2 Public transport governance – a historical perspective on everlasting goal-conflicts

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Public transport has influenced people's movement patterns and the development of society for as long as it has existed. Before the widespread adoption of the car, public transport was the main organised mode of transport for people; and as sustainability issues and congestion problems have come to the fore in the political arena, public transport has once again taken on an important role in transport policy and planning.

K2's research focuses primarily on contemporary and future challenges and opportunities; but to view this research in a broader context, this chapter provides a historical overview of how responsibility for and planning of local and regional public transport in Sweden has evolved. Two basic conflicting goals in public transport governance and planning are presented, followed by a brief historical review with emphasis on public transport legislation from the 1970s onwards. The chapter concludes with reflections on what a historical perspective can bring to our understanding of the contemporary and future challenges for public transport governance.

Conflicting goals in public transport governance

In slightly simplified terms, the political and planning-related criteria for public transport can be understood as a tension between two different conflicting goals that are inherent in the nature of public transport.

The first conflicting goal is the tension between *efficiency* and *equitable accessibility* in the public transport system. This relates to how the planning and

provision of public transport should balance requirements for both different forms of efficiency (economic or climate-related) and that public transport offerings make travel accessible to people who live outside the most densely populated areas. Transport researcher Jarret Walker has referred to this contradiction as the need for public transport systems to balance ambitions to promote high patronage on the one hand, and geographical coverage on the other [1].

The second conflicting goal concerns the relationship between *competition* and *coordination* in the governance of public transport. Here, competition refers to the way in which ideals of competition, both between different modes of transport and between different operators working with the same mode, have influenced the governance of public transport. Coordination refers to the way in which regulations, policies and practices are designed to increase collaboration between different stakeholders and public transport operators.

Representing ideal types, it is thus possible to imagine different public transport systems representing the extremes of these conflicting goals: see Figure 1. That is to say, a system defined by maximised cost-effectiveness and full competition, another characterised by full focus on high geographical accessibility and total coordination, a third with maximised cost-effectiveness and full coordination, and finally one with maximised geographical accessibility and completely free competition. However, the fourth option appears to be too contradictory to be a genuine alternative, as free competition and services in different geographical locations rarely go together; the deregulated system in the United Kingdom is evidence of this [2]. In reality, none of these ideal types exist and few, if any, public transport systems have been at the extremes of these scales. However, various legislative changes, policies and practices can pull the system in different directions on the basis of these dimensions, and the relationships between the conceptual pairs have been key to and recurrent in policy discussions about public transport.

