

# The Nordic Countries

## Compromise and Corporatism in the Welfare State

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'Norden' is the label for the five countries situated in northern Europe comprising Denmark (5.4 million people in 2005), Finland (5.2 million), Iceland (0.3 million), Norway (4.6 million) and Sweden (9.0 million). The land area covered by these five nation-states is quite extensive, especially if one adds Greenland (2,166,000 sq. km) and the Faroe Islands (1,393 sq. km), which are autonomous areas within the Kingdom of Denmark.

The Nordic countries have strong links with each other, economically and politically. They co-ordinate their policies by means of the Nordic Council, formed in 1952, which has resulted in the harmonisation of regulations and a free labour market. They also to some extent act in a collective fashion in international bodies, although their membership of various supranational bodies varies. Thus Denmark, Iceland and Norway have been members of NATO since 1949. Norway and Iceland are not members of the EU, though they are in the European Economic Area (EEA) with the EU.

Relationships between the Nordic countries and Europe have not been entirely smooth. A number of referenda have been conducted on this issue and the result is that only Finland is a member of both the EU and the Eurozone. Denmark but not Norway became a member of the European Community in 1973, while Sweden and Finland entered the EU in 1995. The Danish 'No' in 2000 in the referendum on joining the European Monetary Union (EMU) as well as a similar referendum in Sweden in 2003 indicate that Norden is far from endorsing full participation in all

aspects of the European project. Table 8.1 displays the outcomes of the most important referenda on this issue between 1972 and 2003.

Thus, three Nordic countries are members of the EU, while the other two countries are part of the EEA. Only Finland has decided to endorse the European Union completely as it has entered the EMU, accepting the Euro. Both Denmark and Sweden have opted out of the EMU. All the Nordic countries have been part of the Schengen Accord since 2001 – Norway and Iceland on an associated basis. This partial integration has, however, opened up a so-called 'Europeanisation' of the Nordic states: public administration and policies.

The Danish, Norwegian and Swedish languages are quite similar, whereas Finnish belongs to an entirely different language family, although to some extent Icelandic is also distinct. All the Nordic countries have been ethnically homogeneous, although there exist substantial and growing minorities, in particular immigrants but also small Sami populations. Multiculturalism has been fostered by globalisation and a firm but quick naturalisation policy. Thus, all the Scandinavian capitals and Helsinki have today sizeable groups with foreign ethnic origins. They all have advanced economies mixing a market economy with large welfare state programmes.

'Scandia' was the old Latin name for the three countries of northern Europe: Denmark, Norway and Sweden (the 'Scandinavian countries') had already formed states or kingdoms during the high medieval period. Finland was ruled by Sweden up to 1809, then came under Russian rule but declared its independence in 1917. Iceland remained under Denmark up to 1944. It should be pointed out that Denmark ruled Norway from 1385 to 1814, when Sweden conquered the country. It became independent again in 1905.

The standard model for the interpretation of Nordic politics is the so-called Scandinavian model. In the international literature it has been pointed out that Nordic politics does not fit conventional democracy models such as the Anglo-Saxon Westminster model or the Continental consensus model. The Scandinavian model comprises a distinct set of institutions, covering the state and local government, the party system, interest groups and the economy.

Table 8.1 Referendums on relations with the European Union, 1972–2003

Country	Year	Question	Turnout %	Yes %
Denmark	1972	Entry to the EC	90	63
	1992	Maastricht	83	49
	1993	Edinburgh	87	57
	2000	Euro	88	47
Finland	1994	Entry to the EU	74	57
Norway	1972	Entry to the EC	79	47
	1994	Entry to the EU	89	48
Sweden	1994	Entry to the EU	83	52
	2003	Euro	83	42

It is not easy to unpack the concept of a specific governance model in Norden, as its features vary somewhat from one country to another. The Scandinavian model emerged out of the Great Depression of the inter-war years around 1935, became hegemonic after the Second World War but has run into increasing difficulties since the early 1980s, particularly in Sweden. Its core is a blend of compromise politics, local government autonomy and corporatism, where party competition is nested together with political and social co-operation. Scandinavian-model politics was initiated by red-green cooperation in Denmark and Sweden in 1933, in Norway in 1935 and in Finland in 1937.

