

Chapter 29 : “The money”

CG's economy is made up of his private assets, his appanage and his disposition rights. In 1964 Karl Kilsmo (fp) commissioned an inquiry into the royal family's wealth. The court refused to provide any information. Since then, regular investigative journalism has been conducted on the matter. The most recent information is in the journal Scoop 2011:3 and Dagens Nyheter October 30 to November 1, 2012. The figures below are slightly older.

CG's wealth is largely based on inheritance. Gustav V was very wealthy, Gustaf VI less so. And so it goes. CG has, with good advisers from the Wallenberg family, managed to increase his wealth to around 200-300 million (varies with withdrawals and business cycles). Prince Bertil's money is another 100 million. Half of the money is invested half in real estate, half in shares. He has four properties: villa Solliden on Öland, a sports cottage in Storlien, a fishing house in Forsavan at Tärnasjön and a house in the old town Skeppsbron 25. He leases the estate Stenhammar. The shares are “safe bets”: Ericsson, Atlas Copco, SEB, Astra Zenecka, ABB and so on. The children own shares for 15-20 million through the company Gluonen (established 1988). Solliden and Stenhammar are operated in corporate form and owned by the shell company Benson AB. Any surplus of Stenhammar is added to the guaranteed black hole to keep Solliden's garden in shape. Silvia is the pauper in the family, barely 900 thousand in her own money, a case for the Society Friends of Pauvre Honteux. CG and she also have a prenuptial agreement. The consolation is that CG has a life insurance.

The Royal Court applies for funding each year, now about 125 million. 49 percent goes to the castle estate and 51 percent goes to court estate under an agreement with the government from 1996. The castle estate is used for the operation and maintenance of the royal castles: Eight castles and about 200 employees. The part that goes to court estate is called the appanage and is used for representation. The entire grant including the appanage is tax free. The allocation of the appanage is not publicly disclosed but some figures circulate. The Queen's court has a budget of 12 million. The castle estate receives additional money from entrance fees, etc. At certain occasions CG contributes money to court estate, most recently at Crown Princess Victoria's wedding.

Disposition rights are: (1) Eight castles: 165 thousand m² “living space” with moveables. (2) Djurgården: 2.5 thousand acres of land (1700 acres park, 800 acres leased), one hundred properties (with 10 thousand m² of living space and 20 thousand m² premises, seven large villas, three of which reserved for the children). (3) The cars of the Royal Stables. (4) The estate Stenhammar for a symbolic lease 1000 SEK per year. (5) Hunting rights on moose on Sveaskog lands in Bergslagen. (6) Land tenure including hunting and fishing rights for the cottage in Forsavan for SEK 5000 per year. (7) 22 foundations for different purposes.^{1,2}

Additional funds and foundations exist: Karl XIII's fund for dowry capital, the Galleria fund, funds distributed on marriage, funds to ensure that valuables are not scattered. Nobody wanted Sibylla's villa Hagaberg which was sold. Gustaf VI's “summer castle” Sofiero was donated to the Municipality of Helsingborg and is now used as a showroom.

¹ Bo Pettersson. AB Carl XVI Gustaf. En snåljåp på tronen. Månadens affärer, september 1995, s 51-62.

² De kungliga stiftelserna. De kungliga hovstaterna, 2010.

Some costs are not covered by the grants: The National Property Board pays for heating and major renovations. The defence pays for the royal guard and the personal adjutants. For a while also for the air transportation. The Foreign Ministry pays for state visits abroad. The police pay for the bodyguards from säpo. It is difficult to separate CG expenditures from the cultural budget in general. The operation and maintenance of the eight castles cost regardless of CG. If they're not heated, they'll mould. That said, the heating of CG's eight castles costs like 10 thousand normal villas - probably the reason why the castle owners' association "Historical buildings" never caught on. Culture costs. Often more than it tastes. Those interested are referred to Jan Holmberg's licentiate thesis on the heating of castles and the like.³

The overall assessment is that the appropriation is increasingly spent on fixed overheads and less and less on events. The events are certainly as big as before but fewer. CG holds four formal dinners each year for 160 people. Senior government officials attend at least one of them. The MP's and the foreign ambassadors are so numerous that only 1 in 3 are invited at one time every three years - later 1 in 4 every four years to comply with the parliamentary elections. Each year, the governors propose special guests from their counties. In addition, cultural personalities are invited. In 2013, the so called Sweden Dinners were introduced – once a year all county governors and a number of county representatives were invited. The catering is rather simple. The dishes are prepared at Operakällaren and transported by car to the castle. The best thing about them is the setting. There are three dining rooms, in case of emergency seven. Everyone, even the Royalist Association, is anxious that the monarchy should not appear wasteful. Austerity is mandatory. Sweden's monarchy is not Europe's cheapest but almost. Only Spain and Luxembourg operate more on the cheap. It has been suggested (jokingly I suppose) that the royal house should be privatized under the company name "Royal Enterprises Inc." and lease its services.⁴

From 1975 CG pays taxes on his personal income. The actual difference is moderate as he already paid corporate taxes for Stenhammar and Solliden. What was new was the tax on wealth and shares. However, he does not pay municipal taxes because the appanage is not a private income.