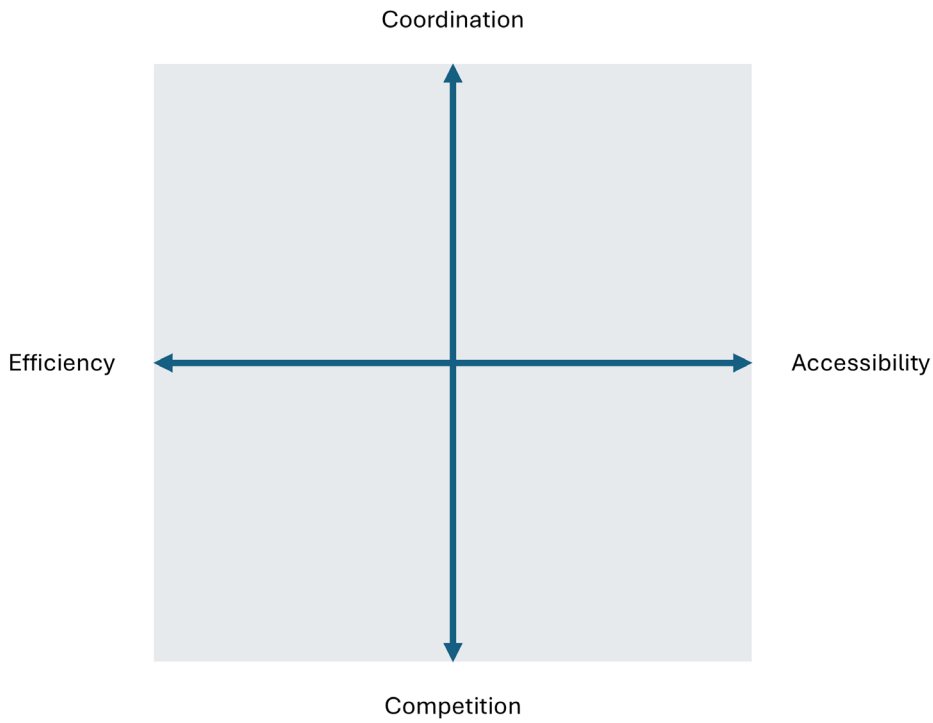

Figure 1. Schematic illustration of ideal type relationships between fundamental conflicting goals of public transport, coordination versus competition and efficiency versus equitable accessibility.

Public transport before transport policy

Public transport in Sweden as we know it today emerged in the second half of the 19th century. Railways were built between cities, revolutionising the geographical evolution of society. The State initiated the construction of trunk lines between the biggest cities, and the first section was opened in 1856. The construction of local tracks was left to private consortia, often consisting of both municipalities and business owners. Omnibuses were introduced to cities in the 1840s, initially pulled by horses on cobblestone streets, but later on rails, and gradually the horses were replaced, first by steam engines, then by electrical traction. Also in cities public transport was initially largely driven by private capital, but the electrification of trams required greater coordination of energy production, technical infrastructure and street space, which led to the formation of municipal transport companies around the turn of the last century. In this, we can see an early aspect of a

coordinated public transport system, driven by technological shifts in the transport and energy system.

The first few decades of the 20th century also saw the development of bus routes, which initially were uncompetitive, but gained momentum after the end of the First World War. Route concessions were introduced to reduce competition and create coordination, which gave one bus operator exclusive rights to provide public transport along specific routes [3]. Bus routes were often more attractive to passengers than railways, which were adapted for industrial purposes, contributing to profitability challenges for rail services. The railway network was nationalised in the 1940s in response to falling profits on private railways and to achieve economies of scale. This meant that over time, Statens Järnvägar (SJ, Swedish State Railways) developed a monopoly on both infrastructure and the operation of rail services in Sweden. In parallel with the monopoly, restrictions were also imposed on route concessions for bus services that were regarded as being capable of competing with railways. However, the nationalisation of the railways was not something that was specifically sought, and the State has been described by political scientist Björn Hasselgren as 'the reluctant infrastructure manager' [4]. Following nationalisation, there was extensive rationalisation of the rail network: about a quarter of the rail network was closed and major elements of regional public transport were transferred from rail to bus between 1950 and 1972 [5].

Introduction of a public transport policy

Although bus services gained ground at the expense of trains, they were quickly challenged by a rapidly growing phenomenon: private cars. With increasing prosperity and active policies promoting car use, travel by bus declined rapidly in the post-war period; and 1961 saw the introduction of the first government subsidies for operating road-based public transport in rural areas.

The first transport policy decision

The first **transport policy decision** in Sweden represented an important institutional change for both public transport and the transport system in general. The need for a cohesive transport policy had been the subject of much debate since the 1940s, but it was not until 1963 that a proposal was presented to Parliament [6]. The transport policy decision, which has since been updated in 1979, 1988, 1997 and 2008, constitutes the central framework for the long-term development of the Swedish transport system and includes comprehensive principles for

conducting transport policy, which aim to help achieve the transport policy goals. The first transport policy goal was to: '*to ensure a satisfactory supply of transport at the lowest possible cost and under conditions that permit business efficiency and sound development of the transport system*' [7, p. 18]. Some were of the opinion that transport in Sweden was too heavily regulated and that, essentially, attempts should be made to bring about effective competition whereby all modes of transport were priced so that socio-economic costs were covered by journeys. The ideal, therefore, was to implement a transport policy that emphasised efficiency and free competition. However, policymakers realised that '*the need for profitability must in some instances give way to other social considerations. Therefore, there can be no equivalence between a profitable transport supply and a satisfactory transport supply*' [7, p. 20]. As can be seen from the citations above, the conflicting goals of efficiency/equitable accessibility and competition/coordination were codified in Swedish transport policy right from the outset and have persisted ever since, with varying emphasis on the various aspects.

