



Summary in English

THE SWEDISH HEREDITARY MONARCHY is a kleptocratic system that, while appearing deceptively to have democratic legitimacy, deviates from almost every principle of democracy. What we have is a situation in which a privileged family has the determination and opportunity to maintain its position in the state for generation after generation and use this position to enrich itself. How is this possible? Why has no action been taken by parliament or the government? The answer is that hardly anyone is aware of the existence and extent of the kleptocracy and the circumstances that make it possible. There is a complicated family enrichment structure in place with manipulative qualities that make it difficult to see through.

Power

In the past, kings had formal power over the government and state administration. One of the reasons for introducing the existing form of government was to deprive the hereditary post of head of state of all political power for reasons of democracy. The reality, however, is that our current monarch is far from powerless. In addition to the status and influence conferred by the symbolic position of head of state, the King, his family and the court also exercise power through a range of activities that overlap and reinforce each other.

Power is exercised, for example, through the disclosure of information that is subjective and biased. The royal family and the court use one-sided, incomplete, misleading and untrue information to exploit the general public's trust in public authority. Over the years, new forms of communication, social media and information strategies have made royal propaganda more effective.

Power is also exercised through the royal family's own self-canonisation. The use of birth titles, ceremonies, ranks and exclusivity in all areas inclu-





ding actions by the church and state authorities, not least the Swedish Armed Forces, establishes authority for the royals, elevating them in a way that engenders feelings of deference and subordination in other people. These actions of authority are justified by tradition and history and do more than simply make it seem as though the royal figures and activity are indisputable state commitments; they also have the effect of minimising any questioning or critical appraisal.

The royal family and the court also influence the country's power elite. Through a complex network of meeting points, many of the country's leading representatives in various spheres are connected directly or indirectly to the royal family for mutual affirmation and loyalty. The royals' family celebrations in the form of state ceremonies, over 500 public benefit foundations, organisations under the patronage of the King, royal academies, purveyors to the court, clubs and societies, the chamberlain and aide systems, hunts and other gatherings all create a sophisticated network of loyalty and cronyism.

The effect is that the elite – in businesses and organisations, research and, most important of all, public authority represented by leading government and parliamentary figures – will never pursue any issues that conflict with the interests of the royal family. The loyalty of the power elite means that most citizens accept the hereditary monarchy model, thus giving the political parties a pretext never to change the political system and the position of the royal family.

Power is also exercised in the form of bribes and rewards to people who are important to the system. The monarch's bestowal of decorations, supplementary pensions and accommodation ensures that the recipients have almost unshakeable loyalty to the royal family.

Finally, the royal family has power over the court's service providers through an internal system of morality whose emblem – the monarch – is always right. This is a morality that demands absolute loyalty and overrides the conscience of employees and their ability to stand up for their beliefs. Telling the truth about the kleptocracy and holding dissenting opinions are tantamount to high treason, for centuries drummed into us as the worst crime of all.

Altogether, the royal family's exercising of power undermines the judgement of those connected with the court, the elite and citizens so that we see the hereditary monarchy as they want us to. This is a power that controls thoughts, needs, desires and behaviour so that other people are persuaded to agree or submit to being dominated. It is an authority that deceives, goes against the interest of citizens and is most effective when it goes unnoticed. Power is exer-





cised in almost every aspect of the royal family's official activities; the situation with democratically elected heads of state is very different. When the country's highest office can exercise power that is not based on popular assent, legitimate elections, rational political decisions and democratically established laws, it also has the opportunity to influence its surroundings in ways not available to other public authorities. The royal family's undemocratic power can be used in particular to keep issues that are hard to defend out of the decision-making arena. Their power is one that restricts the alternatives instead of influencing the decisions.

During the reign of King Carl XVI Gustaf, the informal power of the royal family and the court has grown so that it now achieves the same results as the formal power held by earlier rulers. It is public authority that is more powerful than the power exercised pursuant to our laws.