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Like everything else, CG's economy is surrounded by conflict, part of it of a very old date, from Charles XIII's accession in 1809.

The appanage

The appanage was introduced in 1809 under an agreement with Charles XIII. He would dispose of certain castles and receive an annual maintenance: Nowadays these are called the castle estate and the court estate (the appanage). The treaty is renewed upon each accession. The Royal Court of Sweden and Djurgårdsförvaltningen are audited by the National Audit Office (RRV). The RRV has long criticized the constant distribution of costs between the castle estate (49 per cent) and the court estate (51 per cent) and that when

³ Jan G Holmberg. Environment Control in Historical Buildings. KTH/Byggvetenskap, 2001.

⁴ Stig Linnel. "Royal Enterprises AB". Tidningen Vi, 1987:9.

applying for funding, the court does not provide sufficient documentation on how the costs relate to the business.⁵

Around 1969, a 100-page report was published on economic issues related to an audit of the castle estate. In particular it criticised the mix-up of the king's personal economy with the business.⁶ In 1972, Gustaf VI's Chief Superintendent Herbert Bexelius confirmed that the appanage of 3.8 million was actually increased by a million of Gustaf VI's own money.⁷ It has not been possible to identify which memo, report or else is referred to.

The Republicans of the Parliament have long urged the RRV to also revise the court estate. On August 1, 1996, the Marshal's Office submitted to the government an investigation of the Swedish Administrative Court of Appeal regarding the accounting of the appanage etc.^{8,9} After a detailed legal analysis, they stated that the court estate was not part of the state proper and therefore the principle of public access did not apply. The court estate was subordinate to the king, not the government, so the government could not order the RRV to audit it. That the castle estate and Djurgårdsförvaltningen was reviewed by RRV was solely due to a previous agreement. It was, however, agreed upon that the activities of the court estate in the future would be presented in the form of a public report. Starting 1997, such reports have been published. Since 2002 also on the courts website. (Brief information on the activities of the court is also published in the budget proposal. As a rule, they are repetitive formulations. The exception is a long passage about the future of the Bernadotte Library in Proposal 1978/79:100.)

The legal status of the court was established in 1999. A person J.N. tried to obtain travel invoices from the Marshal of the Realm regarding CG's state visit to South Africa on February 18-20, 1997. The Administrative Court of Appeal refused to rule on the matter. According to the ruling of the Supreme Administrative Court, RÅ was not an authority or part of an authority but the staff of the Marshal of the Realm. The principle of public access was therefore not applicable.

J.N. pursued his action, citing inter alia: the following. The head of state was invested with public power, using taxpayers' money to fund his work. A basic view in Sweden was that the people could examine how the public authorities used their money. Excluding the Head of State from the principle of public access to official records was contrary to the basis of Swedish democracy.¹⁰

In 2008 and 2011, attempts were made to reverse the decision.¹¹

On the subject of the appanage: It was difficult to draw the line between the king's private finances and his finances as head of state. As long as he stayed within the country, he was the head of state of the kingdom 24/7. In order to avoid constant discussion, he was therefore given a lump sum to dispose of at his own discretion, including the salary of himself and his family. He did not have to disclose how the money was used, but the amount must of course be justified when he requested the funds. In 1992 the appanage was 22 million SEK. By

⁵ Rapport 32-2005-0507. Riksrevisionen, 2005-09-01.

⁶ Sture Palm. Republiken, 1971:2.

⁷ Bengt Roslund. Till kungen fram: en film på 90-årsdagen. SVT1, 1972-11-11.

⁸ Fredrik Sterzel. Konungens s.k. appanage och anknytande frågor. PM, 1996.

⁹ Nicklas Vabi. Statschefens offentlighetsrättsliga status. Förvaltningsrättslig tidskrift, vol 66, 2003:1-2, s 127-158.

