

Chapter 16 : The appanage & state utility

More king for the money.
Unknown origin.

There has always been a requirement for the Bernadotte to be cost-effective. "More king for the money," as it is called. But since no review, evaluation of state utility or performance audit has ever been carried out, it is difficult to comment on the matter. In order to get out of the locked position, I have based this chapter on the real life practice of the Royal House, and utilized whatever information that I have found to comment on it.

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King as national symbol

When describing a desirable role for the King, Herbert Tingsten in 1958 cited the Japanese postwar Constitution §1: "The Emperor shall be the symbol of the State and of the unity of the people; He derives his position from the will of the people, and the people own the sovereign power."¹ 1952 the debater etc. Per Meurling summarized this view that Carl Gustaf - like Elisabeth II - must be raised, not to become one of us, but to become a symbol. He could not be allowed a life of his own, but must consider himself a work of art. Otherwise he could not fulfil his role in society. If he was like people are most, he lacked *raison d'être*.² Now it didn't get quite so drastic.

There are three "economic" positions on the value of the king as a national symbol: (1) Republicans consider that "It does not matter how low the operating costs, if the monarchy is useless." (2) The Monarchists want to reinstate the Orders and the Sovereign to approve the formation of the government, but also consider that "It is enough that the royal house exists." (3) Economists have proposed a number of ways to put a value on the "brand".

Dagens industri hired brand expert Mats Fogelberg on Audumbla Pilots. 2003, he estimated the value of the Royal House's PR (state visits, contacts with various foreign companies and the like) at half a per mille of exports for companies with over 200 employees; for 2002 half a per mille of SEK 582 billion = SEK 291 million gross; the cost of the royal court = SEK 45 m gives the value SEK 291-45 = SEK 246 m net. "Provided that the Royal House endures indefinitely and the yield is 5 percent, its value through the annuity method can be calculated to SEK 246/0.05 = SEK 4,920 million." Maybe so. Silvia's value was assessed slightly higher than Carl Gustaf's. The reason allegedly being his diffuse mission. "The King should have a clearer agenda of his own. Perhaps, for example, it should target the business world. But it's not just his own fault that he doesn't. He should make higher demands on the parliament and government to give him clearer guidelines on what they want him to do, what he should deliver."³

Fogelberg also claimed that the royal house's market value was declining because it competed with sports stars such as Carolina Klüft, artists such as the members of Cardigans and well-known companies such as Ikea. The King and Queen were also not encouraged to do their best. There were no carrots or bonuses. Here one must say that Fogelberg is thoroughly in the

¹ Tingsten 1958: s. 67.

² [Intervju med Per Meurling.] Aftonbladet, 1952-05-14, s. 3.

³ Mats Fogelberg [Audumbla Pilots]. Värde fem miljarder. Dagens industri Weekend, 2003-09-05.

wrong. It is clear from the ICA-Kuriren's 1984-2007 Sifo studies that there are differences. Carl Gustaf has mainly competed with industry leaders and politicians. Silvia with Astrid Lindgren and politicians. Only in 2005 and 2006 have sports stars won the fight. As to carrots and bonuses, they do not seem necessary. To assert the interests of the Kingdom of Sweden seems to be the primary objective of Carl Gustaf's life.

The court's trademark expert, researcher Mats Urde, used alternative cost reasoning. "If you use the appanage to buy space in all the world's media and take into account that editorial space is ten times more valuable than advertising, you come to the conclusion that the royal house has a value of SEK 600 million."⁴ Later he has adjusted this estimate to SEK 900 million based on the appanage, multiplied by a factor 20.

As of 2012, the corresponding English calculations are presented in "Brand Finance: Monarchy report". In 2017, the total value of the monarchy was estimated at £67.5 billion (tangible assets 25.2; intangible assets 42). The annual return was estimated at £1.7 billion. It costs the British taxpayer £4.5 a year. The English Republicans don't agree. The income of tourism is difficult to link to the royal family. Tourists visit memorials. These would remain even if the monarchy as a form of government was abolished. In very round numbers, the English royal house is valued at 100 times the Swedish royal house.

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The King as Master of Ceremonies

Since the Torekov-compromise meant a purely ceremonial monarchy, state utility should have something to do with the ceremonial. However, such discussions have never been held and no economic reasoning has been found, apart from the savings requirements.