Lawlessness

The effect of the royal family's authority is that the prime minister and most of the top-level representatives of the parliamentary parties will block almost any initiative that is not to the royal family's benefit. The royal apparatus is consistently kept outside the public decision-making process. Without an open, easily influenced process involving official reports setting out alternatives, consultation procedures, evaluation by the Council on Legislation, government bills, debate, consideration by committees and parliamentary decisions, it is very difficult, if not impossible, for new legislation to see the light of day.

Because the royal family and the court have been kept outside the official decision-making arena, they have also avoided being subjected to public scrutiny and regulation. Swedish law contains very few provisions relating to the royal family and none at all relating to the court. In practice, the law says simply that Sweden must be a hereditary monarchy, that a member of the Bernadotte family must occupy the throne, that the person on the throne must be the head of state and that the head of state cannot be prosecuted for their actions. No more than that.

Parliament, the government and their administrative functions, in fact all state and municipal bodies governed by public law with elected representatives and employees, are subject to numerous provisions and ultimately controlled by laws agreed by parliament. This is one of the criteria that determines that Sweden is a democratic state governed by the rule of law, which is why





the introductory paragraph of the constitution states that official authority is exercised pursuant to the law. But there are no specific laws or rules for the court. This means that, despite what is prescribed in the constitution, not all official authority is exercised pursuant to the law or even in accordance with official decisions. The fact that the court does not feature in the legal system is not something that the head of state, parliament or the government make citizens aware of. The nearest we get to public information about how the court is governed may be a judgement by the Supreme Administrative Court.

In 1998, the Supreme Administrative Court handed down a final decision on an appeal by a private individual who the court had refused to provide documents to. The Court decided that the royal court was not an authority and was therefore not covered by the rules on public documents. How the royal court can be neither an authority nor an elected decision-making assembly, the only alternatives for state and municipal bodies under the terms of the constitution, was not explained by the Court. Instead, the Court justified its decision with reference to a government policy statement from 1973 in the bill relating to a new constitution which said “that the court should remain outside the state administrative structure. There is no intention to change the current system. There is no requirement for constitutional legislation on the subject”. That was all the constitutional bill had to say about the court, and parliament took no view on the issue.

Although the government did not explain what ‘the current system’ meant or why there was ‘no requirement for constitutional legislation on the subject’, the statement led the Supreme Administrative Court to refer to a provision in the 1809 constitution stating that “the royal court is subject solely to its own governance”. But the Court did not mention that the provision had been repealed by parliament when the 1974 constitution was agreed. Instead, the Court highlighted the provision in the 1809 constitution as if it was still in force because of a vague and unexplained statement in the preparatory work for the new constitution; this new constitution contained no corresponding provision and did not in any way confirm the previous provision. To this day, neither parliament, the government nor any authority has questioned the Court’s decision.

With the court under the King’s individual rule, not only does it escape the principle of public access to official records but the 1809 provision allows the court to avoid all laws and rules governing state activity. The court complies only with what is decided by the King. Parliament and the government make their decisions collectively while decisions relating to the court are made solely by the monarch. Because of the confidential status of the court, the King can





keep his decisions secret – something that is otherwise unthinkable for public authorities. The fact that court employees are not governed by law, only by the King, means they work in a state of legal uncertainty normally found in dictatorships.

While the head of state's immunity from prosecution is well known, less well known are the absence of scrutiny and the discharge from liability of the office enjoys. Still less well known are the informal immunity from prosecution, absence of scrutiny and discharge from liability of court employees, as the fact that the court is not subject to the law gives the King ultimate responsibility for all decisions at court. And the person with ultimate responsibility cannot be prosecuted and thus, legally, has immunity from everything. Because it is not possible to check and control what is happening and demand accountability, the lawlessness of the royal family and the court is concealed. And that lawlessness, in turn, minimises opportunities to check and control and demand accountability.