Formation of public transport authorities

Several processes contributed to public transport facing significant challenges in the post-war period. The car-oriented infrastructure policy, increased car ownership, the transport policy decision (which in practice resulted in substantial benefits for private car use, for which it was difficult to calculate and internalise all costs), SJ's closure of passenger rail services, and the poor coordination of public transport, collectively eroded the public transport system. Declining bus company revenues at this time led municipalities to increasingly take over and municipalise bus services in and between cities [8].

The 1970s saw a partial reversal of the trend. Increasing congestion in cities and the first oil crisis in 1973 brought public transport back into the political debate. In the 1970s, the criteria for organising public transport were reviewed on a number of occasions in order to address the increase in public transport fares and the poorly coordinated and displaced public transport system [9] [10] [11]. A key issue related to the introduction of regional season tickets for journeys on public transport within each county, which some local federations and county councils had launched on their own initiative. The study concluded that coordinated governance of public transport was also needed in order to introduce county season tickets for public transport. The review therefore recommended the introduction of county public transport authorities, which led to what was known as the **public transport authority reform**, adopted in 1978 [12]. Under the public transport authority reform, each county was to establish a public transport

authority to take over responsibility for local and regional road-based public transport from 1981.[5] Responsibility was to be shared between municipalities and county councils in all counties except for Stockholm and Gotland.[6] Responsibility for rail services remained with SJ. However, state subsidies for unprofitable regional public transport were greatly increased in order to reduce costs for individual passengers, while municipalities increasingly subsidised urban services. Alongside the establishment of public transport authorities, a new transport policy decision was passed in 1979 which represented a shift away from a transport policy based on free competition towards one that focused instead on planning and socio-economic perspectives [13].

Public transport governance following the public transport authority reform

The public transport authority reform had the desired effect in many respects. Regional season tickets were introduced in the counties, and travel by public transport increased sharply in the late 1970s and early 1980s. However, new problems emerged. The route concessions granted to the transport companies meant that the new public transport authorities were not free to plan services as they saw fit, and subsidies for public transport grew faster than passenger numbers, which made services more and more expensive for public authorities. Furthermore, petrol prices fell sharply from 1982, prompting more people to choose cars over public transport while urban planning encouraged the dispersal of housing, which failed to encourage provision of cost-effective public transport.

Coordination and procurement

The Social Democratic government that took office after the 1982 elections was also keen to reduce government expenditure [14] and introduced a number of reforms that were intended to lower the State's cost burden for public transport.

5 Västra Götaland, Halland and Bohuslän were given until 1983 to form public transport authorities on account of extensive cross-county commuting, which created a complex division of responsibilities for services.

6 Stockholm and Gotland were exempt from this rule. In Stockholm, responsibility for public transport had already been transferred to the county council in 1967 through the Hörjel Agreement, in conjunction with the expansion of the Stockholm metro. As the municipality of Gotland is the only political level on the island, there is no county council with which it can share responsibility.

Responsibility for passenger rail services outside the main railway routes was gradually transferred to the public transport authorities, while state funding for unprofitable regional public transport was phased out. Both reforms meant that public transport authorities bore greater responsibility and took on greater economic burdens for public transport. A decision was also made in 1985 to abolish route concessions, which were deemed to inhibit transport system efficiency [15]. This meant that from 1989, all previously existing route concessions were removed, and public transport authorities were given full rights (and responsibility) to plan routes. Concerns were raised about the risk of public transport authorities becoming monopolistic providers of transport services, but what actually happened was that in many cases municipal transport companies were sold to private owners and transport services were put out to tender instead, in line with the new public management philosophy of the 1990s. Initially, the combination of procurement procedures and increased ability to plan transport services in cost-effective ways by cutting down on unprofitable routes led to major cost reductions of between 15 and 25 per cent; and twelve years after the law came into force, 98 per cent of local and regional public transport services were subject to procurement procedures [16]. However, costs began to rise again at the turn of the millennium and have continued to increase ever since. The most significant cause of these cost increases has been identified as the cost of providing services during peak hours, but quality, accessibility and sustainability requirements in respect of vehicles also have an impact [17].

