

5 Iceland

Dramatic Shifts

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There is a tendency to emphasize the commonalities of politics in the Scandinavian countries, which often are characterized as consensual and deliberative, allowing their parliaments substantial influence in policy-making. Iceland fits this model rather poorly. All the Nordic countries have a mix of Westminster and Madisonian features. Yet, comparatively, Iceland bears perhaps a greater resemblance to the Westminster parliamentary system than do the other four countries. For one thing, the near absence of minority cabinets in the postwar period suggests that Iceland differs in significant ways from its Scandinavian neighbors, and as argued elsewhere in this volume, minority cabinets have been a linchpin for the Scandinavian coincidence of strong parties and active, deliberative parliaments. However, there are also important similarities—for example, as regards formal political institutions—not least because the Danish constitution served as blueprint for the Icelandic constitution adopted in 1944.

This volume's foci on deparliamentarization and party decline are a useful guide for our examination of Icelandic parliamentary democracy. To foreshadow our findings, Iceland exhibits neither a clear trend toward stronger parliamentary institutions nor one of decline. The same is true for political parties. This is not to say that Icelandic politics have been immune to change. Indeed, the strength of parliamentary government in Iceland has varied greatly. In the 1990s, parliamentary government reigned supreme, managing to provide not only great coherence to the parliamentary chain of delegation and accountability but also freedom from effective external constraints. Early in the new millennium, parliamentary governance seems to face insurmountable obstacles. These include serious problems within the parliamentary chain of democratic policy-making, as well as the growth of external constraints that can effectively nullify its decisions. However, Icelandic parliamentary democracy has been pronounced dead before, only to rebound in spectacular fashion. We should therefore be

careful in proclaiming a permanent decline of parliamentary democracy in Iceland. Nevertheless, something new is going on, and students of democracy must seek to understand it.

When the first draft of this chapter was written, its title—"Dramatic Shifts"—was intended to have a double meaning, referring both to the dramatic transitions between political regimes in Iceland and to the shifts within the current regime, as the forces of parliamentary government reached their zenith of power only to suffer several humiliating defeats. After the spectacular collapse of the economy in the fall of 2008, however, the title has acquired a third meaning—one that will quite possibly overshadow any of the previous political developments in the republic's history. The political repercussions of the economic collapse have yet to be played out fully, but the events following the collapse of the Icelandic banking system in October 2008 exposed many flaws in the country's process of parliamentary governance.

After a brief period of shock and disbelief, citizens took to the streets in what has been dubbed "the housewares revolution," demanding explanations and that someone accept responsibility for the crisis. Not surprisingly, the cabinet preferred to blame the international credit crunch, while conceding that the Icelandic banking system might have been overextended. The governor of the Central Bank claimed, however, that he had repeatedly warned the cabinet of the impending disaster. While the sources of Iceland's troubles will undoubtedly be debated for years to come, the episode highlighted worrisome aspects of Icelandic politics. First, Icelandic politicians confuse political with legal responsibility. Cabinet ministers repeatedly refused political responsibility, on the grounds that there was no proof that they had made mistakes and, moreover, that such proof could only be produced, in due time, by a proper investigative commission. In other words, the great majority of Icelandic politicians subscribe to the view that they only have an obligation to resign (political accountability) if they have been caught with their hands in the cookie jar (legal responsibility). Second, the crisis highlighted the fact that seats on the board of the Central Bank and other executive agencies have been dispensed as political patronage, with the result that an atmosphere of distrust permeates the relationship between the cabinet and many of its agencies. Even if the governor of the Central Bank, former prime minister Davíð Oddsson, did warn the cabinet about the dangers facing the banking sector, his warnings may not have been considered credible, because Oddsson was widely perceived to have a political agenda. While the crisis of confidence undoubtedly had something to do with the personalities involved, the underlying problem was a systematic one. Third, opposition parties largely avoided being held accountable by the public, which suggests that

parliament really was as impotent as the pundits would have us believe. Not only was the opposition marginalized in lawmaking, but it was no longer expected even to keep a watchful eye on the executive or to demand answers to tough questions. Each of these problems has resulted in calls for reform, and while there are some hopeful signs, “politics as usual” has returned with almost alarming speed. Given the degree of unrest in the months following the economic collapse, one might have expected a watershed in Icelandic politics. However, rather than cleaning up the government and ushering in fresh faces, the call for an early election resulted in only limited renewal within the political parties.

In terms of party politics, however, the election results were historic and provided a number of “firsts.” The parties on the left won a majority of the vote for the first time. The Independence Party lost one-third of its support and its place as the country's largest party (to the United Front). The Progressive Party, although posting a gain from the previous election, lost its position as the median party in the legislature. Thus, the party landscape was fundamentally altered, which will possibly pave the way for important changes to the Icelandic political system.

A Brief History

Let us first go back to the beginnings of modern Icelandic politics with a brief history, since Iceland is arguably the least well-known Nordic country. Icelandic parliamentary democracy was established gradually. The process began with the reestablishment of the Althingi (in Icelandic, *Alþingi*) in 1845. Parliamentary government was introduced in 1874, when Iceland was granted a constitution under Danish sovereignty. Executive power was placed in the hands of a single minister, who remained part of the Danish administration until Iceland gained home rule in 1904, at which point the minister of Iceland became accountable to the Althingi. From the start, the minister of Iceland had considerable powers, allowing the holder of the office to determine the scope of its activities without any clear boundaries. The first coalition government in 1917 represented a new regime that lasted through a period of transition from sovereignty to independence. In 1918, Iceland became a sovereign state under the Danish king, with government authority resting with the Icelandic parliament.

Another transformation took place between 1941 and 1944. Within a short period of time following Iceland's declaration of domestic autonomy in 1940, the political system changed from one of unlimited parliamentary government to

semi-presidentialism (Kristjánsson 2002, 2005). In 1941, the Althingi elected the first head of state, or regent of Iceland, Sveinn Björnsson, who declared his intent to respect the supreme power of parliament. However, difficulties in forming a majority cabinet led to the rejection of pure parliamentarism in favor of a formally semi-presidential system.

The semi-presidential constitution adopted in 1944 established a dual executive, with the president holding substantial powers. The president appoints ministers (and can also remove them), while the Althingi can only dismiss the president by a three-fourths majority decision that must then be ratified in a national referendum. The constitution also places (negative) legislative powers in the hands of the executive. A presidential legislative veto triggers a national referendum. While the semi-presidential constitution remains Iceland's legal political framework, the system functions in practice much like a parliamentary system characterized by a high degree of “partyiness.”

Political Parties

The formation of the Icelandic political parties took place in a different environment than parties faced in the other Western European democracies. In the first years of the twentieth century, executive power rested with the king of Denmark. As a result, the Althingi took on many of the roles of the executive, blurring the line between legislative and executive powers. In addition, as Icelanders gained control over their own affairs, no clearly defined boundaries demarcating the role of the state existed—politicians and their parties had free rein to use the government for political and economic rent seeking. Thus, the Icelandic political parties were born in an environment that provided a wealth of opportunities for clientelism (Kristinsson 1996, 2001).

Three main parties existed during the interwar years: the Progressive Party (a farmers' party), the Independence Party (created through a merger of the old Conservative and Liberal parties), and the Social Democratic Party. Although the parties were formed in the parliamentary arena, they soon organized themselves as mass parties. Grímsson (1978) argues, however, that the Icelandic parties are better characterized as “network parties.” These deviate from the hierarchical organization characteristic of mass parties, in that local party leaders maintain complex networks of influence outside and inside their parties. In the latter half of the interwar period, a fourth party, the Communist Party (later the Socialist Party and then the People's Alliance), emerged. The four-party system proved stable, and not until the 1980s did it undergo significant change. From the end of

World War II until 1983, the effective number of electoral parties remained below four (see [table 5.1](#) for election results).

Socioeconomic issues form the main cleavage in Icelandic politics, but two additional cleavages have had a significant role. On foreign policy, the Socialist Party/People's Alliance opposed Iceland's NATO membership and the presence of a U.S. military base (see [chapter 9](#)). Until the end of the cold war, this ruled out a coalition between the Independence Party and the Socialist Party/People's Alliance—the only cabinet constellation that appears to have been off the table. The second dimension is the urban-rural divide. The Progressive Party represents the interests of rural areas, although the Independence Party also has substantial rural support. In contrast, the Social Democratic Party support is largely concentrated in urban areas (Harðarson 1995).

TABLE 5.1. Elections to the Icelandic Parliament (Alþingi), 1946–2008

Election Year	SP	LM	PA	WA	NPP	ULL	ÞPM	UF	SDA	SDP	AESJ	PP	LP	CP	IP	Other
1946	19.5									17.8		23.1			39.4	
1949	19.5									16.5		24.5			39.5	
1953	16.1				6.0					15.6		21.9			37.1	3.3
1956			19.2		4.5					18.3		15.6			42.4	
1959 ^a			15.3		2.5					12.5		27.2			42.5	
1959			16.0		3.4					15.2		25.7			39.7	
1963			16.0							14.2		28.2			41.4	0.2
1967			17.6							15.7		28.1			37.5	1.1
1971			17.1			8.9				10.5		25.3			36.2	2
1974			18.3			4.6				9.1		24.9			42.7	0.4
1978			22.9							22.0		16.9			32.7	5.5
1979			19.7							17.4		24.9			35.4	2.5
1983			17.3	5.5					7.3	11.7		19			38.7	0.5
1987			13.3	10.1					0.2	15.2	1.2	18.9	10.9		27.2	2.9
1991			14.4	8.3						15.5		18.9			38.6	4.3
1995			14.3	4.9			7.2			11.4		23.3			37.1	1.9
1999		9.1						26.8				18.4	4.2		40.7	0.8
2003		8.8						31.0				17.7	7.4		33.7	1.4
2007		14.3						26.8				11.7	7.3		36.6	3.3

Source: Data from Indridason 2005; *Statistics Iceland*, <http://www.statice.is> (accessed May 13, 2009).