The royal family and court's avoidance of the law is so fundamental that even the methods used to maintain the state of lawlessness avoid the law. Along with the King's power over the court comes power to use propaganda and opportunities for self-canonisation, for controlling the power elite and bestowing gifts to engender loyalty, together ensuring that the royal kleptocracy is not obstructed by parliament, the government or the legal system. Furthermore, there is no public body charged with scrutinising the authority of the royal family or the court. This monumental avoidance of the law shows how effective power can be when it is least noticed. In the case of the King, power is an entitlement. He has absolute power over the court.

Opportunities for private ownership

Nothing the King decides at court is unlawful. This means that the King can decide how much of the court's finances and services are to be allocated to him and the family privately. Unlike other people in public roles, members of the royal family have no fixed remuneration. The only restriction is that the private drawings must be accommodated within the court's funding allocation and activities. An exception in the Act on Income Tax means that members of the royal family do not pay employer's contributions or income tax and are not taxed on benefits relating to 'privatised' elements of the court's resources. The same applies to other activity financed through allocations, such as the





National Property Board of Sweden's provision of state housing. The royals do not need to report their drawings on a tax return either, which, along with the confidential status of the court, makes it impossible for outsiders to find out the extent of the resources that the royal family take into private ownership.

Opportunities for private ownership make the information given by the court to the media about what the state and the royal family have paid for, for example in respect of a royal wedding, wholly irrelevant. The court can give any breakdown it likes. Funds may be state funds at one minute and private funds the next. And no outsider can check anything.

The royal family's unique ability to privatise resources is complemented by a further benefit that demonstrates the strength of royal authority. When the billionaire Bertil Hult gave a private wedding gift to Crown Princess Victoria and her husband in 2010, the gift was reported to the National Anti-Corruption Unit because of the undue advantage that Hult's company EF could derive from the gift and links with the royal family. But the Swedish Prosecution Authority decided not to investigate because it was felt that the legislation on bribery did not apply to people who had inherited their role. That meant that gifts to the royal family could not be investigated for suspected bribery. Neither did the law cover anyone who openly or secretly bribed a member of the royal family or who was bribed by the royal family. The somewhat remarkable explanation for the decision was that the preparatory work for the legislation had not explicitly stated that inherited roles were covered by the law. The decision means that any kind of gift, benefit, service or reward given to or bestowed by the royal family escapes anti-corruption legislation irrespective of the extent of the breach of trust or the fact that, for anyone else, it is a criminal matter.

The King's absolute power over the court – the fact that there is no need to comply with the principle of public access to official records, the requirements for objectivity and impartiality or anti-corruption legislation and that the Act on Income Tax does not apply – virtually gives the royal family *carte blanche* to undertake financial manipulation for personal gain. And no other state offices may take resources from the public purse for the private enjoyment of exclusive flights, accommodation, outfits, cars, teams of staff, private schools, household services, jewellery, furnishings, art, healthcare, holidays, hunting expeditions and visits to restaurants. The money and services privatised annually by the monarch amount to tens of millions of kronor. The value of the royal family's private, cost-free use of state property is of a similar magnitude. Added to this is the value of tax exemptions. For each million kronor that is privatised in





cash or in the form of services from the court and other state organisations, the state provides two million kronor in subsidy through exemptions from social security contributions, income tax and tax on benefits. This means that the royal family has every incentive – and makes use of the opportunity – to allow the court to manage their private assets such as securities, buildings, companies, family trusts, archive documents and a huge volume of movable property.

Without checks or public disclosure, the royal family can also privatise goods, services, objects and financial assets in the form of grants, donations, free and discounted deals, sponsorship and gifts from public organisations, organisations under the patronage of the King, private individuals, purveyors to the court and other companies and organisations without having to think about all the legislation that state administration is faced with. The exchange of favours and the privatisations can also operate in the other direction; for example, purveyors to the court may sell products from companies owned by royals. The head of state benefits from almost everything to an unprecedented extent and in the widest possible context, with personal gain as the guiding principle.

