible goals. The most obvious conflict lies in the balance between corporate profitability and competitiveness and the demands for social and regional equality and accessibility. We will argue in the following that there has been a shift in policy practice from regional accessibility to internal efficiency, profitability and competitiveness. Two main political driving forces can be identified. Firstly, the market orientation in the public sector was motivated by greater cost-efficiency for governments, without having negative side effects on other political objectives and considerations. Secondly, there has also been a shift towards increased consumer influence within many areas of government, e.g. school system and health care. In the transport sector, former large national bureaucracies have been split into smaller agencies as competition between different public agencies and between public agencies and private firms have been introduced. Competition, as it is known in the private sector, has been applied to organizations in the public sector, with an emphasis on new economic and leadership principles in combination with new economic incentives for the incumbent agents on the newly-


Andersson-Skog, Såsom allmänna inrättningar.


created markets. However, these changes have sometimes not fulfilled all political goals. For example the deregulation of British Rail in the 1990s resulted in an increase of the government subsidy as a percentage of total railway revenue, which was contrary to the political intentions of the new regulation.\endnote{Bagwell, Philip, “The sad state of British railways: The rise and fall of Railtrack 1992-2002”, in Journal of transport history, vol. 25, no2, 2004.}

Following the European Union’s directives on transport sector liberalization, the Swedish transport sector was gradually deregulated after 1988. However, already since the transport act of 1963, SJ had been tasked with unprofitable regional traffic as part of the regional development policy.\endnote{Alexandersson, Gunnar & Hultén, Staffan, ”The Swedish Railway Deregulation Path”, Review of Network Economics, Concept Economics, vol. 7, No. 1, 2008.} Consequently, the new transport policy goals included strong ambitions with regard to regional equality and development. The Parliament subsidized many regional routes which were considered important enough to meet the new targets of transport policy through the government budget.\endnote{Andersson-Skog, Såsom allmänna inrättningar.}

The government finally decided that the railway market should be gradually opened up for procurement and full competition in 1998. \textit{Rikstrafiken} was established in 1999 as part of the shift towards market liberalization. Its task was to procure the public transport services that the government no longer could provide through SJ or other government authorities after the deregulations within the transport sector, but still were motivated by the regional goals of the national transport policy.\endnote{Regeringens proposition 1997/98:56.}

The civil aviation market was also deregulated in accordance with the European common transport policy. In 1992, the domestic Swedish civil aviation market was
opened up for competition. This had two major consequences. Firstly, competition was introduced on the routes that until then had been operated exclusively by SAS, Sweden’s national flag carrier, and its domestic subsidiary, *Linjeflyg*. Secondly, all subsidies that had been paid to the regional airlines and local airports were phased out.\(^{15}\)

Since the middle of the 1980s, air transport had played an important role in providing transport services to remote areas. Like the railway subsidies, the government used them as part of regional policy.\(^{16}\) As air transport and information technology were considered to be important instruments to stimulate the private sector in the scarcely populated areas, many municipalities which administrated local airports continued to subsidize these routes even after the regime change in 1992.\(^{17}\) Consequently, *Rikstrafiken* was also assigned the role of procuring politically motivated air traffic which could not be supplied through commercial operators. But did these changes in policy instruments also affect the allocation of public resources to regional transports, or is there still evidence of the regional priorities from the 1960s?

## Traffic policy change since the 1980s: new procurement routines and new regional patterns

We will now study the regional allocation of public subsidies to unprofitable inter-regional transports in the railway and air transport sectors since the 1980s. The investigation is based on the archives of *Rikstrafiken* and the former government agency *Delegationen för köp av viss kolletivtrafik* (the Delegation for procurement of collective transports) that handled the allocation of these subsidies before 1999. These sources

\(^{15}\) Regeringens proposition 1992/93:132.

\(^{16}\) Trafikutskottets betänkande 1986/87:25, 12.