Notes: Numbers in table represent vote shares in percentages. Party abbreviations are as follows: SP = Socialist Party (Sózialistaflokkurinn); LM = Left Movement—Greens (Vinsri-hreyfing—grænt framboð); PA = People's Alliance (1995 PA and independents) (Alþýðubandalagið); WA = Women's Party (Kvennalistinn); NPP = National Preservation Party (Þjóðvarnarflokkurinn); ULL = Union of Liberals and Leftists (Sameðk frjálslyndra og vinstri manna); ÞPM = Þjóðvaki—People's movement (Þjóðvaki—Fylking fólksins); UF = United Front—Social Democratic Alliance (Samfylkingin); SDA = Social Democratic Alliance (Bandalag jafnaðarmanna); SDP = Social Democratic Party (includes Jafnaðarmannaflokkur Íslands in 1995 (Alþýðuflokkurinn); AESJ = Association for Equality and Social Justice (Sameðk um jafnræði og félagsþyggju); PP = People's Party (includes BB-list in 1995) (Framsóknarflokkurinn); LP = Liberal Party (Frjálslyndi flokkurinn); CP = Citizen's Party (Borgaraflokkurinn); IP = Independence Party (Sjálfstæðisflokkurinn).

^aTwo elections were held in 1959.

Before the 1980s, the parties on the left were less stable than those on the right, and a couple of short-lived new/splinter parties emerged (see [table 5.1](#)). The first election of the 1980s represented a more serious challenge to the four-party system, with two new parties (the Women's Party and the Social Democratic Alliance) each gaining over 5 percent of the vote. Both parties

sought to mobilize voters disillusioned with the “old” parties, seeing them as both undemocratic and unable to manage the economy. Although neither party was particularly long-lived and the party system appears to be returning to the familiar pattern of four-party competition, the turmoil of the 1980s left its mark.

The four-party equilibrium was restored with the merger of the left parties, including the Women's Party, into the United Front (Social Democratic Alliance) before the 1999 election. The aim was to provide an effective counterweight to the more cohesive right. The left wing of the People's Alliance (successor of the Socialist Party) refused to go along with the merger and formed a new party, the Left Movement–Greens. There is, however, an important difference between the current four-party system and the previous one. The United Front has substantially greater support than any of the left parties ever achieved, opening up the possibility of a two-party center-left majority coalition after the May 2003 elections.

The party configuration on the right of the political spectrum has been more stable. Unlike in the other Nordic countries, where social democratic parties have traditionally been the strongest, the Independence Party has been Iceland's strongest party, usually winning 35 to 40 percent of the vote (Arter 1999). In fact, until the 2003 election, every potential two-party majority coalition included the Independence Party. The Liberal Party, albeit small, has created competition on the right side of the political spectrum since 2000. Prior to this, the only notable challenge to the traditional right parties occurred in the 1987 election, when the Citizen's Party garnered 11 percent of the vote.

The parties have retained the formal structure of mass parties. Accurate figures on party membership are hard to come by. Official party figures (see [fig. 5.1](#)) indicate that membership has been stable or increasing since the 1980s, but these numbers are probably inflated. Other than the Left Movement–Greens, the parties do not charge membership fees, and many voters join in order to vote in a party's primary elections. In fact, official numbers are almost 50 percent higher than estimates obtained from voter surveys (Harðarson 1995).

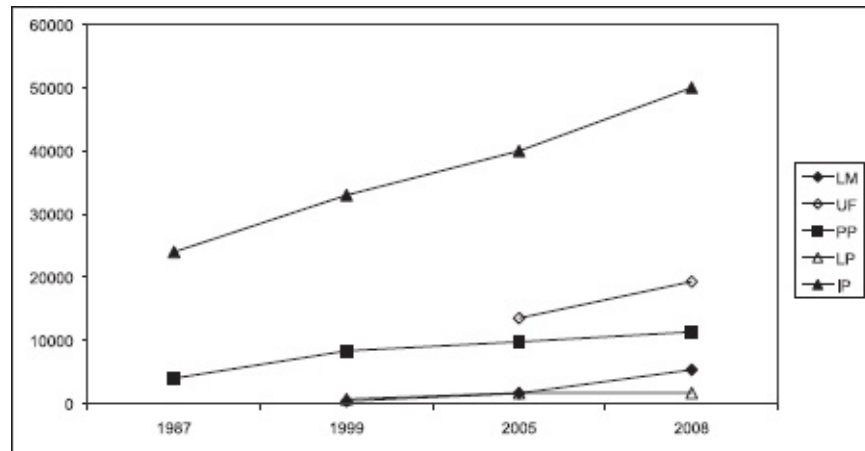


Fig. 5.1. Party membership in Iceland, 1987–2008. See table 5.1 for explanation of party labels. For presentational reasons, the PA, SDP, and WA are not included in figure 1. For these parties, we only have data from 1987. At that time, the parties had 4,300, 3,600, and 1,700 members, respectively. However, the membership numbers of these parties are included in the total party membership in chapter 8.

Despite their formal organizations, the political parties do not operate as mass parties. In practice, they have adopted many of the characteristics of cartel parties, with a relatively small group of members being active within the parties. The main purpose of the political parties is to contest elections. Most Icelandic parties have adopted primaries for the selection of candidates, which essentially removes two of the most important functions of a mass party from party control. Since most of the primaries are effectively open, party members no longer play a privileged role in selecting the parties' candidates. In addition, primaries reduce the role of the parties in formulating party policy. The need to compete in primaries means that policy formulation is increasingly in the hands of candidates, which reduces the ability of the party to formulate a cohesive policy platform (Kristjánsson 1998).

There is some evidence to suggest that voters' ties with the political parties have weakened (see [table 5.2](#)). Turnout in parliamentary elections has remained comparatively high, although the last four elections show a modest drop. Since 1991, turnout has been lower than in any previous year since 1946, but the drop in turnout might be explained by the fact that the four most recent elections (prior to 2009) took place during a long, uninterrupted period of economic growth and low unemployment.

TABLE 5.2. Strength of Party Attachment in Iceland, 1946–2008

Election Year	Turnout (%) ^a	Share of Voters Changing Party between Elections (%)	Share of Voters Changing Bloc between Elections (%)	Share of Voters Deciding Which Party to Vote for during the Election Campaign (%) ^b	Party Supporter (%)	Close to a Party (%)	Independent (%)	Distrust of Politicians (%) ^c
1946	87.4							
1949	89.0							
1953	89.9							
1956	92.1							
1959 ^d	90.6							
1959 ^d	90.4							
1963	91.1							
1967	91.4							
1971	90.4							
1974	91.4							
1978	90.3							
1979	89.3							
1983	88.3	23.3	13.9	50	49.6	31.4	19.0	64.2
1987	90.1	36.4	16.1	62	45.7	30.7	23.6	69.2
1991	87.6	31.6	17.0	53	40.4	27.3	32.3	79.5
1995	87.4	34.0	19.6	61	39.0	30.1	31.0	72.4
1999	84.1	36.6	14.3	54	36.1	31.7	32.2	68.3
2003	87.7	30.5	15.7	60	39.0	33.1	27.9	61.7
2007	83.6							

Source: Data from *Statistics Iceland*, turnout data, <http://www.statice.is/Statistics/Elections> (accessed May 13, 2009); Ólafur P. Harðarson (survey data).

Notes: There are no available data on class voting for Iceland. The United Front, a merger of the Social Democratic Party, the Women's Party, the People's Alliance (splinter), and Þjóðvaki, ran for the first time in 1999. United Front voters voting for the four "old" parties were considered to be voting for the same party. It should be noted that only 33% of the supporters of the People's Alliance in 1995 voted for the United Front in 1999.

^aPreliminary results indicate that the turnout in the April 25, 2009, elections was 85.1% (http://www.ipu.org/parline/reports/2143_E.htm accessed on May 13, 2009).

^bThe Island surveys define deciding during the election campaign as voters deciding less than a month before the election.

^cRespondents answered the question about whether politicians can be trusted with "None," "Few," and "Some." Other possible answers were "Many" and "Usually."

^dTwo elections were held in 1959.

Turning to other measures of the ties between parties and voters, the number of self-identified party supporters fell from just under 50 percent to 39 percent between 1983 and 2003. This is a substantial drop, although it must be kept in mind that this occurred during a period of transition in which parties appeared, disappeared, and merged. Such changes are likely to influence the degree to which voters consider themselves party supporters, especially if party attachments form over time. Because electoral surveys have only been conducted since 1983, we must use electoral results to evaluate the long-term development of party attachment in Iceland. These results also suggest that party attachment has decreased. Comparing the periods before and after 1970, aggregate volatility—that is, the sum of changes in parties' vote shares from one election to the next—has more than doubled, from 6.5 percent to 14.1 percent (Pétursson 2005).¹ Survey data suggests that in the six elections between 1983

and 2003, between 14 and 20 percent of all voters switched blocs (see [table 5.2](#)).² This fits with the decline in class voting that has occurred in Iceland. Instead, a considerable gender gap has become apparent in party alignments (Styrkársdóttir and Kristjánsson 2005). Overall, however, the willingness of a substantial share of the voters to cross bloc lines in every election has had little perceptible effect on the balance of power between the blocs. Rather, these swings are more likely to influence the bargaining positions of the parties within each bloc in the coalition formation process.

The Parliamentary Chain of Delegation

From Voters to Parliament

Let us now examine the evidence of deparliamentarization or party decline in each link of the parliamentary chain of delegation in Iceland. Consider first the delegation from voters to parliamentarians. One peculiar aspect of the Icelandic electoral system is the fact that until the 1980s, the system favored not the largest party, the Independence Party, but the second largest party, the Progressive Party. This was due to a considerable malapportionment in favor of rural constituencies, where the Progressive Party is strong. In the 1949 election, for example, the Independence Party received 39.5 percent of the vote and 19 MPs, while the Progressive Party got 24.7 percent and 17 MPs. Behind every Progressive Party MP were a little over 1,000 votes, while the corresponding numbers for the Independence Party and the Socialist Party were around 1,500, with more than 1,700 votes for the Social Democratic Party. Thus, the electoral system created a serious interparty conflict that cut across the left-right dimension. In both 1942 and 1959, the Independence Party and the two socialist parties united behind electoral reform. The Progressive Party bitterly opposed it. Further electoral reforms were adopted unanimously in 1987 and 2003. Today, any party that obtains more than 5 percent of the national vote wins parliamentary seats roughly in proportion to its national vote.

At least three times, voters have sent the established parties strong signals of dissatisfaction by supporting new parties. This occurred in 1953, when the National Preservation Party received 6 percent of the national vote. The party placed itself on the democratic left and called for the expulsion of American armed forces from Iceland and for a return to the traditional foreign policy of neutrality. The Progressives and Social Democratic Party responded by forming an electoral alliance at the next parliamentary election in 1956, demanding the

closing of the American military base.