Carl Gustaf's stated goal before the accession was to create a modern monarchy. The idea for that particular part seems to be borrowed from the English debate: That the monarchy would not regard itself as a social relic but operate in the society that existed. The model was the Vatican.⁵ Later he has emphasized the importance of traditions. E.g. court etiquette and the mounted guard's be or not be. The balance between old and new was included in King Carl Gustaf's motto "For Sweden - In Our time". In 2003-2004, an interview study was conducted with court representatives and affiliates who had ideas that could be summarized as "the royal five R's"⁶:

- Royal: "Being royal is a state of being: of someone set apart normally through an official ceremony or the constitution."
- Regal: "Being regal is acting in a royal manner appropriate to the circumstances."
- Relevant: "Being relevant means sharing an affinity with a large number of stakeholder groups."
- Responsive: "Being responsive means to evolve with changing times."
- Respected: "Since the monarchy no longer is taken for granted its existence depends on earning the respect of the people."

⁴ Greyser m.fl. 2006; Olle Berner. Hur lönsam är du, våran kung? <newsmill.se> (2010-05-24).

⁵ Grigg red. 1958; Murray-Brown red. 1969.

⁶ Balmer m fl. 2004.

Because the court does not conduct its own opinion studies, e.g. with focus groups, they still have little idea in what direction to adapt. Marshal Eliasson tried to initiate a discussion about this in 2004: How did the royal family view their roles? How did they think the Swedish people understood them? What did they do well? What did they do badly? However, it came to nothing.⁷ According to a memo from 2008, the objective is broad rather than deep, which makes it difficult to see the impact of the efforts. As many groups as possible should be given attention. Carl Gustaf is to be given a benevolent patriarchal image.⁸

In 1976, Sifo asked questions about the division of labour between the Prime Minister and the King: 76 percent thought it good. 14 percent thought it bad. 10% were unsure. The answers to the supplementary questions suggested that there were ambiguities in the interpretation of Carl Gustaf's symbolic role. The king as representative of the nation in the manner of his Tsunami speech was moderate (60 percent the prime minister, 27 percent the king, 5 percent both). The turnout for the King's participation at festive occasions was significantly higher (84 per cent the King, seven per cent the Prime Minister, five per cent both).⁹ Measurements at the time of the Tsunami speech in 2005 can be interpreted in the same way: That a quarter of the population accepts Carl Gustaf as a spokesman for the nation - 27 percent of the population had gained confidence in him through the speech.)¹⁰

In 1986, Sifo asked if Carl Gustaf had meaningful duties or if his powers should increase or decrease. 72 percent felt that the tasks were meaningful and 75 percent that he had enough powers.¹¹ In 2004 the Republican Association commissioned a panel survey on how he fulfilled the requirements for these his tasks. One of the questions was about Carl Gustaf's political profile. He was judged to have a low political profile. The panel made similar estimates for its ideal regent. It was completely satisfied with Carl Gustaf's low political profile.¹² Carl Gustaf has adapted to the situation. In 1999, his view was that Sweden had a system of non-political officials and he himself was one of them.¹³ County Governor of the Entailed Estate of Sweden is possibly the closest one can get to Carl Gustaf's interpretation of his ceremonial role.

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The King as a salesman for Sweden Inc

Carl Gustaf does not lead any pure sales delegations (in the way that Prince Bertil did), but through his state visits attempts to create an interest in Swedish business and society. Trade missions are often included in state visits. Carl Gustaf is important because the delegations' contacts follow the diplomatic protocol. They are established at the level of the delegates. The trade missions also benefit from the attention paid to state visits. The counter-argument has been that Carl Gustaf does not make enough state visits for it to have any practical significance from an export point of view: In 1974-2011 he made 70 state visits to about 50 countries (depending on how one defines a country), i.e. on average 1.84 state visits per year to 1.35 different countries. Most state visits to Finland (1974, 1983, 1996, 2003) and Iceland (1975, 1987, 2004). This is because a new state visit should be made every time a country

⁷ Hultman 2014: s. 149.

⁸ Ingemar Eliasson, riksmarskalk. PM. Målbilder för Kungl. Hovstaternas stöd till KFAM. 2008-08-01.

⁹ Sifo & Zetterberg 1976.

¹⁰ Sifo 2005.

¹¹ Sifo 1986.

¹² Easy Research 2004.

¹³ Nildén m.fl. 1999.

changes head of state, but for practical reasons it is done only for the Nordic countries. Good for politics, but irrelevant to trade.

There are two research reports¹⁴ on the economic impact of these visits by Carl Gustaf 1973-2006. Both use the so-called trade-gravity model - that trade, everything else equal, grows with the size of economies & decreases with distance:

Study I (Arvidsson 2006) compares Sweden and the UK: (1) Sweden visited more frequently countries that were geographically closer, countries with higher per capita GDP and countries that were monarchies. "In summary, while Sweden mostly visits neighbours the UK more often travels further away to smaller countries." (2) The impact of the State visits was higher for the UK than for Sweden. (3) For both countries, trade had already increased before the State visit took place. (4) For Sweden, the impact of a state visit was positive for the Nordic countries and for the countries outside Europe. The effect of a state visit was negative in the rest of Europe. (5) No effects of Swedish state visits were statistically significant.