It does not matter whether the goods, services and financial resources move between the interested parties privately or officially. Neither is the relationship between the interested parties important. Either directly or indirectly, the royal family can harness most things to their personal advantage. An item or a service that is normally paid for with the court's allocated funds but that has instead been funded through donations can, all things being equal, give the royal family increased scope for privatising allocated funds. In practice, the court's other income, which is greater than the amount of the allocated funds, increases the options for the royal family to strengthen its own financial position. This exceptional set of circumstances does not just mean that members of the royal family can live a life of privilege. They can also build up wealth.

The wealth strategy

According to reports on the court's activities, the royal family's private fortune consists largely of property and securities acquired through inheritance, marriage and gifts. This is a false picture. The court does not mention the assets that hugely increase the family's wealth and in essence arise out of privatisation opportunities. Today, the royal family's private wealth is probably in the order of tens of billions of kronor and is generated by a cunning system based on movable property.





The court's funding allocation for the maintenance and purchase of state equipment, furniture and fittings was unchanged for most of the 19th century. This meant that the allocation was eroded by inflation so that the funds have subsequently been enough to maintain objects but not to purchase new ones. The state-owned items in the royal palaces have therefore long been a historic collection, consisting mainly of everyday items acquired before the time of King Carl XIV Johan. The 19th century saw only minor acquisitions, and at the start of the 20th century there were almost no acquisitions at all. While kings deliberately held the allocation for the purchase of state equipment, furniture and fittings down, the rest of the court's allocation was not held down. Along with the state's annual payment of the Guadeloupe fund, the allocation for maintaining the court – now the allocation for Hovstaten (the Royal Household) – took over the financing of new purchases. Although some of the royal family's movable property has been purchased with other money, gifted or inherited from elsewhere, the main source of funding has been privatised state funds. Because the purchases have been made with privatised funds, the items have also been recorded in accounts as the royal family's property rather than state property.

This privatisation of movable property has been going on since the early part of the 19th century and explains why the royal family's private collections of objects have grown so large. The collections include hundreds of thousands of objects in the shape of gemstones, jewellery, books, paintings, chandeliers, furniture, silver, vehicles, ceramics, clocks, bronzes, dinner services, carpets, sculptures, medals, documents and other types of objects. The royal family's private movable property is so extensive that it fills most of the royal palaces and elsewhere besides. Because the monarch has always had use of state palaces and other buildings for no cost, it is taxpayers who have paid for the housing and security of the privately-owned collections. The same applies in practice to their management and maintenance too.

The royal family's private collections are not just any collections. Many of the items are amongst the country's finest artistic treasures, not least the vast gemstone and jewellery collection that is now one of the most important of its kind in the world. However, the lack of information supplied by the royal family and the court about the collections means that few people are aware of the extent of their movable property and the fortune it represents. Visitors to the palaces believe instead that the art treasures are state-owned just like the buildings. The only public documents about the collections are the royal family's estate inventories and the monarchs' applications to the government





for exemption from inheritance tax for parts of the collection. But even those documents withhold the truth. The grossly inadequate descriptions of the objects and exceptionally low valuations in the estate inventories, prepared by people in a position of dependence on the royal family, have enabled the ever-increasing fortune in the shape of movable property to go under the radar. Parliament, the government and citizens have never come close to an accurate picture of the royal family's wealth.

By privatising state funds and gifts and through inheritances also based on privatisation, every royal, not least the monarchs, has been able to build up very large fortunes in the form of movable property which they transfer to themselves. Because movable property, unlike buildings and securities, has consistently avoided being recorded, the serious and increasing undervaluation of the estate inventories over time has maintained the picture of a moderately wealthy royal family while also ensuring that the property can be inherited unnoticed. Artistic treasures of royal origin have always commanded exceptional prices. A painting or a piece of jewellery with a documented royal history can be sold for a considerably higher price than it was acquired for. So it is not surprising that several of the royal purveyors to the court are auction houses active in the jewellery, art and antiques markets.