In 1971, a new party, the Union of Liberals and Leftists, received five MPs. The party's main issue was the extension of the exclusive economic zone beyond 12 miles out to sea. The cabinet parties lost their majority, and a new cabinet, which included the Union of Liberals and Leftists, extended the fishing limits unilaterally. The new Women's Alliance received three MPs in the 1983 election. Until that time, a maximum of three women had been MPs during any given term of parliament. In 1983, nine women were elected to the Althingi, including three from the Women's Alliance and two from another new party, the Social Democratic Alliance. The representation of women has gradually risen, reaching 32 percent in 2007.

The purpose of this discussion is not to leave the impression that small parties have an overwhelming importance in Icelandic politics. Examples of small parties entering and leaving parliament without much of a trace can easily be cited. However, the three examples previously discussed are intended to highlight an important point: there is more to the role of voters as principals than meets the eye.

The importance and viability of minor parties depends on the electoral system. Iceland has had a two-tier system since 1934. In the first tier, 8 to 10 seats are allocated proportionally in each of the six districts. Nine supplementary seats are distributed in the second tier, in order to obtain proportionality at the national level. In the past, one district seat was sufficient for a party to be eligible for supplementary seats. The current electoral system adds another obstacle to minor party representation: the requirement that a party has to receive at least 5 percent of the national vote to qualify for supplementary seats.

A series of electoral reforms in Iceland have largely reflected ongoing compromises between the interests of incumbent MPs and responses to urban demands for less regional disparity. This has had several effects on parliamentary representation, some unintended. First, the impact of the personal vote has steadily decreased as multimember districts have replaced single- and two-member districts. Second, electoral outcomes have become increasingly proportional. Third, malapportionment has been reduced substantially, although the most advantaged electoral district still elects twice as many MPs as it would if there were no overrepresentation. Fourth, the electoral system has become much less hospitable to small parties. In fact, under the current system, the Women's Alliance would not have received any representation in 1983 and 1995.

In some ways, electoral reforms have distanced the voters from their representatives—for example, because the personal vote has been almost eliminated over time. In principle, this should strengthen political parties and

increase their ability to present voters with cohesive policy platforms. But the advent of party primaries to select candidates has reinforced the personal vote and, at the same time, reduced the importance of the party in formulating policy. In addition, the most recent trend is to allow voters to influence a candidate's place on the party list at the time of the election (through semi-open lists) and not only at the candidate nomination stage. In the 2007 election, this affected the ranking of the candidates for the first time since 1946.

From Parliament to Cabinet

Legislatures serve two primary roles in parliamentary systems. First, they delegate executive power to the cabinet; that is, the executive needs the legislature's confidence. Second, legislatures legislate. We here address these two functions in turn.

[Table 5.3](#) lists the 30 cabinets formed between 1944 and 2008. The Independence Party (due to its size) and the Progressive Party (because of its median location) have been the prime contenders for forming and leading coalitions, although coalition formation has generally been complicated and has resulted in a variety of different solutions. The Independence Party has held the position of prime minister 18 times; the Progressive Party, 8 times; and the Social Democratic Party, 4 times. The remaining cabinet was formed by the vice chairman of the Independence Party, Gunnar Thoroddsen. The majority of his party refused to support the cabinet and remained bitterly opposed.

The formation of coalitions has alternated between periods of stability and instability. Four periods can be identified. During 1944–58, coalition bargaining was complicated and lasted up to 167 days. From 1959 to 1971, the so-called restoration government, composed of the Independence Party and the Social Democratic Party, governed Iceland. Before the 1963 election, the two parties declared their intention to continue the coalition after the election. At no other parliamentary election have sitting cabinet parties formed a preelectoral pact. The period from 1971 to 1991 was one with several short-lived coalition formations. The coalition cabinets were of every possible permutation, and one (the Thoroddsen cabinet of 1980) was unimaginable until it actually formed. Each of the nine cabinets had a unique composition.

The last period, 1991–2007, largely corresponds with the prime ministerial career of Davíð Oddsson, chairman of the Independence Party. In 1991, Oddsson formed a cabinet with the Social Democratic Party. After the 1995 election, he changed partners. The Progressive Party, led by Halldór Ásgrímsson, then

minister of foreign affairs, replaced the Social Democrats. This coalition remained in place following the 1999 and 2003 elections. In 2004, Oddsson and Ásgrímsson switched cabinet posts. Ásgrímsson resigned from his post as prime minister in 2006, and the Independence Party and the Progressive Party formed a new cabinet, this time with the Independence Party in the driver seat and with Haarde as prime minister. The coalition retained its majority in the 2007 election, but the Independence Party opted to change partners and formed a cabinet with the United Front. As a whole, this period exhibited a great deal of stability compared to previous years, although the years following Oddsson's departure appear more tumultuous than the period of his premiership.

The size of the Independence Party has structured the coalition formation game in an important way. No two-party majority-coalition cabinet excluding the Independence Party could be formed in the period 1942– 2003. As soon as a two-party majority coalition excluding the Independence Party became possible (in 2003), the bargaining leverage of the Progressive Party increased, and it became the pivotal actor in coalition formation. This triggered the transfer of the prime minister's post from the Independence Party to the Progressive Party.

Generally, coalition theorists have found that policy preferences and the size of potential coalitions are important predictors of which coalition forms (Martin and Stevenson 1999; Mitchell and Nyblade 2008). In Iceland, the second factor is of paramount importance. Only majority cabinets are considered proper executives (Jóhannesson 2005). Minority cabinets have only been considered short-term solutions, to be replaced as soon as practical. Ideology seems to have little relevance, and cabinet formation is an open-ended game. Every parliamentary party in Iceland is a possible coalition partner to any other party. Comparing cabinet coalitions in the Nordic countries, Indridason (2005, 451) finds that “Iceland has the lowest frequency of ideologically connected coalitions (46.2 percent) by far, with Finland coming second (79.5 percent).” Under these circumstances, the outcome of cabinet formation is at once highly predictable and highly unpredictable. After each election, a majority cabinet will be formed, but which parties will comprise that majority is impossible to predict. With everybody “dating” everybody else, it is impossible to anticipate the next “wedding.”

TABLE 5.3. Cabinets in Iceland, 1944–2008

Cabinet Number	Prime Minister	Date (yyymmdd)	Cabinet Share (%) of Parliamentary Seats	Effective Number of Legislative Parties ^a	Median Legislator Party	Parties in Cabinet	Majority Cabinets ^b		Minority Cabinets ^c	
							Single-Party	Coalition	Single-Party	Coalition
1	Thors II	441021	71.2	3.49	PP	IP, SP, SDP		X		
2	Thors III	460630	75.0	3.61	PP	IP, SP, SDP		X		
3	Stefánsson	470204	80.8	3.61	PP	SDP, PP, IP		X		
4	Thors IV	491206	36.5	3.47	PP	IP			X	
5	Steinþórsson	500314	69.2	3.47	PP	PP, IP		X		
6	Thors V	530911	71.2	3.44	PP	IP, PP		X		
7	Jónasson III	560724	63.5	3.48	PP	PP, PA, SP		X		
8	Jónsson I	581223	15.4	3.48	PP	SDP			X	
9	Jónsson II	590628	11.5	3.20	PP	SDP			X	
10	Thors VI	591120	55.0	3.44	PP	IP, SDP		X		
11	Thors VII	630609	53.3	3.32	PP	IP, SDP		X		
12	Benediktsson I	631114	53.3	3.32	PP	IP, SDP		X		
13	Benediktsson II	670611	53.3	3.48	PP	IP, SDP		X		
14	Hafstein ^d	700710	53.3	3.48	PP	IP, SDP		X		
15	Jóhannesson I	710714	53.3	3.85	PP	PP, PA, ULL		X		
16	Hallgrímsson	740828	70.0	3.38	PP	IP, PP		X		
17	Jóhannesson II	780901	66.7	3.85	PP	PP, PA, SDP		X		
18	Gröndal	791015	23.3	3.85	PP	SDP			X	
19	Thoroddsen	800208	81.7	3.78	PP	IP, PA, PP		X		
20	Hermannsson I	830526	61.7	4.06	PP	PP, IP		X		
21	Pálsson	870708	65.1	5.34	PP	IP, SDP, PP		X		
22	Hermannsson II	880928	50.8	5.34	PP	PP, PA, SDP				X
23	Hermannsson III	890910	60.3	5.34	PP	PP, PA, SDP, CP		X		
24	Oddsson I	910430	57.1	3.78	PP	IP, SDP		X		
25	Oddsson II	950423	63.5	3.94	PP	IP, PP		X		
26	Oddsson III	990528	58.7	3.48	PP	IP, PP		X		
27 ^e	Oddsson IV	030523	54.0	3.71	PP	IP, PP		X		
28	Ásgrímsson	040915	54.0	3.71	PP	PP, IP		X		
29	Haarde I	060615	54.0	3.71	PP	IP-PP		X		
30	Haarde II	070523	68.3	3.62	PP	IP-UF		X		

Source: Data from Indridason 2005; newspapers (*Morgunblaðið*, *Dýtteljiðinn*); Alþingi's Web site, <http://www.althingi.is>; Hardarson and Kristjánsson 2007, 975; *Köening's Record of World Events*, vol. 52 (June, 2006 Iceland): 47332; vol. 53 (May, 2007 Iceland): 47946; *Samtíðin Iceland*.

Note: See table 5.1 for explanation of party labels.

^aEffective number of legislative parties: This index was developed by Markku Laakso and Rein Taagepera and is a measure of party system size. Both the number of parties and their relative size are taken into account. For an accessible introduction, see Lipchare 1984.

^bMajority cabinet coalitions can be either a minimal winning coalition (mwc—a coalition that cannot lose a party and still be “winning”) or a surplus coalition (a coalition that can lose one or more parties and still be winning). Except for the four minority cabinets, all but the first three postwar coalitions were minimal winning. Note that Thoroddsen effectively split the IP in forming his cabinet in 1980, thus leaving the majority of the IP's members in opposition.

^cMinority cabinets control 50% or less of all seats in parliament.

^dIn 1970, Hafstein (cabinet number 14) became prime minister when Benediktsson died July 10.

^eDuring the formation of Oddsson IV (cabinet number 27) an agreement was made that the post of prime minister would be transferred to Ásgrímsson (PP) on September 15, 2004.

The patterns of coalition formation in Iceland provide a stark contrast with experience in the other Nordic countries (with the possible exception of Finland) where minority coalitions are common. Our explanation for why majority coalitions dominate in Iceland centers on the nature of the political parties and the role of the president in defining the rules of cabinet formation. First, Icelandic political parties are rooted in clientelism, defined as “the particularistic allocation of state resources aimed at maximizing a political actor's probability of election” (Indridason 2005, 440). As noted previously, the clientelistic nature of Icelandic political parties can be traced back to the circumstances surrounding

the origins of the Icelandic state. As Shefter (1977) argued, two factors prevented political parties in Western countries from pursuing clientelistic politics: an independent civil service and the monarchy, both of which represent preexisting institutional structures that constrain politicians' access to state resources. Political parties faced neither of these obstacles in Iceland, and the state was a vehicle for providing particularistic benefits. As a result, the parties value cabinet participation highly.