Study II (Almqvist 2013) analyses Swedish exports only. Explanatory variables are state visits, government, matching government, neighbouring country, coastal position, joint trade agreement, member of GATT-WTO & joint free trade agreement. Swedish exports are largest to large, nearby (coastal) countries with which we have a (free trade) agreement. (Read EU.) The state visits have no significant effect.

The absence of significant effect on trade is assumed to be due to a dilution effect. Carl Gustaf makes a large number of additional visits that are not counted as state visits (e.g. Scandinavia today, Market of the Year & Europe Days). There are also incoming state visits. None of the visits have any immediate effect. Carl Gustaf himself states that his contribution is most important when visiting monarchies like Saudi Arabia, which the Swedish Institute agrees with. The institute also claims that, for the same reason, he may be a burden when visiting countries with a revolutionary past. As mentioned, state visits are claimed to be too few to have any significance in terms of trade policy. Possibly the following clarifies this: After World War II - under Prince Bertil's trade delegations - Swedish exports grew twice as fast as Swedish industrial production to reach a peak in 1970 of 2.1 percent of world trade. During Carl Gustaf's industrial delegations, Sweden's exports have continued to increase in absolute terms, but have fallen as a share of world trade. In 2006 it was barely 1.3 per cent.¹⁵ Prince Bertil thus has a good reputation in export circles. Carl Gustaf obviously not so.

There is a similar Dutch study¹⁶ with the conclusion that monarchies generally have better economic development than republics. The impact would be 0.8-1.0 percent of GDP. For the Netherlands in 2006, this would correspond to a dividend of 1:50 on the appanage, which seems to be mainly related to facilitating trade between monarchies. In this case, the oil monarchies of the Middle East.

The Swedish Trade Council evaluates the state visits by estimating the elements on a scale 1-5: The business benefits, contacts, service, program, etc. The estimates are usually 4. The

¹⁴ Arvidsson 2006; Almqvist 2013.

¹⁵ SOU 2008:90, s. 13.

¹⁶ Dalen 2007; Jeroen Ansink. The business case for monarchies. Fortune.com, 2013-04-30.

embassies count newspaper articles and analyse the content. The procedures for collecting press clips differ too much between state visits to make it possible to compare them, but the original American articles during the New Sweden initiative in 1988 measured approximately 500 column meters. Half was written during the 17 days Carl Gustaf & Silvia toured the country. The Confederation of Swedish Industry also investigated the home opinion: 88 percent thought it very or rather important that Sweden showed itself. 74 percent knew why Carl Gustaf & Silvia this time were in the US. 93 percent thought they did a very or quite good job there.¹⁷ No evaluation of the effort as a whole was ever made but the participants' expectations seem to have been low enough for everyone to be satisfied. In 1987, the Export Association awarded him their Gold Medal of Merit.

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In addition to the flat-rate estimates, there are a number of personal statements about Carl Gustaf's value to the export industry from those who participated in the state visits, e.g. LM Director Michael Treschow:

* How valuable is the King for Swedish export companies?

- It's not like he negotiates orders. But he makes it easier for us to meet people at the right level and there will be more focus on a visit if the King and Queen participate.

* So you think the king makes good for his appanage?

- I think so. He creates a nice frame. The Royal House is something we should be proud of.¹⁸

...

- The fact that there is a lot of competition between companies to be present at the king's travels is the ultimate proof that his work is needed.¹⁹

And Swedish Institute CEO Olle Wästberg (fp):

* Does the king do any good?

- The King has been praised in newspapers and by politicians in connection with the opening of the World Exhibition in Shanghai [2010]. Since I have been involved both with the image of Sweden and been on state visits and official visits, I was asked on Swedish television if this is true. My answer is that the king is diligent; He'll be mad if there's a gap in the program when he's abroad. And in many places it matters that it is a king who leads a Swedish delegation. The rule of thumb is that the scarier the regime, the greater the role of the royal presence.

In the United States, which is a functioning market economy (and where you are also proud to be a republic), the royal house does not open many doors. However, the royals do attract people to, for example, charity events in a way that a president would not. In centrally governed countries it is very important to reach the right decision-makers - and then it is not infrequently easier to have a king. Perhaps it makes sense: Dictatorships do not find it strange that the Head of State is not elected.²⁰

And from Carl Gustaf himself:

¹⁷ Sifo 1988.

¹⁸ Annelie Östlund. "Jag kallar honom kungen". Affärsvärlden, 2005-12-11.

¹⁹ Treschow 2006: s. 90.

²⁰ Olle Wästberg. Gör kungen någon nytta? Nyhetsbrev, 2010-05-28.