Focus on accessibility

A new amendment to the Swedish Public Transport Act was implemented in 1997 [18]. This time, two aspects were in focus: increasing accessibility and clarifying responsibilities for public transport. Increasing accessibility involved making public transport more accessible to people with disabilities by imposing higher standards for accessibility of vehicles and stops. It was also hoped that this requirement would rationalise transport services by facilitating coordination of regular scheduled public transport and special passenger transport, thereby reducing the need for expensive special transport services, the cost of which had risen sharply. Coordination was made possible by allowing municipalities (which have statutory responsibility for special transport services) to transfer responsibility for special passenger transport services to public transport authorities.

Clarified responsibility for public transport involved providing clarity on who held ultimate political responsibility for local and regional public transport. As the

public transport authorities were almost exclusively configured as transport companies owned by municipal associations, they were managed at a certain distance from the municipal and regional assemblies [19]. To clarify the responsibilities of municipalities and county councils, they were designated as 'county transport managers', which was not the same as the operational and planning responsibilities of the public transport authorities.

The new Public Transport Act

Swedish public transport was facing a shift in the early part of the 21st century. On the one hand, the initial economic gains from procurement procedures had begun to slow and costs were rising once more. On the other hand, public transport had taken on a new central position in discourses on sustainable development and climate change. A comprehensive study on public transport was presented in 2003 [20]. As the title of the report – *Kollektivtrafik med människan i centrum* [Public transport focusing on people] – suggests, the lack of a distinct passenger perspective was viewed as a key challenge for the development of public transport. The investigators were of the opinion that public transport needed to become more attractive in order to both retain existing passengers and persuade car users to use public transport. These insights were carried forward into the vision for the development of public transport formulated in 2007, which has come to be known as **the doubling goal**, which aimed to double travel by public transport by 2020 [21]. For at least a decade, this vision was the guiding principle for a broad collective of stakeholders governing, planning and providing public transport services.

In parallel with the presentation of the doubling goal, the government started work on updating the Swedish Public Transport Act [22]. The motivation for a new public transport regime was to align Swedish public transport legislation with the EU's regulatory framework, to increase the opportunities for regionalised and cross-county public transport, to clarify the political governance of public transport, and to increase competition and the attractiveness in the public transport market.

The alignment with the EU's regulatory framework involved clarifying concepts such as public service obligations and the introduction of what are known as **Regional Public Transport Authorities (RPTAs)**. As stated previously, the legislation in force at that time resulted in a division between public transport authorities (laid down in law in 1978) and county transport managers (laid down in law in 1997). The perception that public transport authorities were operating at too great a distance from political decision-making persisted, and the regional public

transport authority form was introduced to address this. The regional public transport authority is the political body that bears ultimate responsibility for public transport. To emphasise this political mandate, RPTA responsibility cannot be assigned to a transport company or any other operational entity.

The hopes for increased competition in public transport also tell an interesting story: the study that preceded the new Swedish Public Transport Act proposed that private operators should have the right of first refusal to establish scheduled services in a free market where they deemed that there was sufficient demand, and that the public sector should provide services on the remaining routes [23]. However, this proposal met with strong opposition from most organisations commenting the proposal, highlighting the risk of cherry-picking – that is, the risk of private companies choosing to run services on profitable routes and leave unprofitable and expensive public transport to the public sector. In response to the criticism, the government clarified that the bill was *not* based on the previous investigation, but followed the line presented by the critics [22, p. 23]. This meant that by making decisions on public service obligations, public transport authorities could procure services that were both more and less profitable, thereby cross-subsidising transport services in order to maintain a comprehensive transport service offering. This can be viewed as a critical point in the organisation of public transport, where the existing model involving general public responsibility and procured transport services was strengthened while free market principles were rejected. An 'off-road' model of competition, rather than 'on-road' – as public transport researcher Didier van de Velde calls it – has thus been selected [24]. This means that competition for market share takes place off-road during the procurement phase, rather than on-road in direct competition for passengers. Despite public transport being formally opened up to competition by allowing private operators to run services freely, this has also resulted in complete marginalisation of fully private provision of local and regional public transport, essentially consisting of just a few air transport routes [25].