Second, the president formally appoints the cabinet. If the party leaders fail to duly form a majority cabinet, the president steps in and threatens to unilaterally appoint a nonpartisan cabinet. We can date precisely when a head of state first translated his formal power of cabinet appointment into a leading role in cabinet formation. Faced with a disintegration of the sitting coalition cabinet in the fall of 1941, Björnsson refused to accept the prime minister's request for dissolution, instructing him to repair the cracks in the coalition and to continue in office. At the same time, he turned to a personal friend and asked him to be prepared to form a nonpartisan cabinet. These actions turned out to be decisive for the choice of a semi-presidential constitution and the conduct of subsequent presidents. When faced with party leaders unable to form a majority cabinet, all presidents have followed Björnsson's lead. They issue a time-specific ultimatum to party leaders, instructing them to form a majority-coalition cabinet. Meanwhile, they prepare a nonpartisan cabinet, headed by someone personally close to themselves, to be used in the event that no majority solution is forthcoming.³

Together, the nature of the political parties in Iceland and the role of the president have ensured that majority cabinets have formed. In fact, they have done so with increasing ease since the political parties shed the last remains of traditional left-right ideology and it became clear that all presidents make the same demand—that there be a majority cabinet or political parties are out of the government business. The 2007 election highlights this tendency, as any of the potential majority coalitions could be considered to have been on the table.

The delegation of executive power to the cabinet affords the cabinet a great deal of influence over legislation. [Table 5.4](#) shows the number of cabinet and individual members' bills from 1944 to 2008. Until about 1970, a majority of legislative bills were introduced by individual MPs, but since then, the cabinet has introduced the majority (see also Arter 1984). This change primarily reflects increased activity on the part of the cabinet, as the number of individual members' bills remained fairly constant throughout the period. A great majority of cabinet bills become laws. Most cabinet bills that fail do so because the parliamentary session ends and the bills expire. Not surprisingly, private members' bills fare far worse. In the first years of the republic, the parliament

adopted more than half the individual members' bills. This number has steadily declined, and in recent years, it has generally been less than one-tenth (see also Þórleifsson 2006).

These trends suggest that the cabinet has become increasingly important in policy-making and that the Althingi's role is declining. Magnússon (2005) reports that private members' bills are not only less successful but also tend to be substantively less important—for example, amendments of existing laws. Thus, formulation of policy primarily takes place within the cabinet and in the ministries. It is difficult to say whether these trends reflect a change in the relationship between the cabinet and the parliament or simply the fact that with an increase in the scope and complexity of legislation, the executive is better positioned to formulate policy, because it has better resources that include a larger staff and better information. Whatever the cause, these trends are consistent with the thesis of deparliamentarization. Parliament's influence on policy has clearly declined.

Of course, introducing legislation is not the only way parliament exerts influence. Legislative bills are debated and amended on the floor of the legislature and in its committees. The committee system is often considered a venue where parliament can scrutinize bills and exert influence by offering amendments. The Althingi has permanent committees whose jurisdictions largely correspond with the executive departments. These allow the development of a higher degree of specialization among MPs and give them a greater opportunity to more thoroughly scrutinize legislative bills. Committee meetings are held behind closed doors, which allows committee members to give the bills an impartial reading with some degree of freedom from the normal party politics. But committees have no way to protect their compromises once the legislation goes to the floor of the Althingi for debate. All bills are considered under open rules, and compromises can unravel. The committees' importance in the legislative process is greatest on technical or legal issues of limited political significance.⁴

TABLE 5.4. Parliamentary Activities, Iceland, 1944–2008

Session	Year	Cabinet Bills ^a	Cabinet Bills Approved	Individual Member Bills ^b	Individual Member Bills Approved	Cabinet Resolutions ^c	Cabinet Resolutions Approved	Individual Member Resolutions	Individual Member Resolutions Approved
63	1944	47	36	121	90			109	81
64	1945	18	16	139	76			84	27
65	1946	7	6	2	1			4	3
66	1946	27	26	141	78			85	22
67	1947	39	31	75	37			72	20
68	1948	46	35	96	50			51	9
69	1949	42	29	77	35			48	19
70	1950	61	53	74	35			54	19
71	1951	38	34	91	33			41	16
72	1952	48	41	108	38			52	24
73	1953	51	44	103	38			46	19
74	1954	51	47	85	31			60	25
75	1955	57	40	69	23			62	36
76	1956	55	48	67	23			56	29
77	1957	34	31	86	27			67	38
78	1958	47	25	68	29			49	24
79	1959	2	2	4	1			5	1
80	1959	43	35	57	18			65	27
81	1960	65	55	73	17			73	31
82	1961	84	75	57	18			75	23
83	1962	72	49	74	25			90	22
84	1963	55	39	67	16			91	33
85	1964	74	66	60	18			55	14
86	1965	66	60	74	22			47	11
87	1966	59	49	74	14			52	13
88	1967	67	55	63	18			48	18
89	1968	75	69	84	20			67	17
90	1969	66	54	81	19			69	21
91	1970	79	61	105	16			108	33
92	1971	82	67	64	25			116	46
93	1972–73	92	71	44	13			69	25
94	1973–74	109	68	70	16			101	21
95	1974	8	7	0	0			2	1
96	1974–75	74	59	75	16			93	32
97	1975–76	122	94	58	14			74	18
98	1976–77	71	50	51	13			87	26
99	1977–78	115	88	76	21			85	18
100	1978–79	92	63	80	22			88	30
101	1979	17	0	9	0			11	0
102	1979–80	88	52	35	11			61	15
103	1980–81	98	84	84	15			96	47
104	1981–82	87	70	83	15			90	35
105	1982–83	76	36	84	17			70	15
106	1983–84	120	94	67	17			109	26
107	1984–85	107	87	87	15			139	27
108	1985–86	86	74	68	6			101	23

Session	Year	Cabinet Bills ^a	Cabinet Bills Approved	Individual Member Bills	Individual Member Bills Approved	Cabinet Resolutions ^c	Cabinet Resolutions Approved	Individual Member Resolutions ^b	Individual Member Resolutions Approved
109	1986–87	91	71	64	8	10		103	28
110	1987–88	82	66	78	11	2		121	31
111	1988–89	107	89	75	15	0		110	26
112	1989–90	113	75	92	15	0		125	31
113	1990–91	107	65	83	8	0		96	32
114	1991	0	0	2	2	1	1	0	0
115	1991–92	114	65	50	8	7	6	80	15
116	1992–93	154	97	62	10	19	17	97	17
117	1993–94	132	93	81	18	20	20	93	18
118	1994–95	116	81	68	15	14	10	66	8
119	1995	20	14	9	5	2	2	7	1
120	1995–96	131	109	76	18	16	12	71	10
121	1996–97	132	106	86	17	13	13	98	19
122	1997–98	135	111	113	8	17	14	104	20
123	1998–99	114	82	86	14	11	10	94	18
124	1999	1	1	2	0	2	2	3	0
125	1999–2000	145	127	84	11	20	19	82	8
126	2000–2001	141	118	100	12	31	28	104	9
127	2001–2	135	111	80	8	25	25	106	14
128	2002–3	130	115	75	13	27	26	107	13
129	2003	0	0	0	0	1	1	1	0
130	2003–4	126	109	94	13	24	24	115	6
131	2004–5	105	93	93	8	18	18	128	2
132	2005–6	138	115	93	2	19	19	99	6
133	2006–7	125	103	81	5	20	18	89	12
134	2007–8	7	7	2	1	0	0	0	0
135	2007–8	136	114	79	2	16	16	79	8

Source: Data from Ársskýrsla Alþingis (1999–2002); *Alþingisviðindi* (various issues); Alþingi's Web site, <http://www.althingi.is>.

Note: Because of missing data, this table does not include questions and interpellations.

^aBills are specific proposals for legislation.

^bThe Alþingi's records do not distinguish between individual member resolutions and cabinet resolutions until the 109th session. The number of resolutions prior to the 109th session includes cabinet resolutions.

^cResolutions are policy initiatives requesting the cabinet to take (some) action in a particular policy area.

Two committees have special status. The cabinet is obliged to confer with the foreign affairs committee on important foreign policy issues and legislation, and the budgetary committee scrutinizes the cabinet's proposed budget. Whether the special status of these committees enhances their influence is unclear.⁵ For example, the cabinet's decision to support the U.S. invasion of Iraq, which was controversial at the time, drew renewed attention when serious doubts were raised about how much the cabinet conferred with the foreign affairs committee before making this decision. Although this is only one case where the cabinet seems to have largely bypassed the foreign affairs committee, the importance of the case suggests that the committee does not greatly constrain the cabinet. By contrast, the budgetary committee's reputation suggests that it wields considerable influence over the eventual shape of the budget. In fact, the Alþingi has often been blamed for unraveling carefully constructed budgets, although a comparison of the initial budget proposal with the final result suggests that the Alþingi's influence is modest. Kristinsson (1999) examined budgets between 1970 and 1998 and concluded that the Alþingi's influence has

been decreasing. Between 1998 and 2006, the average increase in expenditures between the original proposal and the final bill was 1.6 percent. However, the Althingi cannot be blamed for having behaved irresponsibly during this period, because the change in government receipts was highly correlated with the change in expenditures ($r = .92$). While it is difficult to estimate how important the Althingi is in shaping the budget, this result suggests that it has some influence. Of course, aggregate numbers do not capture the salience of specific amendments in appropriations. Nor do they reveal whether the amendments originated in the parliament or the executive branch. In fact, a National Audit Office examination of budget bills over the 1990–2000 period shows that most amendments came from the cabinet (National Audit Office 2001).

The number of amendments is another indication of how much influence the Althingi has on legislation. Magnússon (2005) finds that 65 percent of all legislative bills are amended. At the same time, he also points out that these amendments rarely constitute major changes to the legislation. When they do, it is typically on issues that cut across the parties' platforms. The work of the Althingi revolves around the parliamentary parties. Any effort on behalf of the cabinet to pass legislation concentrates not on reaching a compromise with the opposition parties but on making sure that the coalition's parliamentary parties will provide the necessary support, which is achieved by a combination of compromise and party discipline. The parliamentary parties have been strikingly successful in this respect. Jensen (2000) finds that in the 1995–96 parliamentary session, an index of party cohesion (the Rice index) rated it as 96.9 (out of 100). Given that most political parties employ open primaries, which require MPs to make a name for themselves, such high levels of party cohesion are somewhat surprising. They suggest that the Althingi functions much like a legislature in a Westminster system. The emphasis is on delivering support for the governing coalition's legislative program and shutting the opposition out of the decision-making process.