¹⁰ Regeringsrätten. Målnummer 6786-98. Avgörandedatum 1999-06-24.

¹¹ Motion 2007/08:K283 & motion 2010/11:K358.

2002, it had risen to 44.6 million kronor. The reason for this must be Crown Princess Victoria's representation. In 2011, the sum was 62.3 million SEK, of which 70 percent went to salaries for the staff of the court estate.

In 2004, in the wake of the Brunei debacle, the Republicans passed a bill to account also for the appanage (motion 2003/04:K347): “Gustav Fridolin (mp) described the requirement for a regular account of these expenditure items as part of making the monarch less mysterious pending the abolition of the monarchy: - It's a good strategy to demystify the royal house. We want to extend the principle of public access so far that transparency in the finances of the royal house is increased, said Fridolin”.¹² From 2006 it is revised by a private firm and accounted for according to an agreement with the government. However, the accounts are not public.

The agreement between the Government and the Marshal of the Realm

According to an agreement concluded in 1996 between the Government and the Swedish Marshal's Office, the office is each year to submit to Parliament and the Government a report on the overall activities of the Court. According to the agreement, the report should primarily show how the allocated funds have been used for the activities of Ståthållarämbetet (fixed property) and Hushållskammaren (moveable property) (the part of the appropriation that is designated the court estate), while the other activities are to be treated more cursory (the part of the appropriation that is designated the court estate).

In 2005, the Government and the Swedish Marshal's Office agreed to supplement the 1996 agreement with regard to transparency in the activities of the court estate (prop. 2005/06:01 pp. 1 pp. 51). The additional elements included: to provide a more detailed report on the activities carried out within the framework of the allocation to the court estate. In addition to information on the number of employees, the number of travel days and the number of guests at different types of representation should also be reported, as well as information about the court stable (cars etc.). In addition, information shall be given on the share of the various organizational units of the the total costs of the court estate. For this purpose, all the costs to be covered by the allocation shall be allocated to the entities concerned. Furthermore, the distribution of the appropriation in the various areas of activity shall be the subject of a continuous discussion between the Marshal of the Realm and the Government Offices. In view of any future change in the allocation of appropriations between the the court estate and the castle estate, major organizational changes between them shall be reported in the annual report for the financial year in which the change occurs.¹³

In 2011, in the wake of the The Reluctant Monarch-affaire, the Social Democratic members of the Constitutional Committee signed a similar motion. Sven-Erik Österberg, a former member of the Republican Club, motivated the motion by saying that accounting for the appanage would both strengthen democracy and discourage CG from sex-clubs etc. In addition, Österberg wanted to set up an audit function, abolish CG's legal immunity and review the Torekov agreement. “Is obsolete. It's an agreement from another time with another king.” On November 22, the Social Democrats obtained a majority for at least part of the proposal: ”We are not supposed to audit the king's private bank account, but there is a

¹² Erik Magnusson. Kungen måste redovisa apanaget bättre. Sydsvenskan, 2004-03-04.

¹³ Konstitutionsutskottets betänkande 2010/11:KU1.

gray area that could well be audited without violating the royal family's personal integrity.” The four conservative parties expressed reservations. “I am aware that there may be some reluctance on the part of the governing parties to investigate an issue that they oppose. We will have to follow this closely to see how it works out.” There was a majority in the Parliament after somebody pushed the wrong button. From 2014, the use of the appanage should also be reported. Perhaps we will then know Prince Carl Philip's and Princess Madeleine's hourly rate for representing at various events, but I wouldn't put money on it.

Guadeloupe

As payment for the Swedish participation in the 1813 coalition against Napoleon, Sweden received from England the Caribbean island of Guadeloupe, which originally belonged to France. The following year, when England undertook to return the island to France, Sweden received financial compensation instead. Charles XIII succeeded in getting the Parliament to sign the agreement that the money belonged to Karl Johan. Karl Johan then lent half of it to the Swedish government, which used it as payment on the national debt. As a compensation for this, the so-called Guadeloupe interest was to be paid for as long as someone of the Bernadotte line reigned. Calculated as a metal value, the interest rate corresponded to 200 thousand riksdaler = 6 million SEK in today's monetary value. However the inflation has since reduced it to a pittance.