The Scandinavian model developed from small-scale political co-operation across the deep cleavages between the socialist and the non-socialist camps and the urban and rural opposition into a large-scale institutional blueprint combining a universal welfare state with an efficient capitalist economy. The Scandinavian model involves a substantial policy commitment dating back to the 1930s, when a social pact was agreed upon by the major players, replacing the conflict between capital and labour as well as between city dwellers and rural farmers with a compromise that protected the institutions of the market economy but allowed for large-scale government activity in relation to unemployment, protection of peasants and social security. What distinguishes the Nordic welfare state is the generality and comprehensiveness of the programmes. The outcome has been the characteristic feature of a model with a large public sector involving a strong emphasis on more equal distribution of income as well as promoting gender equality. It is also striking that the economies of Nordic countries have done exceptionally well, especially Norway and Denmark, both having oil, as all of them tend to rank high with respect to achievements within the information technology sector, such as internet access.

Politically speaking, the institutions of the Scandinavian model express compromise politics while at the same time the overall constitutional frame remains the Westminster type of adversarial competition. The exact balance of adversarial and compromise politics may vary from one country to another in Norden, as well as shifting with time. Resort to compromise politics is evident in the use of special institutional mechanisms such as the system of public investigations with broad-based participation, bargaining in the parliamentary committees, as well as a variety of corporatist practices in both policy-making and policy implementation. Institutionally speaking, the Nordic state is a unitary state with a parliamentary system of government. Nordic politics is party government on the basis of a multi-party system expressing a multi-dimensional cleavage structure, to which must be added a strong dose of corporatism. The Nordic state has an ambition to score high on rule of law, and its most prominent institution to that effect is the Ombudsman Office.

It should be pointed out that Finnish politics has been somewhat different, as it has housed so-called consociational devices, or grand coalitions. Not only is there a strong tendency towards oversized government coalitions, but specific constitutional rules have called for qualified majority decisions on a regular basis. Up to 1992 one-third of the MPs in the Finnish Parliament (67 out of 200) could delay the passage of a Bill adopted by parliament until parliament assembled again the next year. This extraordinary consociational device was paralleled by the requirement of a two-thirds majority for tax decisions. Both these institutions were abolished in 1992.

In addition, Finland cannot be described as a strictly parliamentary system of government, owing to the strong formal position of the President. The Finnish constitution is based upon a separation of powers between the executive, with real presidential prerogatives, and the legislature, 'dualistic parliamentarism'. The strong power of President Kekkonen has been reduced in the advantage of the Premier since the 1980s. This ongoing trend implies a change from a presidential regime through a semi-presidential one to a parliamentary regime, which was codified with the new constitution enacted in 1999 and enforced from March 2000. Iceland is also led by a President, but political power is concentrated in the Premier. The Scandinavian countries have maintained their royal families.

All the Nordic countries have written constitutions. As the Norwegian constitution is the oldest, dating back to 1814, it comprises the obsolete rules of a constitutional monarchy and lacks formal recognition of the principle of parliamentarism. Iceland's Basic Law of 1944 outlines a republic based upon parliamentarism. The Danish constitution of 1953 contains a strong referendum institution, which requires a referendum for constitutional changes, whereas the Norwegian Basic Law stipulates a two-thirds majority in the Parliament for such decisions. The old 1919 Finnish constitution demanded a majority, then a two-thirds majority, with an election in between, or a five-sixths majority followed by a two-thirds majority decision confirmation; the present constitution from year 2000 has not been changed in this respect. In Sweden the 1974 Basic Law states that constitutional changes may be brought about by two majority decisions by the Parliament with an election in between.

The referendum institution undoubtedly plays a prominent role in Danish politics. Whereas in Norway, Sweden and Iceland the referendum is only consultative and facultative, it is on many issues obligatory and decisive in Denmark. Thus far, in the post-Second World War period Sweden has had 5 referendums, Norway 2, Finland 1 and Iceland no referendum, while Denmark has had 16 during this period.