That the Althingi delegates most of its legislative powers as well as executive power to the cabinet does not necessarily imply that the parliamentary chain of delegation is broken. It simply means that the system functions more like a majoritarian democracy than a consensual or Madisonian one. However, accountability becomes more important when parliament delegates many of its powers to the executive. The Althingi's ability to exercise oversight has increased in the last two decades. The National Audit Office became an agency under the Althingi's control in 1986. This arrangement provides the Althingi with greater access to information and increases the credibility of the National Audit Office, which no longer answers to the executive. Until 1991, the Althingi

was organized into two functional divisions (as was long the case with the Norwegian Storting), each with its own permanent committees. When the Althingi became an ordinary unicameral legislature, the number of permanent committees was reduced by half, thus reducing the number of committee assignments held by the average MP. This, in turn, allowed for greater specialization. The committees were also given the freedom to meet outside parliamentary sessions, providing (at least potentially) constant oversight. In the last few years, the working conditions of the MPs have improved—for example, by expansion of the professional staff of the Althingi (Magnússon 2005).⁶ However, while MPs' access to information and expertise has improved, there have also been setbacks. The National Economic Institute, an important source of economic data and independent research, was abolished in 2001, when its functions were assigned to the Ministry of Finance and the Bureau of Statistics (which had the status of a ministry at the time).

The MPs' right to put questions concerning public matters to ministers serves an important oversight function. MPs can submit a written request that a minister answer a question either orally or in writing, and the interpellation must be placed on the parliamentary agenda within eight workdays. A minister is required to produce a report on a public matter if one is requested by nine MPs and approved by parliament. The right of MPs to put questions to ministers was expanded in 1991 to include questions asked in parliament that the minister does not receive in writing in advance. Since 1999, it has been customary for the speaker to allow questions on the floor at the beginning of each meeting (Magnússon 2005).

Opposition MPs are more likely to ask questions, and they account for 70 to 80 percent of the oral and written questions (see [table 5.5a](#)). Not surprisingly, their fondness for unprepared questions is even greater. They account for approximately 85 percent of such questions, which present an opportunity to put the minister on the spot. The general increase in the use of interpellations and questions (see [tables 5.5a](#) and [5.5b](#)) raises questions about the purpose of these queries. One interpretation is that the questions are used for political, rather than policy, purposes—that is, that the opposition uses them in an attempt to catch the ministers off guard, in the hope it will demonstrate the cabinet's incompetence, rather than using them to solicit information for the purpose of producing better policy. An alternative explanation is that the disproportionate number of questions from the opposition stems from an informational asymmetry that occurs because cabinet-party MPs have closer contact with the executive and are consulted on policy during meetings of the parliamentary party. That unprepared questions constitute only 10 to 15 percent of all questions would appear to

support this latter view.

TABLE 5.5a. Interpellations and Questions to Cabinet Ministers, Iceland, 1999–2008

Year	Parties in Cabinet	Oral Questions	Oral Questions from Opposition (%)	Written Questions	Written Questions from Opposition (%)	Unprepared Questions	Unprepared Questions from Opposition (%)
1999–2000	IP, PP	165	72.7	123	70.7	49	81.6
2000–2001	IP, PP	177	74.0	168	62.5	56	82.1
2001–2	IP, PP	177	74.0	189	79.9	44	88.6
2002–3	IP, PP	158	64.6	197	75.6	33	84.8
2003–4	IP, PP	310	84.8	307	81.8	47	93.6
2004–5	IP, PP	249	82.7	197	87.8	46	83.0
2005–6	IP, PP	247	87.8	186	72.6	49	85.7
2006–7	IP, PP	194	82.5	161	71.4	34	91.2
2007–8	IP, UP	188	79.3	130	78.5	188	80.3

Source: Data from *Árskýrsla Alþingis*, 1999–2004.

Note: See table 5.1 for explanation of party labels.

Whatever role parliamentary questions play, their total number has increased (see [table 5.5b](#)) since the 1988–89 parliamentary session. Most of this increase is due to a greater number of written questions, which can be assumed to concern more detailed information. The number of oral questions has been much more stable. These findings could be interpreted as evidence of parliamentary oversight and as evidence against deparliamentarization. The more plausible explanation, in our view, is that the increasing number of questions is a response to the deparliamentarization of Icelandic politics. The opposition parties have largely been shut out of the policy-making process and are grasping at straws. Asking questions has become the only way for the opposition to hold the cabinet accountable. The general tenor among opposition MPs suggests frustration with the limited opportunities to influence policy.

In sum, the evidence about Iceland favors the deparliamentarization thesis—especially if “parliamentarization” implies an active role in policy-making. The role of the Althingi has been reduced to providing support for the legislative program of the cabinet parties. There is little to suggest that the Althingi, as a whole, has much influence on legislation. The level of voting cohesion is high, the success rate of opposition legislative bills is low, and the opposition has no means to constrain the cabinet's majority. That said, however, not all MPs are created equal. To enact its legislative program, the cabinet must consult with its parliamentary parties to ensure their support. Although the intraparty politics remain largely a black box, cabinet-party MPs appear to exert at least a modicum of policy influence. Thus, while it remains true that the Althingi delegates legislative powers to the cabinet, these powers cannot be exercised without the

Althingi's consent. Nonetheless, parliamentary consent implies only the consent of a majority of the Althingi's members, which leaves the opposition out in the cold.

TABLE 5.5b. Interpellations and Questions to Cabinet Ministers, Iceland, 1988–2008

Sessions	Year	Parties in Cabinet	Oral Questions	Written Questions	Written Replies
111	1988–89	PP, PA, SDP	148	59	57
112	1989–90	PP, PA, SDP, CP	158	72	69
113	1990–91	PP, PA, SDP, CP	124	38	36
115	1991–92	IP, SDP	183	88	82
116	1992–93	IP, SDP	142	104	98
117	1993–94	IP, SDP	171	107	104
118 and 119	1994–95	IP, SDP	92	91	88
120	1995–96	IP, PP	121	105	103
121	1996–97	IP, PP	127	130	128
122	1997–98	IP, PP	137	179	173
123 and 124	1998–99	IP, PP	130	159	158
125	1999–2000	IP, PP	170	117	119
126	2000–2001	IP, PP	177	168	160
127	2001–2	IP, PP	177	189	173
128	2002–3	IP, PP	158	198	182
130	2003–4	IP, PP	308	301	293
131	2004–5	IP, PP	258	188	187
132	2005–6	IP, PP	247	186	180
133	2006–7	IP, PP	194	161	158
134 and 135	2007–8	IP, UP	188	130	126

Source: Data from Alþingi's Web site, <http://www.althingi.is>.

Note: See table 5.1 for explanation of party labels.

Within the Cabinet

Conflict within the cabinet is managed by leaders of the coalition parties. Sometimes a larger subset of cabinet ministers will handle important and sensitive tasks; for example, a cabinet committee supervised the privatization of government enterprises. Coalition discipline is generally very high with regard to policies outlined in the coalition agreement but can vary on other issues. Ministers sometimes disagree publicly on important issues. For example, in Oddsson's cabinets, the prime minister and the foreign minister frequently clashed publicly on the question of Iceland's membership in the European Union.

The formation of executive cabinets is usually accompanied by public coalition agreements that are primarily concerned with policy. Until 1991, coalition partners also agreed on a negative election rule: the prime minister would not ask the president to dissolve parliament unless supported by the whole cabinet. By contrast, none of Oddsson's cabinets (1991–2004) were based on such an agreement; in that case, the prime minister publicly claimed for himself the exclusive right to dissolve parliament.⁷

The coalition parties do not make formal agreements about appointments to

noncabinet posts. However, appointments to the boards of directors of state banks were traditionally based on an informal but strict quota system, in which one seat was allocated to each party at each state bank. This system still operates at the Central Bank, which has three governors to accommodate the parties. Former prime minister Oddsson became chief governor of the Central Bank upon retiring from party politics. His predecessor as prime minister, Hermannsson, also became governor of the Central Bank when he retired from politics. Ministers have considerable autonomy in making appointments—for example, to positions in the upper ranks of executive agencies and various executive committees. Ministers normally clear major appointments with their party leaders, and the most important positions, such as governors of the Central Bank and director of the state broadcasting company, are allocated by the leaders of the coalitions.

The size of the cabinet has grown from 6 to 12 ministers since 1944, while the number of ministries (portfolios) has increased more slowly. The Bureau of Statistics was a ministry from 1988 to 2007, and the Ministry of the Environment was created in 1989. The increase in the number of ministers and ministries is directly related to facilitating the formation of coalition cabinets. By turning the Bureau of Statistics into a ministry and by creating the Ministry of the Environment, leaders of coalitions sought to broaden the parliamentary support of a weak coalition cabinet. The number of ministers has been temporarily scaled down in times of short-lived minority cabinets (1958–59 and 1978–79). When the number of parties in a coalition increases, so does the number of ministers. When a two-party coalition between the Independence Party and the Progressive Party forms, there is a tendency to appoint an even number of ministers (as occurred in 1950, 1974, and 1999).

An interesting consequence of the increase in the number of ministers is that MPs from the (junior) coalition parties become ministers with relative ease. Five of the Social Democratic Party's 10 MPs became ministers in 1991, and 6 of the Progressive Party's 12 MPs did so in 1995. Iceland has a long tradition of cabinet ministers being MPs (except in nonpartisan cabinets), which helps explain both the aversion MPs have toward nonpartisan cabinets and the tendency to increase the number of cabinet ministers. The ratio of cabinet ministers to MPs has almost doubled from 1944 (11 percent) to 2004 (19 percent). The positions of speaker of parliament and chairs of the Althingi's 12 standing committees are all reserved for MPs of cabinet parties.⁸ As a result, nearly all MPs directly reap power and/or material benefits from their own parties' cabinet participation. In addition, it is quite common for cabinet ministers to appoint MPs from cabinet parties, especially from their own party, to salaried working committees in the

executive branch. In fact, few, if any, MPs from cabinet parties receive only their basic MP salary. The opposite is true of opposition MPs. Almost none of them have an income outside their pay as MPs.