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Public transport today

The new Swedish Public Transport Act also enabled municipalities to transfer responsibility for public transport to the regional political level. This had already been done in a few cases (Stockholm and Skåne), but from 2012 onwards it became possible in all Swedish regions. More and more municipalities and regions have taken this opportunity; in 2024, just two out of 21 regions have public transport that is jointly owned by municipalities and the region in the form of municipal associations. As regions have taken over responsibility for public transport from municipalities, the distribution of public funds has also shifted to the regional level: see Figure 2. Municipalities gradually reduced their financial commitments to public transport between 2010 and 2019, while regional commitments increased; during the same years, regional funding for public transport more than doubled from SEK 12 billion to SEK 29 billion. This rescaling of public transport governance and organisation from the local to the regional level also leads to shifts and increases the regional 'gaze' on the form and function of local and regional public transport. This, in turn, influences how public transport is designed and operated between local and regional perspectives on public transport as a provider of welfare [26] [27].

A number of regions have also transformed their transport companies into administrations in conjunction with or independently of the transfer of responsibility to the region. Although the specific impact of this is unclear, the development suggests a renewed interest in increasing political control over public transport governance.

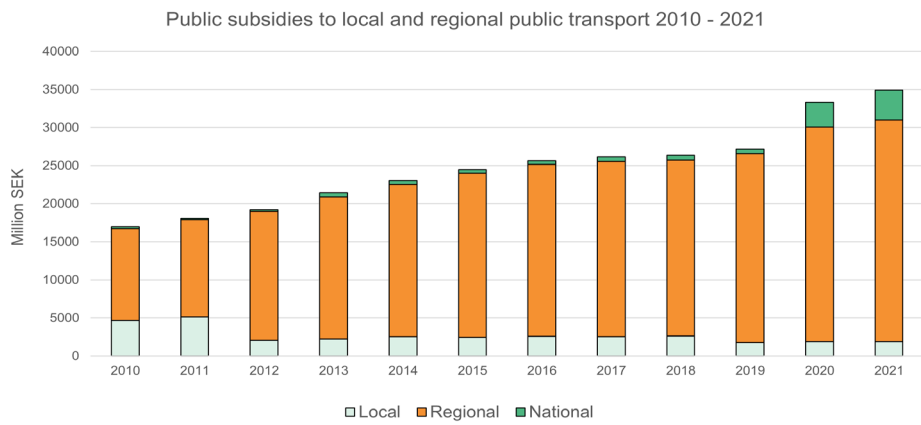

Figure 2. Evolution of public subsidies for local and regional public transport in Sweden, 2010–2021, divided between local, regional and state levels. Based on data from Transport Analysis.

While the regionalisation of public transport has accelerated, there are also trends that have stalled to some extent.

One involves the next stage of regionalisation; that is, the creation of a small number of large regions, a popular move in the early 2010s but currently a non-issue on the political agenda [28]. The introduction of large regions is likely to have implications for public transport governance and implementation, as the geographical scope of each regional public transport authority would be greatly expanded while the number of public authorities would be reduced.