Regardless of ownership, it was over time felt to be extremely offensive that the debt should never be written off. However, an inquiry into the matter (SU 1957:177) judged that everything had been done correctly under the legislation then in force. However, the Republicans of the Parliament were of a different opinion:

The annual sum, [by now] barely 4 percent of the King's annual appanage, can be considered insignificant in the broad context (although in the current economic situation there may be differences of opinion on this). More important, however, in our view is the fact that the country's most important official - who is personally innocent - should receive interest appertaining to at a time when corruption and bribery were not uncommon. This is increasingly perceived as morally offensive and justifies a comprehensive examination and investigation of the legal basis of the decision.¹⁴

Motions to abolish the interest had been put forward since 1908. When the Parliament voted in 1978, it was 260-22 to keep it and 23 abstained. In 1981, the motion lost again. In 1982, something changed in the spirit of the times. Or the steady drizzle had eroded the stone. The majority gave way to the minority and the government was instructed by the Parliament to discuss the issue with the CG. CG felt the matter was so sensitive, it had on and off been debated throughout his life, that he urged the Marshal of the Realm to find some solution. The solution was to abolish the payment of the Guadeloupe interest, but at the same time increase the appropriation by the corresponding amount. This may well be considered a victory for the Republican Club because chairman Sten Sjöberg had put a lot of work into the matter, 1978 even publishing a book.¹⁵

The Palace of the Heir Prince

¹⁴ Axel Andersson m fl. Motion om utredning rörande rätten till Guadeloupemedlen. Motion 1980/81:498.

¹⁵ Sten Sjöberg. En furstlig svindel. Stockholm:Tiden, 1978. [Förord av Vilhelm Moberg.]

At her death in 1829, Gustav III's sister Sofia Albertina bequeathed to the royal house a palace erected by her and situated at Gustav Adolf's torg as an entailed estate, the eldest son having the right of disposition. In 1905, the estate, the palace of the heir prince, was sold to the state. The money was placed in a foundation and the proceeds have gone to the person immediately in line after the eldest son. It is unclear whether this is still the case.

Business

Marshal of the Realm Ingemar Eliasson stated in a television program¹⁶ in 2006 that the Constitution must be interpreted as prohibiting CG, as Head of State, from engaging in economic activities, that would be to exploit his official position for private purposes, but it was not prohibited for him to engage in economic activities as a private person. Since CG in other contexts claims to be in service around the clock, one should probably not take Eliasson too literally. Rather, since the Court is not an agency, but is in the gray area between public and private, common law applies. Anything that is not prohibited is permitted.

Nevertheless, CG has not had any significant "business activity". He has managed his fortune and the Stenhammar estate, raised entrance fees to the Castle and Solliden and, beginning in 1983, sold souvenirs in the castle shops. More doubtful is that he is allowed to buy and lease cars and boats at a reduced price because him using them was good advertising and that he for the same reason had free entry to a number of events. "He never pays himself," says an old friend, only as a statement and not in anger.¹⁷

The critique of CG's business ventures has rather been that he has not been consistently commercial, for example, leased at market rates, sold out unprofitable parts of his estate and invested in something else or exploited the royal house's good name by charging for the title of court supplier, dinners, medals, broadcasting rights etc. An earlier attempt may have discouraged. The Huseby affair was a much-publicized court case around 1950/60, in which Prince Carl Jr received commission when his name was used in business contacts that proved to be a fraud. Prince Carl Jr. confessed but was acquitted because he had not realized what he was entangled in. King Gustaf VI deprived him of his Order of the Seraphim.¹⁸ The remainder of his days he spent in "exile" in Spain.

William Moberg wrote a play based on the event, "The Fairy Prince" (1962), in which a naive elderly lady becomes the victim of a swindler. Moberg sold the play to four theatres, but the press campaign two months before the premiere was such that only two of them wanted to play it. The reviews were a little confused. One would have expected a scandal play but got a romp.

Swedish corruption

CG and his family have received gifts, many of which were valuable, but the expected quid pro quo was unclear. For example, CG received a tennis court at Solliden as 10-year present from the Swedish Tennis Association. Silvia was given a swimming pool for 300 thousand on her 50th birthday to be placed on the inner courtyard of Drottningholm Castle. This gift was originally supposed to have come from the government, which was hesitant about the unclear legal situation. Instead, it was financed by the Wallenbergs. The building permit was

¹⁶ Kungens affärer. Kalla fakta, TV4, 2006-01-11.

¹⁷ Bo Pettersson. AB Carl XVI Gustaf. En snåljåk på tronen. Månadens affärer, september 1995, s 51-62.

¹⁸ Expressen, 1961-02-16.

a long time coming because Drottningholm Castle was K-marked. On CG's 50th birthday, the government and parliament contributed to the Solliden Park Facility. Swedish Prime Minister Ingvar Carlsson and Speaker Ingemund Bengtsson presented the plans for the extension of the park. Various foundations and funds contributed a mirror pond and fountains. Peder Bonde, Stig Ramel, Anders Wall and Sven H Salén brought a model of the fountain. The big gift was a new bath house.