Certain rules have evolved regarding the distribution of the ministerial portfolios. The post of prime minister usually goes to either the Independence Party or the Progressive Party, and it is usually a point of friction. Oddsson dealt very successfully with this issue in 1991 and made Ásgrímsson his replacement as prime minister. In Oddsson's absence, the office of prime minister moved from the Independence Party to the Progressive Party. Later, the two leaders added another twist to the art of coalition bargaining when they agreed—after the 2003 election—to rotate the post of prime minister. Oddsson continued as prime minister until the fall of 2004, at which point Ásgrímsson took over. In return, the Independence Party got the Ministry of the Environment and the Ministry of Foreign Affairs, increasing its number of ministers to seven while the Progressive Party's share dropped to five.

The post of prime minister is clearly the most important portfolio. The Ministry of Foreign Affairs is second in importance, and the Ministry of Finance is third. The Ministry of the Environment is considered the least important. Each party is normally autonomous in selecting ministers to fill its own portfolios. When it comes to the distribution of portfolios, almost everything, with a few exceptions, is on the negotiation table. One of the exceptions is that the People's Alliance never holds the Ministry of Foreign Affairs, nor do they seek it. It was opposed to Iceland's membership of NATO and the stationing of American troops in the country. When in the cabinet, the Progressive Party almost always holds the Ministry of Agriculture.

Thus far, we have discussed the relationship between parliament and cabinet largely in general terms and in terms of the rules structuring delegation and accountability. It is interesting to supplement this with information about the people occupying key ministerial positions. The leadership style of successful prime ministers has differed from those who failed to hold a coalition cabinet together until the end of their term. Of course, it is possible that leaders who are successful in keeping their coalitions together might nonetheless fail to make much of an impact on policy. We believe, however, that these factors tend to go together; that is, leaders who are capable of keeping a coalition together are also more effective in governing.

[Table 5.6](#) provides information about the background of individuals who have held the three most important ministerial posts—prime minister, finance minister, and foreign minister—as well as the post of justice minister, which is not considered a key ministry in Iceland. As shown in the table, the typical

cabinet minister is a middle-aged, male MP with a university degree who worked in the public sector prior to entering parliament. His career in politics did not necessarily start with the party's youth organization, but virtually all prime ministers, foreign ministers, and finance ministers have served many years in parliament and held a high-ranking position in the party before they were appointed.

The first woman to hold one of the top cabinet offices, Valgerður Sverrisdóttir, took office as Minister of Foreign Affairs in June 2006. Her successor was also a woman, Ingibjörg Gísladóttir. Two women have also held the post of justice minister, in 1970–71 and 1999–2003 respectively. The latter incumbent, Sólveig Pétursdóttir, suffered the rare fate of not retaining her cabinet post—and not getting another cabinet office—even though the ruling coalition stayed in power after the 2003 election and her party held on to the Ministry of Justice. The most important ministers are drawn from an exclusive group, which rules out almost all women and most men, too. This club is even more narrowly based than [table 5.6](#) suggests. In particular, the majority of cabinet ministers and two-thirds of prime ministers have held law degrees, and most have been employed in the public sector before entering parliament.

A few differences in the backgrounds of persons appointed to the four ministerial posts are evident in [table 5.6](#). Compared to the positions of prime minister and foreign minister, it is much less likely that persons appointed to the posts of finance or justice minister have held prior cabinet positions. Justice ministers have also, on average, had less parliamentary experience and are much less likely to have worked for the party or in the private sector. They are also less likely to have held high party office. Those appointed foreign minister or justice minister are less likely to have held high rank in the youth party. Those appointed finance minister are less likely than other ministers to have been elected to local or regional office.

On the surface, it appears that political parties recruit about half of the most important ministers from within—from the party's youth organization and/or elected officials at the local level. In reality, however, the party does not act as an effective gatekeeper to a political career, because most politicians enter politics through the open primary and rely on their own personal and political network. The party does, however, screen candidates for top ministerial positions in the sense that party leadership is usually a requisite for becoming prime minister, finance minister, or foreign minister. As we shall see, this does not amount to ex ante party control by party leaders, because parties throw out leaders who do not keep the party in office.

The background of the ministers holding core portfolios has not changed

much over time, although a few changes bear mentioning. It has become more common for ministers with core portfolios to have prior experience in cabinet. This is likely due, at least in part, to an increase in the number of portfolios, as well as greater coalition durability. Prior high-rank positions in the youth party has also become more important, suggesting that the parties function less like mass parties than cadre parties. If the period since 1945 is split in two, prior employment in the party has become more important. However, it has declined considerably since 1990.

TABLE 5.6. Ministerial Background, First Appointment, by Portfolio, Iceland, 1944–2008

Portfolio within Cabinet	Age (mean years)	Female Ministers (%)	Prior Cabinet Position (%)	Prior Parliamentary Experience (mean years) ^a	Prior High-Rank Position (%) ^b	Prior Youth Party High-Rank Position (%) ^c	Major Prior Appointment within Parliament (%) ^d	Major Prior Elected Offices at Local/Regional Level (%) ^e	Formal Education Level ^f	Any Prior Employment within the Public Sector (%) ^g	Any Prior Employment within the Private Sector (%)	Any Prior Salaried Employment in Party (%)	Member of Parliament at the Time of Minister Appointment (%) ^h	N (unique number of ministers)
Prime minister	52.1	0	69	14.8	88	50	88	63	4.0	88	75	19	100	16
Finance minister ⁱ	47.4	0	26	10.7	84	47	84	32	3.6	84	79	32	95	19
Foreign minister	52.9	13	60	13.1	87	27	73	60	3.9	87	87	13	87	15
Justice minister ^j	48.0	12	12	8.1	41	41	88	39	3.7	88	53	6	100	17
Mean 1944–2007	50.1	6	42	11.7	74	41	83	54	3.8	87	73	18	95	67
Mean 1945–75	49.5	3	29	12.0	74	29	84	65	3.6	90	74	13	97	31
Mean 1991–2007	49.6	21	71	12.5	79	75	86	36	4.1	79	86	0	100	14

Source: Data from Þingmannatal Alþingis, <http://www.althingi.is>.

Note: All of the calculations presented in this section are based on a data set that contains data on ministers who give portfolios at the beginning of a new cabinet. A new cabinet is defined here as a cabinet that fulfills at least one of three conditions: any change in the set of parties holding cabinet membership, any change in the identity of the prime minister, or any general election (see Miller and Strom 2003, 12).

^aPrior parliamentary experience (in full years) does not include years that a person has been in cabinet. That is, for systems that allow for the holding of simultaneous cabinet and parliamentary positions, we only count “parliamentary experience” for the years that the MP does not also have a cabinet position. (The latter is coded as prior cabinet experience: yes or no.) If the total parliamentary experience (service as MP) sums to less than six months, it is counted as zero (0) years of experience.

^bPrior party high-rank position refers to any of the following: party leader, party secretary, member of the party national board, or head of local or regional board.

^cPrior youth party high-rank position refers to the positions in a youth organization corresponding to the prior party high-rank positions.

^dMajor prior appointment within parliament refers to any of the following: Speaker (president of parliament or chamber/subdivision), group leader, vice group leader, committee chairman, or vice committee chairman.

^eMajor prior elected offices at local/regional level refers to any of the following: head of municipality, head of region, member of local parliament, or member of regional parliament.

^fFormal education level: 1 = primary (or less); 2 = secondary (high school, Swedish gymnasium); 3 = any enrollment in postsecondary education (such as technical college, nursing school, college, university) but no degree; 4 = any undergraduate degree at technical college, nursing school, college, or university (2–4 years in length) that is post-high school or post-gymnasium; 5 = postgraduate degree (licensiat, huvudfag, PhD).

^gPrior employment refers to the employer, that is to say, the one paying the salary. Salary by the party does not include elected offices, only jobs (such as party ombudsman). The three categories (public, private, party) are not mutually exclusive categories (as they, in combination, speak to a minister’s general career pattern). Private employment includes people employed in trade unions and other nongovernmental organizations.

^hThe coding “Member of parliament at the time of minister appointment” only has one possible answer (yes or no).

ⁱFinance minister is defined as the minister heading the ministry in control of the state budget.

^jJustice minister is defined as the minister heading the ministry in control of the police force.

Coalition governance in Iceland has become simpler in some ways. The

simplicity stems from the fact that the president has not played a decisive role in cabinet formation since 1980, while politicians have shown great skill in providing stable cabinet coalitions. Until very recently, a stable economic situation also contributed to a less stressful environment in which to conduct cabinet formation and maintenance. The presidents' insistence on majority cabinets has also focused the efforts of party leaders on a subset of potential cabinets.

At the same time, the methods of operating parliamentary government have changed as party leaders have extended the scale of governing techniques at their disposal. Icelandic politics is still characterized by “clientelism,” but that term should not divert our attention away from a fundamental transformation from societal and party-based clientelism to individual clientelism. This refers to the fact that individual political leaders have been known to distribute public resources, public property, and public benefits to individuals and firms favorable to them.⁹

One difficulty in assessing whether deparliamentarization or party decline has taken place in Iceland is that coalition cabinets have been very stable for the better part of the past two decades. Moreover, for most of that time, the coalitions have been led by Oddsson as prime minister. Oddsson was frequently characterized as a charismatic and forceful leader able to rein in his party. It is thus possible that the cabinets' success during these special circumstances can be mistaken for deparliamentarization or party decline.

However, it is clear that the PM does not govern alone. As he stated in an interview, Oddsson clearly saw the position and function of the PM to be very different from the office of the mayor of Reykjavík, a post he held for nine years (1982–91).

The job of the Prime Minister as a leader is completely different from that of the mayor. It is mostly concerned with coordinating the views of individuals with different backgrounds. I do not have the supreme power, I mean the direct power to command, which I possessed as mayor. Each cabinet minister has full power over his department. Formally the Prime Minister cannot command him to do anything. Consequently my power as Prime Minister consists of influence rather than the power to command, although both types clearly coexist. (Hauksson 1996)

In the same interview, Oddsson also emphasized the importance of personal contact with his cabinet ministers, of making himself accessible to them at all times. This allows the PM to coordinate and influence. It also “forces” cabinet ministers to consult with the PM, because they cannot hide behind the cover of not being able to reach the PM.

The Oddsson cabinet, like previous cabinets, avoided majority voting.

Consensus usually emerged before cabinet meetings, although the PM made the final decision in cases of serious disagreement over ministerial jurisdiction. Oddsson also made a sharp distinction between the powers of the PM as such and the position of the PM as his or her party leader. The PM does not select his or her coalition partners' ministers, nor is the PM politically responsible for the conduct of those ministers while they are in office. In practice, ministers are delegates of their respective parties, and they are not politically accountable to the PM.