The judicial branch of government in Norden is framed around the conception of the sovereignty of parliament. There is room for some independent legal review by the ordinary courts in Norway only. No country has a Constitutional Court, though human rights have constitutional protection. The five countries have unicameral National Assemblies. All forms of public power derive ultimately from Acts of parliament, which principle of legislative supremacy has not prohibited a fairly extensive system of local government autonomy, especially in Sweden, Denmark and Finland.

The chief characteristic of Nordic politics – the combination of Westminster politics with consensus politics – does not involve a once-and-for-all fixed structure of political institutions. The actual working out of the combination of adversarial and compromise politics shifts over time and differs from one country to another in Norden, the adversarial atmosphere sometimes dominating, at other times compromise. Changes do occur, as we have noted with Finland, but it is also true that there is a clear ambition to move away from the minority-government framework to minimum winning governments in Scandinavia, while at the same time restraining corporatism or the political power of organised interests.

## ELECTIONS

Scandinavian democracy rests upon an election system strongly geared to proportional representation, underlining both extensive citizen participation in elections and the capacity of minorities to organise and gain representation. The Scandinavian model does not accept any form of majoritarian electoral formula, as all the states attempt to achieve as high a level of correlation between votes and seats as possible. The minimum voting age is eighteen years. The mechanism of adversarial politics, the plurality formula, has not attracted much attention in the five Nordic countries – Iceland being an exception up to 1959. Although discussed somewhat at the time of the introduction of democracy around the end of the First World War, the electoral system has recognised the typical feature of the party systems: the large degree of fractionalisation. The general emphasis is upon strict proportionality, as a system of regional mandates is used to correct for lack of proportionality in the election results. Only Sweden employs a rather high 4 per cent threshold to counteract excessive fractionalisation, with the Danish Parliament using a 2 per cent threshold. As it had been argued that the political parties dominate the elections to the exclusion of personal choice, the Finnish system has a strong element of personal choice for the voter, which is also true for the Danish system, while an element of personal choice was introduced in the Swedish system at the election in 1998. Yet Nordic politics adhere to the model of party governance, as party discipline tends to be high.

The process of translating social cleavages into political life is closely tied up with the development of the political institutions constituting Nordic democracy. Rokkan identified three thresholds that were crucial to the establishment of a democratic regime: extension of the franchise (male and female), proportionality in representation and executive control. The timing of these three thresholds in Norden was:

- 1 Male suffrage: 1898 Norway, 1906 Finland, 1909 Sweden, 1915 Denmark and Iceland.
- 2 Female suffrage: 1906 Finland, 1913 Norway, 1915 Denmark and Iceland, 1921 Sweden.
- 3 Proportional representation: 1906 Finland, 1909 Sweden, 1915 Denmark, 1959 Iceland.
- 4 Parliamentarianism: 1884 Norway, 1901 Denmark, 1904 Iceland, 1917 Sweden, 1919 Finland.

The electoral systems in Norden really result in proportional outcomes. For Denmark we have 98 per cent proportionality, for Finland 93 per cent, for Iceland 97 per cent, for Norway 94 per cent, and finally for Sweden 96 per cent in the elections held during the period 1993–2007. Since Iceland introduced proportional representation (PR) in 1959 there have been very minor differences in the degree of proportionality between the various electoral systems. The overall impression is that the Scandinavian systems display a high degree of proportionality, employing the Sainte-Laguë formula, with Finland scoring marginally lower, as it uses the d'Hondt formula, which Iceland also employs.

There can be little doubt that the strong institutionalisation of proportionality in Nordic election rules has been conducive to multipartism as well as a high level of electoral participation. The average turnout for the post-war period has hovered around 85 per cent in Denmark and Sweden, with Norway at about 80 per cent, whereas Finland has a lower average score of about 77 per cent and Iceland almost reaches 90 per cent. There is a downward trend in electoral participation in the most recent years. The decline in participation in Finland has been interpreted as a manifestation of increasing apathy. It may be pointed out that the turnout for European Parliament elections is extremely low; in the 2004 election the turnout in Sweden was less than 38 per cent and in Finland 41 per cent, while Denmark came close to 48 per cent turnout.