Further questionable elements have been that court functionaries (at least in the past) have received well-paid board positions in Wallenberg controlled companies, that Prince Bertil at his 50th anniversary received a fanciful motorboat and a pier to put it at and most recently the businessman Bertil Hult's gifts to Crown Princess Victoria, valued to millions. King Gustaf VI was very sensitive to this. For example, in 1968 he ordered Princess Christina to return a white mink fur that she had received as a gift from the Swedish fur breeders' union. Christina replaced it with a black topal fur coat, which was even more expensive but not as spectacular.

CG is less sensitive and has allowed children to use their position for advertising purposes. All attempts to prosecute the gifts as bribes have foundered on the royal house's special legal status and on the fact that the royal house has no power under the constitution to abuse. In fact, the gifts seem to be a thank you for the fact that the royal house has spread a little luster over the donors and thus given them a competitive advantage.

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Firms can apply to become "court suppliers" which means that they deliver something that meets certain quality requirements. CG has no revenue from the appointments. As a court supplier, one may use an emblem that advertises the fact. The court suppliers are invited once a year to the castle. The number has decreased. King Gustaf VI had more than 1000. In 2010 CG had about 130. Sometimes CG himself is a "court supplier". For many years, the main course at the Nobel dinner has been a deer's saddle that CG himself has shot.

In 1979, the Name and Image Law was introduced in advertising. According to this, names and images of individuals, including members of the royal family, may not be used for advertising purposes without their consent. The trade with commemorative medals, memory plates, postcards, magazines etc. was extensive so CG welcomed the law. Some of the cases that have been prosecuted are:

The KGB Restaurant and Bar in Stockholm had to remove an image showing the King and Queen during a visit to the former Soviet Union. The image that hung on the sign was considered prohibited marketing.

19 years ago, the Swedish hairdresser association had an advertising campaign with pictures of famous people in new hairstyles. Queen Silvia in a new shearing was one of them. However, the court's protests prompted the hairdresser's association to withdraw the pictures.

The security firm Gothia Protection Group had a picture of the King and Queen on their website that was taken in connection with a security mission. The Marshal of the Realm has demanded that the image be removed, but it is still there.

The advertising agency The Bearded Lady put a fun mustache and beard on a picture of Princess Madeleine to have as internal logo just over three years ago, which they quickly had to change.

The field biologists printed orders for their shirts and to make them popular they added the royal couple's faces, they were forced to withdraw the advertisement.¹⁹

There is also a 1981 law on trademark infringement, but it is unclear whether the royal house is a trademark in legal terms. CG, as a private individual, has been accused of trademark infringement on the grounds that his company Solliden was using the goodwill of the Italian company Solidea.²⁰

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As has been pointed out, CG and Silvia also have access to 22 foundations whose funds have to be replenished. Another 50 foundations are administered by external principals. They are partly from an old date and reflect the respective monarchs' areas of interest. The oldest is the King Oscar II Foundation's Anniversary Fund for Medical Research on Respiratory Diseases. The youngest is the Crown Prince Couple's Wedding Foundation to promote good health and combat exclusion among children and young people in Sweden. The total value of the foundations - the 73 largest - amounted to 3.8 billion in 2010 and the dividend amounted to approximately 160 million per year. The two largest foundations are The Crown Princess Margareta's Memorial Fund (415 MKR) & Gustaf VI Adolf's Fund for Swedish Culture (300 MKR).

The funds are replenished by non-profit means, such as the donation of inheritance, but there is also a system of rewards in the way that you are offered meals and hunts as a reward for a donation. CG's torpedo boat was financed in this way. It also resulted in the unforeseen gift of an entire farm to Prince Carl Philip worth 16 million. The donor and Prince Carl Philip had met during the renovation.

CG also lends his name. What I found is: to keep subscribed dinners, to sell canvases and napkins with royal monogram, to let the World Wildlife Fund use pictures he took on the Galapagos Islands and print on their matchboxes. Silvia does the same: In 2004, she and CG approved two versions the perfume "Solliden" for Oriflame. The surplus goes to WCF.

¹⁹ Thomas Gustafsson. Hovet stoppar bild på kungen. Aftonbladet, 2004-09-09.

²⁰ Carl V Andersson. Kungen anklagas för varumärkesintrång. Expressen, 2007-04-13.