Successful PMs appear to display political skills in three arenas. They are successful in forming and maintaining coalition cabinets, preserving a strong position in the parliamentary party, and winning parliamentary elections. For Icelandic PMs, the first two of these skills can be the most important. When they fall short, it is often because of a lack of skill in coalition management and maintenance.

The cabinet is not a collective body dominated by the PM but, rather, a council of highly independent ministers. The prevalence of coalition cabinets further complicates the PM's role, although it also absolves the PM of political responsibility for his or her coalition partners' ministers. The successful PM adjusts to the formal and informal rules of the game by carefully learning on the job rather than by establishing a clear chain of delegation and accountability. Those who approach the PM's role in a purely formal fashion quickly fail.

At the end of the day, the performance of the PM and his or her coalition partners is judged by voters in legislative elections. Political systems in which coalition cabinets are the norm are not ideally suited to enhance accountability. This is because voters face uncertainty about whether the government as a whole or individual parties in the cabinet are responsible for policy failures. This, in turn, creates an incentive for coalition parties to pass the buck to their coalition partners in order to avoid being held accountable or losing popularity. Strøm (1990) argues that the tendency of cabinet parties to lose votes in elections helps explain the formation of minority coalitions, since the expectation of such losses might temper the parties' desire for executive office. In light of the prevalence of majority coalitions in Iceland, it is interesting to consider whether cabinet parties have in fact fared badly in elections. [Table 5.7](#) shows that cabinet parties (in office at time of election) have lost an average of 4.3 percent of the vote in legislative elections since 1946, which suggests that the scarcity of minority cabinets is due to constitutional norms enforced by the president rather than to positive electoral incentives for parties to form majority coalitions. However, there is an interesting difference between the Progressive Party, which has lost an average of 3 percent, and the Social Democratic and Independence parties,

which have lost an average of only 1.4 percent. Elections in which voters have heavily punished cabinet parties include those of 1978, 1987, and 1991.

Delegation from Ministers to Civil Servants

Icelandic ministers enjoy considerable autonomy from the cabinet when it comes to running their ministries. However, they face substantial constraints that limit the degree to which they can delegate to civil servants. Instead of delegating, Icelandic ministers actively run interference on behalf of their clients, even in routine administrative matters. In fact, anyone can make an appointment with a minister, and this undercuts the civil service hierarchy and decreases its autonomy. Moreover, the adoption of (open) primary elections has added to the minister's incentive to intervene on behalf of his or her constituency in an effort to build the minister's personal vote (Kristjánsson 2003).

TABLE 5.7. Electoral Performance of Incumbent Cabinet Parties, Iceland, 1944–2008

Cabinet Number	Cabinet Composition	Election Year following Cabinet	PA	SP	ULL	SDP	PP	IP	CP	Cabinet Total
1	IP, SP, SDP	1944								
3	SDP, PP, IP	1946		+1.0		+3.6		+1.0		+5.6
5	PP, IP 1950	1947				-1.3	+1.4	0.0		+0.1
6	IP, PP 1953	1953					-2.6	-2.4		-5.0
8	SDP 1958	1956					-6.3	+5.3		-1.0
9	SDP 1959	1959				-5.8				-5.8
10	IP, SDP 1959	1959				+2.7				+2.7
12	IP, SDP II 1963	1963				-1.0		+1.7		+0.7
14	IP, SDP 1970	1967				+1.5		-3.9		-2.4
15	PP, PA, ULL	1971				-5.2		-1.3		-6.5
16	IP, PP 1974	1974	+1.2		-4.3		-0.4			-3.5
18	SDP 1979	1978					-8.0	-10.0		-18.0
19	IP, PA, PP 1980	1979				-4.6				-4.6
20	PP, IP 1983	1983	-2.4				-5.9	+3.3		-5.0
23	PP, PA, SDP, CP 1989	1987					-0.1	-11.5		-11.6
24	IP, SDP 1991	1991	+1.1			+0.3	0.0		-10.9	-9.3
25	IP, PP 1995	1995				-4.1		-1.5		-5.6
26	IP, PP 1999	1999					-4.9	+3.6		-1.3
29	IP, PP 2006	2003					-0.7	-7.0		-7.7
		2007					-6.0	+2.9		-3.1
Mean gains/losses			-0.03	+1.0	-4.3	-1.4	-3.0	-1.4	-10.9	-4.3

Source: Data from Indridason 2005; *Statistics Iceland*.

Notes: See table 5.1 for explanation of party labels. Numbers in table represent percentages of national vote.

For most of the postwar period, ministers have wielded the power of appointing civil servants. This power has proven to be a double-edged sword. Civil servants enjoyed secure tenure until the mid-1990s. The combination of

political appointments and lifelong tenure was likely to place limits on how much power ministers were willing to delegate to civil servants, especially senior civil servants that had been appointed by opposition parties.

To some degree, of course, delegating powers to the civil service cannot be avoided. As a result, the minister is forced to monitor his or her civil servants. One type of response to this situation has been the establishment of numerous boards to monitor and control the actions of civil servants (Kristinsson 2006a). Ad hoc committees, often composed of bureaucrats, interest groups, and party members, are also used to deal with special issues or to formulate policy (Kristinsson 1994a).

While it is possible to debate whether political appointments and lifelong tenure in the civil service are desirable, one is hard pressed to find an argument in favor of combining the two. However, there is a reason why this system emerged and was sustained for so long. Kristinsson (1994b) points out that Iceland inherited (literally) the Danish bureaucratic model, in which bureaucrats enter the civil service and work their way up the hierarchy as they gain experience. Bureaucrats also enjoyed secure tenure and a generous pension system. There was, however, never any political support for an autonomous bureaucracy. Icelandic politicians quickly discovered that public employment could be turned into political spoils by offering jobs to their supporters. Thus, politicians kept the aspects of the Danish administrative tradition that proved to be valuable to them and discarded the rest.

The use of the civil service as spoils appears to have declined in recent years, in part because public employment has become less lucrative. The new Civil Service Act may have had an influence as well, although its adoption might also have been a result of the declining importance of the civil service for clientelistic purposes. This does not mean that political appointments have disappeared. Analyzing 111 major administrative and judicial appointments between 2001 and 2005, Kristinsson (2006b) finds that 44 percent of them can be classified as political appointments. Each appointment could also be classified as bureaucratic (the appointee was a career bureaucrat) or professional (the appointee had professional qualifications); that is, the categories are not mutually exclusive. Even so, 16 percent of the cases could only be classified as political appointments.

The principal-agent problems are quite apparent when it comes to the management of executive agencies and companies. Despite the reforms of the past decade, ministers appear unable to exert control over executive agencies. Executive agencies are required by law to keep their spending within budget. Despite this, Másson and Indridason (2005) found that half the executive

agencies exceeded their budgets every year between 1998 and 2004. Even though recent reforms have eliminated lifetime tenure, not a single head of agency has been removed from his or her post. A reasonable conclusion is that cabinet ministers have failed to hold the heads of the executive agencies accountable. In addition, the remnants of the ministers' control and oversight mechanisms, the agency boards, have not enabled them to exert control. Instead of controlling agency spending, they often provide ready access for special interests and have become cheerleaders for further spending. The heads of executive agencies are formally accountable to their ministers, but the presence of a board provides the head of the agency with an additional principal whose demands he or she must also satisfy. In fact, Másson and Indridason (2005) find that executive agencies with boards are significantly more likely to go over budget.

In sum, the delegation from ministers to civil servants is problematic at best. Secure tenure for civil servants increases the likelihood of diverging preferences between the principal and the agent. Ministers must therefore devote time and energy to keeping a watchful eye on civil servants and must adopt institutional mechanisms for oversight. The use of the civil service for spoils also risks sacrificing the public benefit for political gain, because the most qualified candidates might be rejected in favor of lesser ones.

External Constraints

Icelandic parliamentary democracy faces several external constraints. First, the president has considerable formal powers that constrain the delegation of power from voters to parliament. While accounts of Icelandic politics have tended to deemphasize the role of the president, events in this decade have demonstrated that the president is a force to be reckoned with. The most important power of the president is his or her ability to veto legislation, which forces a referendum on the law.¹⁰ In 2004, President Grímsson used the presidential legislative veto for the first time. His veto of a bill on media ownership led to a constitutional crisis, with the cabinet arguing that the president's actions were unconstitutional. In the end, the cabinet backed down, but rather than acknowledge the constitutionality of the president's veto, it had parliament repeal the law. This was clearly a victory for the president, and future cabinets would be unwise to ignore presidential veto threats, especially when the legislation in question is widely opposed by the public, as was true in this case.¹¹

This was not the first time the president had been called on to veto legislation.

Some previous presidents, however, emphasized the symbolic, ceremonial role of the head of state and refrained from taking political stances (Kristjánsson 2004). In this sense, 2004 may constitute a breaking point in the history of the republic—as the year Iceland ceased to operate as a parliamentary system and moved toward a semi-presidential practice closer to the letter of the constitution. Only time can tell whether the political system has thus been permanently transformed. However, President Grímsson's exertion of power may not go unchallenged. The cabinet did not sit idly by but began a process of constitutional review by appointing an executive commission charged with reconsidering several articles of the constitution. Not surprisingly, Article 26, which grants the president legislative veto power, was one of these articles.

The presidency limits the authority of the legislature via the veto and, perhaps, via the president's role as *informateur*, which arguably helps alleviate some of the problems inherent in the delegation of powers from voters to parliament. Agency relationships generally need some degree of oversight for the principal to achieve his or her objectives. The presidential veto performs exactly such a function by keeping a check on parliament and alerting the public when the president believes that the parliament is not acting in the public's best interest. The presidential veto may thus make parliament more accountable to its voters.¹²

Corporatism is another external constraint on parliamentary governance. Icelandic unions have historically been strong, and union membership increased until the early 1990s, when it reached over 95 percent of the labor force. Unionization rates remain very high comparatively—around 85 percent. Corporatism gained increased prominence in the early 1990s, with the employers' associations and the trade unions reaching an agreement, the National Consensus, outlining various labor market issues, including wage-increase policies. The cabinet and the parliament were marginalized in the making of the National Consensus but passed the necessary legislation and let the agreement guide its negotiation with the unions in the public sector (Kristjánsson 2003). Members of the cabinet even went so far as to declare that they thought some of the legislation was bad policy but that they would vote for it to maintain the consensus.¹³ The importance of corporatist arrangements has, however, declined since the late 1990s.