Table 8.2 Elections to parliament in Denmark, 1945–2005

Year	Turnout %	Communists DKP/EL	Socialists		Liberals		Christian KrF	Conservatives KF	People DF	Progress FrP	Other	
			SF	SD	RV	CD						V
1945	86	13	–	33	8	–	23	–	18	–	–	5
1947	86	7	–	40	7	–	28	–	12	–	–	6
1950	82	5	–	40	8	–	21	–	18	–	–	8
1953	81	5	–	40	9	–	22	–	17	–	–	6
1953	81	4	–	41	8	–	23	–	17	–	–	6
1957	84	3	–	39	8	–	25	–	17	–	–	8
1960	86	1	6	42	6	–	21	–	18	–	–	6
1964	86	1	6	42	5	–	21	–	20	–	–	5
1966	89	1	11	38	7	–	19	–	19	–	–	5
1968	89	1	6	34	15	–	19	–	20	–	–	5
1971	87	1	9	37	14	–	16	2	16	–	–	4
1973	89	4	6	26	11	8	12	4	9	–	16	4
1975	88	4	5	30	7	2	23	5	6	–	14	4
1977	89	4	4	37	4	6	12	3	9	–	15	7
1979	86	2	6	38	5	3	13	3	13	–	11	7
1981	83	1	11	33	5	8	11	2	15	–	9	4
1984	88	1	12	32	6	5	12	3	23	–	4	4
1987	87	1	15	29	6	5	11	2	21	–	5	4
1988	86	1	13	30	6	5	12	2	19	–	9	3
1990	83	2	8	37	4	5	16	2	16	–	6	2
1994	84	3	7	35	5	3	23	2	15	–	6	1
1998	86	3	8	36	4	4	24	3	9	7	2	0
2001	87	2	6	29	5	2	31	2	9	12	1	0
2005	84	3	6	26	9	1	29	2	10	13	–	0

## Note:

Communist: DKP: Communist Party (Danmarks Kommunistiske Parti); EL: Unity List (Enhedslisten).

Socialists: SF: Socialist People's Party (Socialistisk Folkeparti); SD: Social Democrats (Socialdemokratiet).

Liberals: RV: Radical Left (Radikale Venstre); CD: Centre Democrats (Centrumdemokraterne); V: Agrarian Liberal (Venstre).

Christian: KrF: Christian People's Party (Kristeligt Folkeparti).

Conservative: KF: Conservative People's Party (Konservativt Folkeparti).

People: DF: Danish People's Party (Dansk Folkeparti).

Progress: FrP: Progress Party (Fremskridtspartiet).

From the introduction of democratic regimes around the First World War the typical feature has been the five-party system, with some variations between nations and over time. On the left there were the social democratic and the communist parties, while the non-socialist parties typically comprised conservative, liberal and agrarian parties. Considering the mere number of political parties represented in parliament the average figure for the years 1945–2007 is higher for Denmark and Finland, 7.8 and 8.0 respectively, than for Norway, with 6.6, Sweden, with 5.6 and Iceland with 4.8. There is a clear trend towards an increase in fractionalisation.

Typical of Nordic politics is moderate fractionalisation, which can be measured by the effective number of parties, which hovers around 5.0. Thus, Sweden has the lowest average score, with 3.7 for 1945–2007, and Iceland and Norway come close with 3.9 and 4.2, respectively, as the average score. Denmark and Finland score