”My title means that contacts with, for example, King Kahlid in Saudi Arabia [1981] probably took place on a different diplomatic level than if Sweden had been a republic. The fact that both countries are monarchies makes me feel that we were on the same wavelength. It is easier for the leaders of Saudi Arabia to feel a sense of affinity with a kingdom than with a republic. Despite the fact that the king has a completely different position in Sweden.”²¹

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Carl Gustaf also heads pure industrial delegations:

Since 1984 Carl Gustaf heads IVA's Royal Technology Missions. These are not sales trips as under Prince Bertil but industry delegations of 15-30 Swedish business leaders, government and university representatives at high level. Even budding abilities participate. The aim is to create new contacts that can lead to a long term exchange of ideas and business. The trips take place every 1.5 or 2 years and are one week long. They have gone to Japan, Italy, the United Kingdom, the United States, South Korea, South Africa, Brazil and India. 21 countries by 2013. Carl Gustaf's participation acts as a door opener. Participants describe him as well-versed in all technical issues and a driving force so that the delegation gets maximum benefit.²² In so far as he has a position of his own, it is to revitalize old industrial traditions with new technology.

Carl Gustaf has four honorary doctorates - by the Agricultural University Ultuna 1985, by the Royal Institute of Technology (KTH) 1989, by the University of Turku 1990 & by the Stockholm School of Economics (HH) 1997. The KTH-doctorate was motivated by the Royal Technology Missions. The Ultuna-doctorate by his interest in farming. The HH-doctorate with his interest in leadership issues. Turku was more of a public celebration in connection with the 350th anniversary of the university's foundation.

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The advertising value of the monarchy

Both monarchists and republicans assume that grand ceremonies strengthen the monarchy (see also chapter 19). In practice, it is about tourism income and free advertising. There is a report that private consumption in the year of Carl Gustaf & Silvia's wedding increased 4.2 per cent despite the GDP that year only increased 1.1 per cent.²³ Difficult to interpret, though. The effect of the next wedding was better highlighted:

In connection with the wedding between Crown Princess Victoria and Daniel Westling, the media-analysis company MediaPilot was commissioned by the Swedish Promotion Board in the rest of the world (NSU) to analyse the value of the international publicity surrounding the wedding.²⁴ NSU includes the Ministry of Foreign Affairs, the Ministry of Enterprise, the Swedish Travel and Tourism Council (VisitSweden), Invest Sweden, the Swedish Trade Council and the Swedish

²¹ Herbert Rock & Johan Hjertqvist. Intervju med kung Carl Gustaf. Näringslivets presstjänst, 1981-03-13.

²² Blomé, 2007.

²³ Olle Zachrisson. Kungligt bröllop ger miljardrullning. Svenska Dagbladet, 2009-02-24, s. 36.

²⁴ Svenska Institutet. Det internationella mediagenomslaget av det kungliga bröllopet beräknas till 2.7 miljarder. <si.se> (2010-06-23).

Institute. The value was set at what it would have cost to buy the corresponding amount of ads. The wedding was attended by more than 700 accredited journalists and 45 foreign television companies were present. The value of the articles in printed media and on the internet amounted to SEK 2.7 billion (of which 1.2 billion in Germany alone). The number of internet articles was about 12 thousand. The value of radio and television was not analysed but was high. The state allocated 10 million extra funds to the wedding (of which 1.8 million to aid journalistic surveillance). The return calculated in this way was thus 270:1.

The analysis gave rise to reflections on the value of the Swedish publicity for the royal house itself: "How big is the value of all this [Swedish] free advertising? According to experts at the company Infopaq, Aftonbladet's six Royal annexes represent an ad value of SEK 22 million. Then 194 000 SEK per full page is added inside the magazine. Day after day, year after year. Public service television provides the major support for brand building. SVT's 40 hours of special programs for the wedding and "the biggest live broadcast ever" is worth SEK 740 million. Not even the exultant bulletins of the engagement are included. The total amount of wedding reporting therefore amounts to billions - if the court had to pay for all the good publicity."²⁵ However, the advertising effect was both short-lived and modest. According to the SOM Institute, it lasted less than half a year (see chapter 33 & Appendix 1: figure 3), but it may have been due to the Markovic scandal at the end of the year.

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Summary

To summarize: The studies above value the monarchy according to the income I creates. The alternative is to base its value on (low) operating costs or the market value of fixed assets (see chapter 26). None of these parameters is considered as a relevant measure, but the operating costs have been most talked about as they are the easiest to measure. The debate is confused. The monarchy is considered to be alternately ruinous, supporting special economic interests or enriching itself. There is also speculation that the valuation of the royal house in money is an organized attempt to discuss the monarchy rationally instead of traditionally (see chapter 18).

²⁵ Rasmus Malm. Hovet tjänar på god publicitet. Göteborgs-Posten, 2010-06-09.

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