During the turbulent decades around the rise of parliamentarism and democracy, the monarchs transferred some of the movable property to family trusts with the occupant of the throne as beneficiary. The trusts have enabled the monarchs to build up and keep together an increasing fortune within the heir apparent. As a result, their privately-owned movable property has not been increased disproportionately by the constant acquisitions. Family trusts with specific physical individuals as beneficiaries have historically shown themselves to be able to avoid all attempts to regulate them and place them under public control. A trust is a legal structure offering unique opportunities for economic crime. Family trusts can exist in secret with the full sanction of the law, giving the royal family enormous freedom to build and manage a multibillion kronor fortune without the knowledge of the outside world.

The Bernadotte family trusts are nothing other than an insurance policy against a republic. The day the monarchy is abolished, the multibillion kronor fortune can go to the last monarch or his/her heirs. When the direct male line is no longer able to live in luxury at the expense of the state, the fortune amassed in the form of movable property will ensure the Bernadottes continue to feature in the global elite for generations.

Several pieces of legislation in addition to the Act on Foundations and





Trusts have holes, exceptions and strange provisions that have never been properly investigated or justified and which at first glance look like coincidences but which over time form a clear pattern. Irrespective of whether the royal family's movable property has been owned privately, through an entailed estate or through a trust, it has systematically avoided inheritance, gift and wealth tax. For any items that have not escaped taxation, the amount of tax has been held down to a minimum by means of false valuations.

Over time, the movable property strategy has provided an excellent lifestyle for the numerous Bernadotte descendants who are not royalty and provided for by the state. Since the same family has enjoyed these unique privatisation opportunities for two hundred years, the fortune of the direct male line has steadily grown while others in the family have had no reason to complain.

Confidential status

Although force of habit means that most people do not question the royal family's privileged lifestyle, few people will accept corruption and nepotism. The modern, international definition of corruption does not have regard to the fact that the royal family's opportunities for privatisation and enrichment are not unlawful. Nor do general standards of justice and public morality take this into account either. Most of what the royal family and the court does is contrary to the activity that the regulations on public access to official records and many other pieces of legislation have been put in place to counter. The royal family and the court engage in an abuse of power and trust of a scale that, if openly reported, would never be accepted by the general public and parliament. The continuous privatisations, services and rewards require court administration to be firmly closed to external checks.

In the first place, the court's lawlessness constitutes an extreme form of protection in itself. For example, the court does not need to comply with the Archives Act; the King can decide at will which documents at court are to be kept, discarded or privatised. But all the legislation that the state administration is generally subject to could, at the stroke of a pen, also be made to apply to the court if parliament were to decide that the court was a public authority. There was no doubt some apprehension about this in the royal family in the 1990s when parliament started to demand increased transparency at court. By way of countermove, King Carl XVI Gustaf and the court took a series of actions that were directly contrary to the demands made by parliament.





The royal family's website and reports on the court's activity talk exclusively about how the court supports the royals in their official duties. At the same time, the court has made it clear to the government that the head of state is the only member of the royal family to come under the constitution, except when other members act up as the head of state. This means that all royals apart from the monarch are private individuals and thus cannot be subjected to scrutiny by the state, which requires that the court be closed so that there is no threat to their right to privacy.

While parliament and the government believe that the organisation surrounding the head of state is a state organisation, the King has quietly transferred most of the court's areas of activity and balance sheet total into civil law structures such as not-for-profit associations and other Swedish legal entities. These are legal entities that were never intended to be used for state bodies and have never been subject to the laws governing the public.

A further countermeasure has been to establish a decision by the Assembly of the Estates in 1809 as a binding agreement with King Karl XIII under civil law that he and his successors will forever be exempt from reporting on how they have used the Royal Household funding. By putting in place this agreement, which the court does not want to make public, King Carl XVI Gustaf has ensured that changes in the confidential status of the court and the royal family's use of state buildings are regulated through an agreement with the government and not by law. While laws require public review and decisions made by parliament and do not expressly apply in perpetuity, agreements can be made behind closed doors, apply in perpetuity and only be changed if both parties agree. Although the aim of the 1996, 2005 and 2013 agreements between the government and the court was to increase transparency, they have in fact merely reinforced the closed nature of the court.