Table 8.3 Elections to parliament in Finland, 1945–2007

Year	Turnout %	Communist SKDL/VAS	Green VIHRR	Socialist SDP	Swede SFP	Liberals LKP	Centre KESK	Christian SKL	Conservatives KOK	Rural SMP	Other
1945	75	24	–	25	8	5	21	–	15	–	2
1948	78	20	–	26	8	4	24	–	17	–	1
1951	75	22	–	27	8	6	23	–	15	–	1
1954	80	22	–	26	7	8	24	–	13	–	0
1958	75	23	–	23	7	6	23	0	15	–	3
1962	85	22	–	20	6	6	23	1	15	2	4
1966	85	21	–	27	6	7	21	1	14	1	3
1970	82	17	–	23	5	6	17	1	18	11	2
1972	81	17	–	26	5	5	16	3	18	9	1
1975	78(74)	19	–	25	4	4	18	3	18	4	4
1979	81(75)	18	–	24	4	4	17	5	22	5	2
1983	81(76)	14	1	27	5	–	18	3	22	10	1
1987	76(72)	9	4	24	5	1	18	3	23	6	7
1991	72(68)	10	7	22	6	1	25	3	19	5	3
1995	72(69)	11	7	28	5	1	20	3	18	1	6
1999	68(65)	11	7	23	5	0	22	4	21	1	5
2003	70(67)	10	8	25	5	0	25	5	19	2	2
2007	68(65)	9	9	21	5	0	23	5	22	4	2

*Note:*

Turnout: Figures in parenthesis include Finnish citizens living abroad.

Communists: SKDL: Finnish People's Democratic League (Suomen Kansan Demokraattinen Liitto); VAS: Left Alliance (Vasemmistoliitto).

Green: VIHRR: Green League (Vihreä Liitto).

Socialist: SDP: Social Democratic Party of Finland (Suomen Sosialidemokraattinen Puolue).

Swede: SFP: Swedish People's Party (Svenska Folkpartiet).

Liberals: LKP: Liberal People's Party (Liberaalinen Kansanpuolue).

Centre: KESK: Centre Party (Agrarian) (Keskustapuolue).

Christian: SKL: Finnish Christian League (Suomen Kristillinen Liitto).

Conservative: KOK: National Coalition Party (Kansallinen Kokoomus).

Rural: SMP: Finnish Rural Party (Suomen Maaseudun Puolue).

higher, 4.8 and 5.6 respectively. Again we note the trend towards more fractionalisation. All the Nordic countries fall outside the Westminster two-party model, which has not prevented the occurrence of both adversarial tactics and catch-all strategies as well as an ambition to form minimum-winning majority coalition governments.

The Nordic political cultures have an activist civic orientation as expressed in relatively high, although decreasing, levels of electoral participation and in the strong backing for several political parties.

Table 8.4 Elections to parliament in Norway, 1945–2005

Year	Turnout %	Communist NKP	Socialist SV	Labour DNA	Centre SP	Christian KRF	Liberal V	Progress FRP	Conservative H	Other
1945	76	12	–	41	8	8	14	–	17	0
1949	82	6	–	46	8	9	14	–	18	1
1953	79	5	–	47	9	11	10	–	19	0
1957	78	3	–	48	9	10	10	–	19	0
1961	79	3	2	47	9	10	9	–	20	0
1965	85	1	6	43	10	8	10	–	21	0
1969	84	1	3	47	11	9	9	–	20	0
1973	80	–	11	35	11	12	4	5	17	4
1977	83	0	4	42	9	12	3	2	25	2
1981	82	0	5	37	7	9	4	5	32	1
1985	84	0	6	41	7	8	3	4	30	1
1989	83	–	10	34	7	9	3	13	22	2
1993	76	0	8	37	17	8	4	6	17	4
1997	78	0	6	35	8	14	5	15	14	3
2001	75	0	13	24	6	12	4	15	21	5
2005	77	0	9	33	7	7	6	22	14	2

*Note:*

Communist: NKP: Norwegian Communist Party (Norges Kommunistiske Parti).

Socialist: SV: Socialist Left Party (Sosialistisk Venstreparti).

Labour: DNA: Norwegian Labour Party (Det Norske Arbeiderparti).

Centre: SP: Centre Party (Agrarian) (Senterpartiet).

Christian: KRF: Christian People's Party (Kristelig Folkeparti).

Liberal: V: Liberals (Venstre).

Progress: FRP: Progress Party (Fremskrittspartiet).