\(^{17}\) These actions were largely related to new issues being focused in the regional policy debate at large. See for example Andersson, Åke E. & Strömquist, Ulf, *K-samhällets framtid*, Prisma, Stockholm 1988.
(annual reports) are still complete and have been fully accessible for research. To analyse the relation between the regional goals of transport policy and the national goals of competitiveness and efficiency we will use the Swedish regional policy area as a benchmark area for the regional allocation of subsidies. The regional policy area mainly covered northern Sweden and consisted of the counties of Norrbotten, Västerbotten, Jämtland, Västernorrland and Dalarna. It covers roughly the northern two thirds of Sweden and is based on the European Union’s definition of sparsely populated areas, i.e. less than 12,5 persons per square kilometer. Did the region targeted for other kinds of regional policy subsidies – the regional policy area - also receive the same share of public transport subsidies before and after the establishment of Rikstrafiken in 1999?

**Railways**

In comparison to the total traffic procured in 1989, the establishment of *Rikstrafiken*, together with other changes within the transport sector, led to a substantial regional reallocation of transport subsidies after 1999. According to Table 1, 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. In 1989, the regional policy area received more than 62 percent of the total subsidy and 70 percent of the total procured passenger kilometers. 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.\(^\text{18}\)

Table 1. Public procurement of Swedish inter-regional railway passenger traffic 1989-2008.

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

Sources: Annual Reports from Rikstrafiken and from Delegationen för köp av viss kollektivtrafik. Rikstrafiken’s archives, Sundsvall.

Note: Railway routes that start or end within the regional policy area have been included in the category “procured traffic in the regional policy area”.

One important reason behind the shifting regional pattern of procured traffic is a change of procurement practice after 1999; the removal of direct political control over procurement decisions. Between 1988 and 1999, the procurement routines allowed for a more generous regional compensation. During this period, SJ notified the government if a particular route was considered to be commercially unprofitable. The government then let the Parliament decide whether it should procure traffic on the route in question and what financial means should be allocated. If the Parliament decided to subsidise

19 Alexandersson, Gunnar & Hultén, Staffan, The Swedish Railway Deregulation Path, p. 23.
traffic on a new route, it instructed the Delegation for procurement of public transports
to either procure the traffic through SJ or request bids from potential railway operators.
Most often, such decisions were made without any systematic preceding analysis or
assessment of the need of traffic. For instance formal cost-benefit models were never
applied in these situations.20

**Civil aviation**

As all other regional and national governments within the European Union, Sweden is
allowed to subsidise certain air routes.21 So called Public Service Obligations (PSOs)
may be imposed where adequate provision of air services in terms of regularity of
service, capacity and pricing is not possible if carriers are solely taking their own
commercial considerations into account.22 Before 2002, Sweden only had one PSO
route (Umeå-Östersund in Northern Sweden) but in 2002 Rikstrafiken procured an
additional 11 PSO routes, with contracts stretching over the period 2002-2005.23 This
was not an initiative from Rikstrafiken but rather a heritage from previous government
engagements. In most cases these routes had been established during the 1980s and
were dependent on public subsidies during this period. Two of these routes, Umeå-
Östersund and Luleå-Pajala, connected towns in northern Sweden. The other routes
connected smaller, peripheral towns in Northern Sweden with Stockholm-Arlanda
airport and were taken over by Rikstrafiken from the local municipalities.

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22 Williams, George & Pagliari, Romano, “A Comparative Analysis of the Application and Use of Public
Service Obligations in Air Transport within the EU”, *Transport Policy* 11, 2004, p. 55.
23 Here, it should be noted that subsidies on a PSO route were awarded according to the old rules of
regulation 2408/92, which only allowed a three-year-limit for a PSO route, in contrast to the new rules in
regulation 1008/2008, which allow a four-year limit.
In an evaluation report published in 2004, *Rikstrafiken* questioned its engagement within civil aviation and concluded that it was necessary to rationalize the routes it was procuring. One geographical area of particular interest was the interior part of northern Sweden. The interior part of northern Sweden is characterized by a low population density but has since the 1980s had a relatively large number of local airports in its small municipalities. For instance, in the interior of the County of Västerbotten, Rikstrafiken had awarded PSOs on routes to three airports within a relatively short distance. These airports were located so closely to each other that an alternative airport could be reached in less than one hour. Consequently, *Rikstrafiken* argued 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.²⁴