Because there are no objective arguments to be made in favour of the kleptocracy and surrounding circumstances, information from the royal family and the court has become less and less factual over time. These days, misleading or false claims about the wealth of the royal family, the 1809 'agreement', how finances are divided between the family and the court, and how the current system of payments guarantees the neutrality of the royal family and other aspects of their position are regular features of the information put out by the royal family.

In summary, the confidential status of the court has been developed under the current monarch into a complex legal labyrinth that cannot be navigated without time-consuming investigations and legal reform. Moreover, the outer





layer of protection is a further benefit for the royal family. In an emergency, the protection afforded the court can give the royal family time to cover up the traces of their enrichment processes and move parts of their fortune beyond the reach of the legislators.

Successes

The closed nature of the court is not the only area in which King Carl XVI Gustaf has achieved success. The royal family's informal power has been strengthened in numerous ways, from increasingly thorough propaganda, a series of measures to reinforce its authority and extended networking with the power elite to the maintenance of mutual rewards systems that conflict with parliamentary decisions. This has paid off. When the constitution was last overhauled, there was no mention of the head of state, the royal family or the court and thus of how the constitution relates to the Supreme Administrative Court judgement and the consequences of the monarch's absolute power over the court. Another success is the Swedish Prosecution Authority's instruction about the King's avoidance of anti-corruption legislation.

These successes include not only privatisation opportunities but also things that have already been privatised. For generations, and without attracting attention, estate inventories that have been wrongly valued have facilitated the transfer of immense fortunes and minimised the tax to be paid by heirs. Time after time, the family trusts have escaped the law. And the royal family's movable property has escaped wealth taxes. A new state store has ensured that the acquisition of new art treasures will not be hindered by a lack of space. At the end of the 1970s, the state took over the management, but not the ownership, of the royal family's book collections. Over thirty years later, the housing, security, administration and management of all the royal family's collections – whether owned privately, through an entailed estate or through a trust – formally became the responsibility of the taxpayer.

The area in which King Carl XVI Gustaf has probably had most success is that of privatisation. Haga Palace has again become a royal residence, at great expense to the state. Taxpayers have also funded significant aspects of the renovation of Stenhammar Palace, which is privately leased by the King at no cost. However, the greatest successes relate to the court's budget allocation. When, in the 1970s, the government abolished many of the royal family's tax privileges, the family was compensated through an increased allocation that





was never subsequently reduced when inheritance, gift and wealth taxes were abolished. For about the last twenty years, it has been possible to exceed the Royal Household allocation, and it has been exceeded by large amounts. In addition, the remit of the allocation has been widened from the members of the royal house to the extended royal family, so that more people can benefit from the funding. The detailed budgeting and reporting regime that has been in place since the 19th century has been dismantled step by step under the current monarch. The less control parliament and the government have had of the court's allocation, the more it has increased. Since the 1970s, the allocation has more than doubled in real terms and is now higher than at its previous highest point in the 1820s. Parliament has also allocated significant amounts as one-offs or as supplementary budgets. Even more exceptional growth can be seen when the allocation includes the state's financing of royal properties. No other Bernadotte monarch has come close to the growth that has taken place during King Carl XVI Gustaf's period on the throne.

Few of the successes would have come about if they had been subject to normal democratic scrutiny. Instead, they have been achieved without investigations, options appraisals and impact analysis – often gradually and stealthily over a long period of time, as can happen when a monarch has a job for life and his successor in post is his offspring. The documents supplied to parliament, and thus parliament's decisions, have been so deficient that in practice the country's constitution has been subordinate to the royal family and not the other way round.

The personal financial outputs from the positions of the head of state and his family are immense in comparison with those of all other state representatives in Sweden. The same is true when comparing with the elected heads of state of other democracies. Since the introduction of the 1974 constitution, under pretence of powerlessness and seeming subordination to the democratic process, King Carl XVI Gustaf has not merely maintained his means of enrichment and profit but has also managed to make advances. Royalty's greatest achievement is in the fact that kleptocracy is shown to work just as well in a democratic system of government as in an autocratic one.

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