Conservative: H: Conservative Party (Høyre).

Table 8.5 Elections to parliament in Sweden, 1944–2006

Year	Turnout %	Communist VPK/V	Green MP	Socialist SAP	Centre CP	Liberal FP	Christian KD	Moderate M	Other
1944	72	10	–	47	14	13	–	16	1
1948	83	6	–	46	12	23	–	12	0
1952	79	4	–	46	11	24	–	14	0
1956	80	5	–	45	10	24	–	17	0
1958	77	3	–	46	13	18	–	20	0
1960	86	5	–	48	14	18	–	17	0
1964	84	5	–	47	14	18	2	14	0
1968	89	3	–	50	16	16	2	14	0
1970	88	5	–	45	20	16	2	12	1
1973	91	5	–	44	25	9	2	14	1
1976	92	5	–	43	24	11	1	16	0
1979	91	6	–	43	18	11	1	20	1
1982	91	6	2	46	16	6	2	24	0
1985	90	5	2	45	10	14	3	21	1
1988	86	6	6	43	11	12	3	18	1
1991	87	5	3	38	9	9	7	22	8
1994	87	6	5	45	8	7	4	22	2
1998	81	12	5	36	5	5	12	23	3
2002	80	8	5	40	6	13	9	15	3
2006	82	6	5	35	8	8	7	26	6

*Note.*

Communist: V: Left Party (Vänsterpartiet).

Green: MP: Environmental Party – the Greens (Miljöpartiet De Gröna).

Socialist: SAP: Swedish Social Democratic Workers' Party (Sveriges Socialdemokratiska Arbetarparti).

Centre: CP: Centre Party (Agrarian) (Centerpartiet).

Liberal: FP: People's Party – the Liberals (Folkpartiet Liberalerna).

Christian: KD: Christian Democrats (Kristdemokraterna).

Moderate: M: Moderate Unity Party (Moderata Samlingspartiet).

**PARTIES AND PARTY STRATEGIES**

From the very beginning of the democratic regime the socio-economic cleavage or left–right division has been dominant in Scandinavian politics. Political parties have been formed according to this dimension and several of the political issues developed around this cleavage. Against the socialist bloc comprising a large Social Democratic party plus one more left-wing party, whether a left-Socialist party or a Communist party, has stood a non-socialist bloc consisting of a Conservative party plus a few centre parties. Only in Finland has polarisation been high, reflecting the fact that the Communist Party scored over 20 per cent support here up to the 1960s.

The size of the Social Democratic parties varies from the very large ones in Sweden and Norway to smaller ones in Denmark, Finland and Iceland. The left-Socialist parties in Denmark and Norway are not insignificant. The non-socialist spectrum

covers a Conservative party, a Liberal party and an Agrarian party (Centre party), complemented recently by Populist and Green parties in the 1980s. The electoral outcomes of the various so-called bourgeois or non-socialist parties have fluctuated considerably over time.

The left–right dimension still has an impact on Scandinavian politics, although there are indications that its relevance has decreased over time. One major post-Second World War trend is the striking decline in class voting. It may be measured by the proportion voting for the left, i.e. Socialist or Communist parties, among the working classes. In Denmark the decline is from 73 per cent (1957) to 42 per cent (2001), in Finland from 81 per cent (1958) to 50 per cent (2003), in Norway from 78 per cent (1957) to 40 per cent (2001) and in Sweden from 76 per cent (1956) to 66 per cent (1998). If one employs the Alford class voting index the same trend is found, as class voting is down from 48 to 6 in Denmark, from 64 to 22 in Finland, from 44 to 2 in Norway and from 51 to 26 in Sweden.

That class voting is on the retreat is a long-run tendency that admits short-term fluctuations. Thus one may expect a rise in class voting in periods of economic crisis, as in the early 1990s. Still, it is a fact that the socio-economic cleavage, based upon material foundations, tends to be replaced in Norden by another kind of cleavage, summarised in the theme of post-materialism or *new politics*. Data indicate that post-materialist values have an anchor, especially among the post-war generations. However, the other major trend since 1945, besides de-alignment along the class cleavage, has been the realignment of the electorate according to the logic of new politics.