In its decisions on the new contracts, the board of *Rikstrafiken* decided that no new procurement contract should be awarded on the route between Storuman and Stockholm-Arlanda.²⁵ The decision to wind up the government commitments to the airport in *Storuman* was coordinated with the 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.²⁶

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 itself. 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.\(^{27}\)

To summarize, since the establishment of *Rikstrafiken*, the regional pattern of procured traffic in Sweden has indeed changed. Before the introduction of public procurement and competition, the majority of railway and air passenger subsidies were allocated towards northern Sweden’s sparsely populated areas. However, since the 1990s the allocation of subsidies has changed and is now concentrated to the southern parts of Sweden, that have a relatively high population density. From this perspective, the practice within Swedish transport policy appears to have changed as the inclination to over-subsidise sparsely populated regions as a policy instrument for increasing regional equality has been partly broken from the 1990s.\(^{28}\) But was *Rikstrafiken*’s new policy instruments the main driving force behind the breakup of the traditional regional patterns of resource allocation? In the next step we will analyse changes within *Rikstrafiken*’s organisation since 1999, together with the surrounding context of a changing transport sector, to deepen our understanding of the historical process of reallocation of public subsidies.

\(^{27}\) *Västerbottens-Kuriren*, ”Snart besked om flygplatsen”, 26 May 2010.

\(^{28}\) According to the results of the accessibility model, it could be argued that transports historically, and especially air transports, within the regional policy area had been “over subsidies”. Northern Sweden was not only compensated for distances to and from Stockholm, but also received an extra subsidy to compensate for other disadvantages. See for example Pettersson, Centre, Periphery, and Institutional Path Dependence.
Agency, control, and the settings of policy instruments

*Rikstrafiken* is a relatively young and small government agency, which in 2010 had 17 employees (8 employees in 1999).\(^{29}\) From this perspective, its relative impact on the regional distribution of transport procurement might seem surprising. However, one factor behind the effectiveness in the enforcement of new policy practices has been the changes in the governing contracts between *Rikstrafiken* and its principal, the Ministry of Enterprise, Energy and Communications. The instructions in these contracts represent a shift from input control towards outcomes and output control.\(^ {30}\) From 2008 the instruction specifically states that *Rikstrafiken* “may decide to contract for new traffic and about the conditions of this traffic, about changing the supply of traffic and decide to close down services provided under contract, provided that the government not decide otherwise”.\(^ {31}\) This shift towards decentralization and delegation has allowed *Rikstrafiken* to act more independently, although the government still formally has the final word in procurement decisions. This is in line with Hall’s framework, where one prerequisite for policy paradigm change was that the government authorities should be able to act autonomously from societal pressure. Thus *Rikstrafiken* gradually became a so called “semi-autonomous agency” during this process, which might be a factor behind the new regional patterns of procurement.\(^ {32}\) Therefore, we will in the following analyse the relations between *Rikstrafiken’s* stronger influence over procurement processes and the development of the new practice for allocating public subsidies to railways and air transports.


Since the start in 1999 Rikstrafiken has become gradually more specialized on procurement. When Rikstrafiken was established, it was given a number of tasks, apart from procurement, by the Ministry of Enterprise, Energy and Communications. It was for instance tasked with a number of investigations regarding public transport, which led to a relatively great workload for agency personnel and split the priorities for the agency.\(^{33}\) Another challenge was to establish routines for procurement decisions. Since Swedish transport policy had a number, and to some extent conflicting, goals. The Ministry of Enterprise, Energy and Communications did not initially specify which goals within transport policy the procured traffic should fulfil; Rikstrafiken had problems in establishing general principles for its procurements.\(^{34}\) For instance, in the 2006 transport policy act, the following policy goals were outlined: accessibility, transport quality, safety, environmental friendliness, regional development and equality.\(^{35}\) Rikstrafiken found it difficult to conduct procurements in a consequent way if it was to satisfy all these goals. After a dialogue with the Ministry of Enterprise, Energy and Communications, it was decided that Rikstrafiken should focus solely on improving accessibility through its procurements.\(^{36}\)

In this regard, the development and application of the so called “accessibility model”, which became the primary tool and guideline for decisions on procurement, became the core task of Rikstrafiken. The focus on accessibility analysis gave Rikstrafiken increased independence, control, and professionalism within its field. The principal-agent contracts, which govern the relation between Rikstrafiken and the Ministry of


\(^{34}\) Statskontoret, Rikstrafiken, p. 30.