The most recent decade has also witnessed the rise of new external constraints on parliament. Iceland's membership in the European Economic Area (EEA) has profoundly influenced Icelandic politics. EEA membership implies that Iceland must adopt all European Union (EU) legislation pertaining to areas covered by the EEA treaty, even though it has little influence over its content. Thirteen percent of the legislation adopted in the last four sessions of the Althingi (2001–

5) was adopted to satisfy requirements of the EEA treaty (Magnússon 2005). This has not only limited parliament's authority in certain areas but also reduced the authority of the cabinet to engage in particularistic politics. Indeed, Gwartney, Lawson, and Gartzke (2005) count Iceland among the countries in the world that have made the greatest gains in economic freedom since 1985.¹⁴

Another external constraint is created by the courts, which have increasingly asserted their independence. In recent years, the Supreme Court, historically almost deferential to the executive, has struck down several laws and regulations every year on the grounds that they are unconstitutional. In 2003, for example, the Supreme Court struck down legislation on public assistance to the disabled, much to the cabinet's consternation.

In sum, the importance of external constraints has grown substantially in recent years. While some constraints, such as the EEA treaty, might be seen as hampering the representational role of parliament, it can also be argued that increasingly activist courts and the presidential veto have provided the citizens with agents that are formally external to the parliamentary chain of delegation but that can help hold elected politicians accountable.

Parliamentary Democracy: An Assessment

The Voters-Parliament Link

We here evaluate parliamentary democracy in Iceland by going through the three main steps in the parliamentary chain of democracy, beginning with the link from voters to parliamentarians. The sovereignty of the voter is strongly protected in the sense that all elections are conducted according to strict legal standards. The open primary gives voters an additional opportunity to reward and punish politicians. However, the open primary has taken the role of recruiting MPs away from the political parties. In giving up power over nominations, the political parties have undermined their ability to offer meaningful alternatives to voters.

The parties enter elections without making commitments about post-electoral coalitions. Following an election, each parliamentary party is in the position of a free agent, without any kind of covenant with voters about carrying out specific policy alternatives or forming a particular coalition cabinet. The theory of parliamentary democracy assigns political parties the task of asserting the position of voters as the ultimate principal to parliament. In Iceland, MPs are elected without a specific mandate binding them to voters. In this sense,

parliamentary democracy is rather weak. The open primary also gives MPs an overriding incentive to cultivate personal ties with their constituency and various special interests on the basis of clientelistic relations. In fact, as an institution, the Althingi often functions as a kind of regional administration. All MPs from each electoral district work together, providing a link between local governments in their district and the central government.

The political parties organize the work of the Althingi. The strength of each parliamentary party is determined by its relationship to the cabinet, not by its ties to voters. Cabinet-party MPs are part of a majority coalition involved in the task of running the government, including passing necessary legislation. Opposition MPs use parliament mainly as a forum for criticism of the cabinet, general political debate, and public relations. None of the parliamentary parties has an effective, organized connection to voters or to its formal party organization.

The Parliament-Cabinet Link

From the early 1980s until very recently, party leaders showed great skill in forming and maintaining cabinet coalitions. The parliamentary parties formed and terminated cabinets without much intervention by the president, who had a more active role in the making and unmaking of coalition cabinets in earlier periods. Thus, a cohesive parliamentary majority and capable party leaders—with the cooperation of the president—have been able to pull a parliamentary rabbit out of the semi-presidential constitutional hat. In this period, the Althingi was also strengthened in various ways as an institution. Its professional staff was expanded, and the chairmanship of some standing committees was turned over, briefly, to opposition MPs.

The stronger position of parliament turned out to be a short-term reversal of the strong Icelandic tradition of cohesive governing parties. After the 1999 election, the supremacy of the cabinet over parliament was de facto established by the combination of two factors: the unwillingness of cabinet-party MPs to protect the autonomy of parliament and the ability and will of two government leaders—Oddsson and Ásgrímsson—to take personal command of the executive branch while relegating parliament to a supporting role. This development has turned the theory of parliamentary government on its head. Parliament has largely become an agent of the cabinet. In fact, almost all cabinet-party MPs work in both parliament and the executive branch, either directly, through being both MPs and ministers, or indirectly, by serving on salaried executive committees.

The Cabinet–Civil Service Link

Icelandic cabinet ministers are the masters of their respective departments. If a minister chooses to run a professional ministry, including hiring people on merit, he or she can do so. Likewise, if a minister wants to pursue clientelistic politics, including employing his or her political allies, the minister can do that.

For a while, it seemed that some cabinet ministers were leading the way in creating a more independent civil service. In recent years, however, it has been revealed that this is not the case. Political clientelism appears rampant at the top, with cabinet ministers repeatedly being accused of violating public trust by appointing their clients to the highest positions, including directors of the Central Bank, ambassadors, and Supreme Court justices. More qualified applicants to public offices are passed over in favor of less qualified but “connected” people. Some of those treated unfairly have successfully sued the government for damages. To avert the threat of lawsuits, the most recent tactic of cabinet ministers has been to fill the posts temporarily and then extend the appointments, rather than opening up the positions for applications from all qualified candidates. Three people now filling a position of permanent secretary are currently serving temporary appointments.

Conclusion

We find signs of decay at every step of the parliamentary chain of delegation and accountability, because political parties have lost much of their ability to give coherence to the chain. The unusual turn of events in the fall of 2008 makes it especially difficult to predict the future of parliamentary democracy in Iceland. It represents a rare opportunity for institutional reform as well for the creation of new political norms.

In the spring of 2009, the Althingi was considering a constitutional amendment that would establish an elected constitutional assembly with a largely unrestricted mandate to rewrite the constitution. Many of the expected institutional reforms are intended to strengthen voter sovereignty. The governing parties, as of 2009, have shown interest in changing the electoral law to an open-list proportional representation system. This proposal is intended to increase the MPs' responsiveness to voter demands and to ease the stranglehold of the parties on parliamentary business. The means chosen may, however, endanger the opportunity to set new standards for informal political practices.

Political patronage is one of the fundamental problems of Icelandic politics. The problem is likely to be especially acute when it is time for the government

to (re)privatize the banks. When the banks, in their previous incarnation, were privatized, the process was reportedly riddled with irregularities and political favoritism. The present awareness concerning the costs of political patronage and of close ties between business and politics provides an opportunity to impose new standards, but those might be undermined by an electoral system that creates incentives for politicians to build a personal vote. Norms are far more difficult to change than institutions, and they develop in a complex interaction between politicians, the public, and the media. Still, there have been hopeful signs. The minister of trade resigned in January 2009, citing the need for someone to accept responsibility for the banking collapse. The uproar surrounding major financial contributions to the Independence Party, which happened just before a new law restricting such contributions took effect, may also help tip the scales toward a clearer separation between politics and business.

Regardless of what the final outcome will be, politicians will still face some of the same constraints that were in place before the financial collapse. Judicial review by the courts is not likely to fade away, nor will the constraints imposed by membership in the European Economic Area. Indeed, the question of whether to join the EU was propelled onto the political agenda in the aftermath of the collapse, although public support for the idea has since declined. The president is likely to continue to be a relevant political actor, which reflects a long Icelandic tradition of regarding popular election as superior to the indirect representation found in parliamentary democracy. However, the constitutional assembly may well reduce the powers of the president—for example, replacing his veto by allowing referenda to be called by a parliamentary minority or a citizen initiative. Such a change seems even more likely as, in hindsight, many consider the president to have gone too far in championing those who led Iceland's economic expansion.

The current state of parliamentary democracy in Iceland is characterized by a threefold paradox. First, parliament is accountable to voters by providing majority coalition cabinets. At the same time, parliamentary parties act as free agents, not bound to voters by any preelection commitment. Second, by bypassing the president and making the cabinet completely dependent on the support of a parliamentary majority, the Althingi's ability to hold the cabinet accountable is enhanced. More recently, however, cabinet leaders have turned the tables and made parliament serve the executive branch. Third, the majority of the public administration is free of political clientelism, but the top levels of the civil service are plagued by clientelistic practices. In sum, two opposite forces are operating at each link of the parliamentary chain of delegation and accountability, one strengthening parliamentary democracy and the other

undermining it. The future of Icelandic parliamentarism depends on which of these forces will prevail.

NOTES

1. We have added the 2003 election to the Pétursson (2005) data. The 1999 election is excluded because only part of the People's Alliance merged with the other left parties.

2. Bloc volatility measures the degree to which voters switch their votes from left-wing parties to right-wing parties. The right bloc is assumed to include the Independence Party, the Progressive Party, the Liberal Party, and the Citizen's Party. The Women's Party was not included among the left bloc parties.

3. See Jóhannesson 2005, 2006. The first three presidents of Iceland all threatened the formation of a nonpartisan cabinet when the parties had difficulty forming a majority coalition. Finnbogadóttir was reluctant to use this option, though Jóhannesson points out that it was rumoured that a nonpartisan cabinet might have been in the works. Since 1991, government formation has proceeded smoothly, thus minimizing the role of the president.

4. Þórleifsson (2006) finds that holding committee chairs has a small but statistically insignificant effect on the influence of the opposition parties.

5. *Morgunblaðið* 2004.

6. As an example, the Althingi's budget increased by about 43 percent between 1998 and 2006.

7. *Morgunblaðið* 1994.

8. The government parties experimented briefly with allowing the opposition to chair parliamentary committees in the 1990s.

9. For example, the privatization of the state banks has come under criticism for cheaply transferring state property into the hands of politically connected individuals.

10. The law goes into effect even if the president vetoes it. Technically, therefore, the president cannot veto legislation but can only subject the law to a referendum.

11. A poll conducted by Gallup in July 2004 indicated that 62 percent of respondents were against the legislation while 31 percent supported it (IMG Gallup 2004).

12. This conclusion depends naturally on the motives of the president. Presidential vetoes could also lead to logrolling between the president and the legislature that could make the public worse off.

13. See, e.g., the Althingi's record of parliamentary debates on bill 485/1993, available at <http://althingi.is/dba-bin/ferill.pl?ltg> 117&mnr 251 (accessed September 17, 2006).

14. Note that Iceland has usually been ranked as one of the least corrupt countries in the world according to Transparency International's Corruption Perceptions Index (CPI). The CPI measures corruption disproportionately in the form of bribes in the public and political sectors. Clientelism or particularism, however, does not necessarily involve bribes. It may simply constitute favorable or preferential treatment of individuals or firms loyal to the party. In other words, while corruption involves the misuse of public office for private gain, clientelism involves the misuse of public office for political gain.

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