The second issue relates to the introduction of a national ticketing system for public transport. This proposal was part of what is known as the January Agreement (Januariavtalet) that formed the basis for formation of the government following the 2018 elections, where the Social Democrats and the Green Party governed with the support of the Centre Party and the Liberals. An inquiry was launched in 2019, and its findings were presented the following year [29]. The proposals set out by the inquiry were based on the introduction of a digital infrastructure for a national ticketing system, a single point of access for mobility services (both collective and individual) and a competition-neutral sales channel. The premise was that the national government would take responsibility for establishing rules and functions for this – to which all RPTAs would be obliged to subscribe – and that commercial public transport operators could do so on a voluntary basis. Although this has been demanded by many politicians and citizens for a long time, not much has happened since the inquiry's findings were presented.

The COVID-19 pandemic was another significant event in the development of public transport. Public transport was heavily affected by the orders to stay at home and travel less. The government contributed ‘pandemic funds’ to public transport in order to reduce the risk of cuts in public transport services (which would defeat the purpose of allowing people who needed to travel to work to avoid overcrowding on buses and trains): while government subsidies had doubled between 2010 and 2019, during the pandemic they increased by no less than 625 per cent. The effects of the pandemic on public transport gave rise to extensive research, including at K2 [30] [31] [32] [33] [34] [35] [36] [37].

Where is public transport heading?

As we can see from this brief historical overview, neither recurring crises in public transport nor the State's attempts to address them through regulatory frameworks and resources are new phenomena, but rather a constant feature in the evolution of public transport. The public transport crisis in the 1970s was resolved by introducing public transport authorities and increased funding for transport. The economic situation in the 1980s was resolved by means of procurement, and public transport in the 2000s has been kept afloat by increased public funding.

Public finances are under strain at present, and cuts in services and routes can be observed alongside increases in ticket prices in most Swedish regions. The pandemic and rising inflation have renewed the debate on the role of the State in public transport. An ongoing intelligence analysis by K2 shows that a number of European countries have introduced substantial government subsidies on fares in order to meet the rising costs of public transport and maintain or increase demand. In Sweden, some parties are pushing for increased state funding of public transport operations, but no definitive changes or decisions have been made in this respect. Under K2's leadership, public transport stakeholders have also come together to form Rådslaget for a 'sustainable restart' for public transport after the pandemic, and the *Shift Sweden* innovation programme for the future of public mobility has been initiated in 2024 [38] [39].

In summary, it can be concluded that public transport has been characterised by a combination of increased coordination and the hope of increased competition. At first glance, this parallel development may appear to be contradictory. However, a closer look reveals two parallel trajectories. On the one hand, policy has sought to bring about greater *coordination of planning responsibilities*, pushing a regionalisation where both state and municipal political assemblies have handed over responsibilities to the regions, voluntarily or otherwise. On the other hand, attempts have been made to find ways of mobilising *competition as a force for development* in the actual provision of public transport, which in practice has resulted in institutionalisation of public transport procurement. This development follows societal trends emphasising both the importance of strategic and integrated planning *and* the governance ideology of New Public Management, through which attempts have been made to emulate a market approach in the public sector [40]. An enhanced market approach and separation of functions within and between organisations is also increasing the demands for collaboration. While K2 has been operating, there has been a great deal of research focusing on both the prerequisites for and boundaries of collaboration [41] [32] [42].

As regards the relationship between efficiency and equitable accessibility, it can be noted that the efficiency ideal has prevailed over focus on equitable accessibility for most of the history of public transport legislation since the 1970s, despite differences in emphasis. Regional expansion, labour market policy and environmental issues have all driven focus on investment in strong corridors in the form of long, fast connections between major cities [26]. However, backlash effects in the form of protests against high fuel prices and the position of rural areas in political discourse [43] have renewed the debate on equitable accessibility to public transport (and other public services) and its place in transforming the transport system for all.

One conclusion to be drawn from the review of the modern history of public transport is that the tensions between both efficiency and equitable accessibility and coordination and competition are aspects that are inherent in public transport structures. These tensions cannot be resolved once and for all, but remain constant aspects that politicians, policymakers and citizens need to take into account when allocating resources to, planning or making demands of the public transport system. What is regarded as a good response to the tension between conflicting goals also shifts over time and varies from place to place. What resources, demands and planning ideals will define future public transport and its response to its unresolvable conflicting goals remains to be seen.