\(^{35}\) Regeringens proposition 2005/06:160.

\(^{36}\) Förordning med instruktion för Rikstrafiken, SFS 2008:1338.
Enterprise, Energy and Communications, have sanctioned this type of specialization and autonomy. The specialization on procurement may therefore be interpreted as a rational action from Rikstrafiken which have no possibility to disobey institutionalized and formal instructions from its principal.\(^{37}\) Work on the accessibility model began during the first procurement of PSOs. At first, several methods were discussed. These included market surveys, cost-benefit-analyses, mobility analysis and accessibility analysis.\(^{38}\) In the 2004 evaluation report, Rikstrafiken used a crude accessibility analysis for the first time. Rikstrafiken concluded that 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.\(^{39}\)

As planning for the decisions on the new PSO contract period began in 2006, a new report was prepared where the planners at Rikstrafiken elaborated the accessibility model. Rikstrafiken concluded that procurement of traffic only could be considered if one or several of 6 accessibility criteria were not fulfilled at a given geographical place. Otherwise, there was no need for Rikstrafiken to procure any transports as it already was supplied by commercial interests. Table 2 gives an overview of the accessibility criteria used in the model:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Minimum standard</th>
</tr>
</thead>
</table>


<table>
<thead>
<tr>
<th>1. Access to Stockholm</th>
<th>It should be possible to make a round-trip to Stockholm during a weekday</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Access from Stockholm</td>
<td>It should be possible to make a round-trip from Stockholm during a weekday</td>
</tr>
<tr>
<td>3. Access to international travel</td>
<td>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 5 days a week</td>
</tr>
<tr>
<td>4. Access to culture, services and special purchases</td>
<td>Not applicable with regard to civil aviation</td>
</tr>
<tr>
<td>5. Access to regional hospitals</td>
<td>One-way travel time to a regional hospital should not exceed 4 hours</td>
</tr>
<tr>
<td>6. Access to campuses for higher education</td>
<td>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</td>
</tr>
</tbody>
</table>

*Source: Rikstrafiken, Flyg i glesbygd, p. 52ff.*

In its accessibility analysis of the local airports in the County of Västerbotten, *Rikstrafiken* concluded that the accessibility criteria could be met if the procured traffic was reduced. Consequently, it was inevitable that at least one route would be scrapped. In this respect, *Rikstrafiken* recommended that the government no longer should procure the route between Stockholm-Arlanda and Storuman from 2008. *Rikstrafiken* motivated its decision by the fact that the airport in Storuman was located in between neighbouring local airports in the towns of Lycksele and Vilhelmina. For that reason, it was possible to travel from Storuman to the nearest airport, Vilhelmina, in less than one hour. Furthermore, the airports in Vilhelmina and Lycksele handled more business travellers than Storuman. This led *Rikstrafiken* to conclude that the airport in Storuman
did not seem to play as crucial a role for the local economy as the other two airports in the interior of Västerbotten.  

The accessibility model has also been used during the procurement of railway traffic. The UVEN route, stretching from Uppsala via Västerås and Eskilstuna to Norrköping, was the first major railway route that the board of Rikstrafiken decided to stop procuring based on the accessibility criteria. The procurement contract expired in June 2009. In its preceding reports, Rikstrafiken concluded that the railway routes in southern and central Sweden pass through regions and municipalities which have sufficient accessibility according to the criteria used in the model. For that reason, these routes could not be subject to government procurement. In this respect, it is interesting to note that an expansion of the tasks of Rikstrafiken was discussed with the Ministry of Enterprise, Energy and Communications during the decision making processes regarding the UVEN route. It was proposed from MP:s that Rikstrafiken should also procure transports for frequent long-distance work and school commuting (beyond 100 km), based on the arguments that such engagements would have a positive impact on regional development in general and the expansion of regional labor markets in particular. In this respect, Rikstrafiken concluded that if it was given a general responsibility to assist this type of long-range commuting, it would raise procurement cost greatly. This matter was finally settled in June 2010 when Parliament decided that the UVEN route no longer should be eligible for subsidies.