Party government is institutionalised in Norden, political action being overwhelmingly dominated by political parties, which channel electoral participation by means of list voting. All states have generous systems for the public funding of political parties. The Nordic party systems express multi-dimensional issues, involving one strong alignment between the left and the right and less strong additional alignments expressed partly by the parties in the non-socialist bloc but also by the Green party.

A majority of the parties operating on the Nordic political scene date back to the 1920s and earlier, including the Liberal and Conservative parties as well as the Social Democratic parties. The Norwegian Venstre and Høyre were formed back in the 1880s, while the Danish Venstre goes back to 1871. The Swedish and Finnish non-socialist parties were built up in the years around 1900. The Social Democratic parties were founded around the same time, with the Danish party the oldest (1871) and the Finnish party the youngest (1899). The Agrarian and the Communist parties made their appearance shortly before and after the First World War, respectively. The Finnish Agrarian party is the oldest (1907) and the Norwegian Agrarian party the youngest (1920), while the Swedish Communist Party is the oldest (1917) and the Norwegian Communist Party the youngest (1923).

The political parties in Iceland differ somewhat from the prevailing Scandinavian model. They include a large conservative party – the Independence Party, formed in 1929 as a reaction to Danish rule. Its share of the electorate has hovered around 35–40 per cent. The second party is the Progress Party, which is a rural party with average support of around 20 per cent. The Social Democratic Party has never equalled the

Nordic Social Democratic parties in size, hovering at about 15 per cent. As a matter of fact the Left-Socialist Party in Iceland has received slightly more support than the Social Democrats. The most conspicuous party may have been the Women's Alliance, its highest share of vote 10.1 per cent in 1987, and with a 5 per cent share at the 1995 election. In the 1999 election some merged with the Social Democratic Alliance while others joined the Left-Green Movement.

### Size of traditional parties

These parties, representing six different party types if the ethnic Swedish-language People's Party in Finland is added, have played a dominant role since the early 1920s. Looking at electoral support for these parties, here called the 'traditional' parties, from the 1940s to the 2000s one may establish that these parties totally dominated the political scene until the phenomenon of new politics arrived in Norden in the 1970s.

In the 1940s the traditional parties reached very high levels of support, roughly 94 per cent in Denmark and 99 per cent in Finland, Norway and Sweden. They more or less managed to retain that level of support until the 1970s, when the overall pattern started to change. The average scores for these parties were already much lower in the 1970s in Denmark and Norway, at 70 per cent and 73 per cent, but it was not until the early 1990s that their share of the vote was also down in Finland and Sweden, at 83 per cent and 82 per cent. And this pattern holds true also for the early 2000s, when the traditional parties had a stronger standing in Finland and Sweden than was the case in Denmark and Norway. One of the most conspicuous aspects of recent Nordic politics is the dealignment as well as the realignment of the electorate around new parties. The process of increasing instability manifested itself in a few major changes in the party systems up to the early 2000s: (1) the decline of the Social Democratic parties; (2) the introduction of new political parties; (3) the emergence of left-wing Socialist parties, partly as a transformation of the Communist parties. As a result, voter volatility is up sharply, both gross and net volatility.

The average support for Social Democratic parties between 1945 and 2007 was as high as 44 per cent in Sweden and 40 per cent in Norway, whereas the average scores were clearly lower in Denmark, at 35 per cent, and in particular in Finland, at 25 per cent, and Iceland, at 15 per cent. The Finnish exception depends upon the high level of support for the Communist Party, as high as 17 per cent on average. In the Scandinavian countries the Communist parties rallied far less support, at 2 per cent in Denmark, 3 per cent in Norway and 6 per cent in Sweden during the period 1945–2007. In the early 1990s the former Communist parties transformed themselves into left-wing parties. The Danish party has no real successor, while the experience of the Finnish and Swedish parties varies. The Finnish successor party is supported by some 10 per cent of the electorate, whereas the Swedish Left party temporarily received an increased support, to some extent due to its EU-negative standing, but this went down in the early 2000s.