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40 Rikstrafiken, Flyg i glesbygd, p. 73.
43 Trafikutskottets betänkande, 2009/10:21
44 Rikstrafiken, UVEN, pp. 5-6.
In the next step of this investigation, we will move on to examine Peter Hall’s concepts of social learning in the context of interest group influence and the new role of Rikstrafiken.

**Interest groups, social learning, and policy practice**

The changes in procurement patterns, where vested interests who for a long period had benefitted from the procurement practices and routines that were applied before the establishment of Rikstrafiken have lost their subsidies, has caused interest groups to mobilize and protest. However, the establishment of Rikstrafiken has meant that traditional methods of pressure and lobbying on the arenas of transport policy and regional policy no longer are as successful as before. Traditionally, these areas have been characterized by a large degree of inertia, with strong dominance from vested interests. The different agencies often found themselves scattered in an intersection between national political goals and demands of vested interests. Consequently, regional policy decision-making was characterised by ambiguity to a certain extent. Usually routines and operating procedures were developed or implemented. This means that practices such as “muddling through” or finding solutions in so called “garbage cans” were not uncommon. Social learning according to Hall’s framework usually creates or adapts procedures and routines in a way that James March’s and Johan P. Olsen’s refers to as “normative institutionalism”. March and Olsen regard institutions as collections of interrelated rules and routines which 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 formal obligation in that situation is.\textsuperscript{48} These routines have historically been characterised by successful lobbying from strong regional interest groups, for example regarding Railway investments in the region surrounding Stockholm. In this context economic historian Magnus Carlsson has demonstrated that regional mobilization was important in the decision-making processes concerning the construction of the regional railways \textit{Mälarbanan} and \textit{Svealandsbanan} in 1992.\textsuperscript{49} The objective behind the investments in those railways was to improve the rail links between cities in the \textit{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, regional interest groups demanded new subsidies for maintaining passenger traffic on the lines. There are other cases which illustrate the fact that if a decision-making process would drag on long enough and a regional interest group was persistent, it would often be awarded for their efforts with some form of government aid as was the case of the subsidies to the regional airlines and local airports during the 1980s.\textsuperscript{50} Thus it would appear is if historically, successful lobbying has contributed to the formation of strong social codes of conduct according to the previously mentioned theory of normative institutionalism. This is sometimes expressed as a general political idea in rhetoric, politicians would use buzzwords such “the whole of Sweden should live” or from a transport cost perspective “make Sweden rounder”,

\begin{footnotesize}
\begin{itemize}
\item Trafikutskottets betänkande 1986/87:25.
\end{itemize}
\end{footnotesize}
which expressed that it was an obligation for the government to make provision for the people in the sparsely populated areas within the regional policy area.\textsuperscript{51}

In contrast to these informal institutional ideas, formal institutions that constrain the agents concerned with procured traffic have emerged through the establishment of Rikstrafiken. The implementation of procedures such as the accessibility model as a tool to make decisions regarding procurement has been vital during those decisions where distinct winners 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. Consequently, the interest groups that have tried to lobby against the decisions to halt procurement on the Stockholm-Storuman route and the UVEN route have not been successful.\textsuperscript{52}

The ability of such pressure groups to gain access to 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 its contracts deal with inter-regional traffic, the procurement process is primarily conducted through inter-regional networks. As theories on governance networks suggest, they include both public agents from municipalities and county boards and private agents like transport firms and are as such important partners for Rikstrafiken as they prepare and draft proposals for procurement contracts.\textsuperscript{53} The final decision on procurement contracts are however made exclusively by the board of

\textsuperscript{51} Riksdagens motion 1972:203, Riksdagens motion 1972:381.
\textsuperscript{52} Riksdagens motioner 2009/10:T457 and T486; Utveckling flyg i norra Norrlands inland (UFNI).  
Rikstrafiken. This board is appointed by the government, which guarantees that political control over Rikstrafiken’s procurement decisions is upheld. As an extension of these empirical results, the last part of the article will address the broad questions that were raised in the introduction of this article and deal with the relations between change at different levels of transport policy and new regional patterns of resource allocation.

**Concluding Discussion: policy change, key agents and regional patterns**

The aim of this article has been to describe and explain the development of public procurement of inter-regional railway and air passenger transports in Sweden and to explore how it has affected the regional allocation of the transport subsidies since the 1980s.

Prior to 1999, policymakers were according to our investigation greatly influenced by past budget decisions. Decision-making was based on routines and policy options were generally restricted by values, preferences and historical practice. As Members of Parliament could present bills before each budget, they could - although generally unsuccessfully - argue for extra funding to regional railway traffic. Regional interests were however most often successful in safeguarding existing subsidies. Thus, the period from the 1960s to the 1990s is foremost characterised by first order policy change; small changes in the settings of the policy instruments, i.e. the size and allocation of transport subsidies. Social and regional considerations and responsibilities within transport policy were upheld despite formal and fundamental changes in policy goals that occurred in 1963. The first order changes also seem to have been in line with
influence from regional vested interest groups, since few changes in the regional allocation of railway subsidies were able to make it through the Parliament.\textsuperscript{54} Table 3 summarizes our findings and shows periods for the major changes in procurement routines and outcomes.

Table 3: The development of regional transport policy outcomes and policy change

<table>
<thead>
<tr>
<th>Period</th>
<th>Regional transport policy outcomes</th>
<th>National transport policy goals</th>
<th>Policy instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989 - 1999</td>
<td>Stability in the regional allocation of subsidies to railway and air transports</td>
<td>“Accessible transports, High transport quality, Safety, Sustainable transports, Support Regional development”</td>
<td>Informal procurement via the Delegation for procurement of collective transports based on traditional transport routes</td>
</tr>
<tr>
<td>2000 - 2006</td>
<td>En increasing part of subsidies were allocated outside the regional policy area</td>
<td>Only minor changes</td>
<td>Formal procurement via Rikstrafiken but with no changes in procured traffic routes and with no formal accessibility model to support decisions</td>
</tr>
</tbody>
</table>
| 2007 - 2010  | The relative part of the subsidies to the regional policy area is increasing marginally | “Economically efficient and sustainable transports for citizens and businesses throughout the country.””  
No specific goal for supporting regional development | Formal procurement via Rikstrafiken’s accessibility model with changes in procured routes |


According to Hall’s model for policy change, a third order change is established when there is a fundamental policy paradigm change, which causes discontinuities not only in policy goals and instruments, but also in policy outcomes. Moreover, a policy paradigm

\textsuperscript{54} See for example Pettersson, Centre, Periphery and Institutional Path Dependence.
is defined by Hall as the interpretative framework “embedded in terminology through which policymakers communicate about their work”\textsuperscript{55}. We argue that the transport paradigm change was not implemented in Sweden until the 00s, when transport policy goals and policy instruments as well as policy outcomes shifted towards a focus on national economic growth with less focus on sparsely populated areas. The government’s traffic policy bill of 1998 was followed by an introduction of new instruments for procurement, primarily the establishment of Rikstrafiken and later the development of the accessibility model, which ultimately also changed policy outcomes. Finally, our investigation shows that the changes in policy outcomes resulted in the emergence of new regional patterns in the allocation of public resources to passenger transports. The dramatic regional shift in procured railway traffic from 2000 to 2006 indicates that the new procurement procedures that were implemented before the accessibility model was launched, gave new opportunities to regional interest groups especially in the south western parts of Sweden, outside the regional policy area. However, these opportunities seem to have changed again after 2006, when the accessibility model was launched and procured traffic is questioned and scrutinised both within and outside the regional policy area. Therefore, there is evidence that a change of the policy paradigm took place both in the period between 2000 and 20006, and again after 2006 as a consequence of the adaptation of new policy instruments, such as Rikstrafiken’s procurement routines, which in practice changed the enforced and hierarchy of policy goals.

These developments could illustrate a paradigm change that was triggered by a change of instruments rather than of new policy goals. In this process, social learning and

\textsuperscript{55} Hall, \textit{Policy paradigms}, p. 280.
professionalization of the new government agency \textit{Rikstrafiken} appear to have played central roles. However, it did not happen with a single reform, but through a continuous, long-term process. Transport policy goals and instruments developed along different trajectories until the 00s. In this respect it should be noted that it was primarily the administrators and planners at \textit{Rikstrafiken}, rather than politicians, who played the most central role in each instance of social learning. The development of the accessibility model is the most prominent example of the effects of social learning in this investigation. Consequently, Rikstrafiken could act autonomously, and according to Hall’s framework outside societal pressure, to enforce new transport policy priorities, which could not be directly influenced by vested interests such as electoral coalitions. In this respect, it should be noted that the government has strived to regulate the transport sector’s new governance network that was organized by \textit{Rikstrafiken} through the instalments of so called “meta-governors”.\textsuperscript{56} Typical for this kind of political network is that the government has actively encouraged the formation of the network, but has also drawn formal boundaries for its influence.\textsuperscript{57} However, in comparison to railway transports, the change in the regional distribution appears to have been less radical for airline passenger transports. This could be related to the strong influence from New Regionalism theories (NR) within both regional and transport policies.\textsuperscript{58} According to NR, airports represent a fundamental and modern infrastructure which is necessary for long-term regional growth. Therefore, it might have affected the opinion regarding the government engagement with air passenger transports in a positive way.

\textsuperscript{57} Sörensen & Törfing, \textit{The Democratic Anchorage}, pp. 203-204.
Finally, the paradigm shift in transport policy discussed in this article might also have followed a partly unique historical path due to specific features in Swedish public administration. Although this conclusion needs international comparison, it seems as if Sweden is among the European countries which have adopted new policy instruments to the highest degree.\(^{59}\) It might however be argued that one of the most important reasons behind this is the continuity and legacy from the past, rather than radical liberal reforms and deregulations. In this respect, it might be argued that the Swedish political tradition with strong independent agencies and non-political public servants have been relatively easy to adapt. Furthermore, the transition towards indirect governance could have been facilitated by the traditional Scandinavian approach to government intervention and regulation as expressed in the expansion of the welfare state, rooted in a policy planning tradition where concepts like regional equality, regional development and local political planning and control are naturally incorporated.\(^{60}\) In this respect, it should also be noted that historically the Swedish corporatist arrangements implied a formation of policy networks and issue networks, like for example in our case study of Rikstrafiken. The government was supposed to interact with private interests during decision-making processes.\(^{61}\) Another typical feature of the Swedish government administration is the formation of sector-specific administrative agencies under political regulatory bodies. These agencies are governed by a staff of experts and technical specialists who act at their own discretion on a day-to-day basis. This has created strong and autonomous

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\(^{60}\) Veggeland, Path Dependence.

agencies, each the ruler of its domain. Thus, it would seem like Hall’s aforementioned concept of social learning as a deliberate attempt to adjust the goals or techniques of policy in response to both past experience and new information fits our case study rather well. A change in the policy paradigm altered the balance of policy goals to the disadvantage of some vested interests, together with changes in policy instruments and policy outcomes. It might therefore be concluded that the relatively strong impact of new policy instruments in the Swedish transport sector is one of the factors that have contributed to a shift in the transport policy paradigm. Fundamental changes on all three levels of policy change outlined by Hall have occurred. They might not yet be very radical or substantial in relation to the transport volume of the entire transport sector or to the economy as a whole, but they surely constitute a substantial break with historical transport policies with regard to the ambition of regional redistribution. However, if regional interest groups find new and more efficient ways to influence transport policy there might be a backlash in this regard with a return to the regional priorities of the old paradigm.


63 Hall, *policy paradigms*.