Among the non-socialist parties, the Conservative parties have managed to attract considerable support from one election to another, amounting to almost one-fifth of the electorate. Between 1945 and 2007 the average outcome was 15 per cent in

Denmark, 18 per cent in Finland, 20 per cent in Norway and 18 per cent in Sweden, where the Conservative party reached 26 per cent in 2006. With increasing voter volatility, the fortunes of the Conservative party have, however, varied significantly, with a low of 9 per cent support in Denmark in 1998 and the Norwegian Conservative party suffering a setback from 32 per cent in 1981 to 14 per cent in 2005. The overall trend for the Liberal parties in Norden is downward. Average support in 1945–2007 was much lower in Denmark, with 7 per cent, Finland, with 4 per cent, and Norway, with 7 per cent; Sweden was the only exception, with an average of 14 per cent support for the Liberal party. The trend for the last elections indicates a further strong reduction in electoral support for the Liberal parties.

One of the distinctive traits of Nordic politics is the strong political institution-alisation of an agrarian movement. Not only were special Agrarian parties organised early in the process of introducing mass politics, but they have been successful in retaining considerable electoral support, especially since they identified themselves as centre parties. The strongest centre party is to be found in Finland, where the average level of support between 1945 and 2007 was 21 per cent. In 2003 and 2007, it received around a high 24 per cent. Also the Danish Agrarian party (Venstre) is large, relatively speaking, with 19 per cent support on average but scoring a high 29 per cent in 2005. Yet with increasing voter volatility the fortunes of the Centre parties vary. Thus, the Swedish Centre party, with 13 per cent on average, shrank considerably in the late 1980s and early 1990s, only to stabilise at around 8 per cent in 2006. In the 1990s, the Centre party was also standing strong in Norway, where it had risen from 7 per cent in 1981 to 17 per cent in 1993, leading the opposition to Norwegian entry to the European Union, but it declined in 1997 and again in 2005. The Agrarians (Centre party) are thus standing strong in Denmark and Finland in the early 2000s.

### Introduction of new parties

The transformation of Nordic politics started with setbacks for the traditional parties, beginning with the 1973 'earthquake' elections in Denmark and Norway, and continued in the 1991 election in Sweden. The first new parties on the political scene were the religious parties (beginning with the Christian People's Party, KRF, in Norway) and the left-socialist parties (starting with the Socialist People's Party, SF, in Denmark). The other new parties entering the political arena were populist parties on the one hand and Green parties on the other. The amount of support given to populist parties in Norway (22 per cent in 2005) and Denmark (13 per cent in 2005) has shocked international observers, as these parties challenge the Scandinavian model.

Religious parties were created in all the four major Nordic countries. They are now somewhat larger in Norway and Sweden than in Denmark and Finland, with support of around 7 per cent in Norway and Sweden in the early 2000s, against 2 per cent and 5 per cent in Denmark and Finland, respectively.

The relatively large left-socialist parties in Denmark and Norway, with support of 6 per cent and 11 per cent in the 2000s, respectively, have not suffered from

the decline of communism, as they had already marked their distance from the Communist parties in the 1960s; the Norwegian SV was thus able to enter government for the first time in 2005 in coalition with the Social Democrats and the Agrarians.

The populist parties started to receive support in the early 1970s in Finland, Denmark and Norway, while it was only in 1991 that a populist party entered parliament in Sweden; however, it lost its mandate in the 1994 election and has since disappeared. Only in Denmark and Norway have populist parties gained strong electoral support. The Norwegian Progress Party was in fact the strongest non-socialist party in the 1997 and 2005 elections. The Danish Progress Party suffered a split in 1995 and the leading populist party in Denmark is now the Danish People's Party, led by Pia Kjaersgaard and clearly outflanking the Progress Party from its first election in 1998.

The Green parties have met with limited success, where most support was provided in Finland in 2007, at 9 per cent, with the party being part of the government between 1995–2002 and 2007. In Sweden the ecologists entered the Parliament in 1988, did not reach the threshold in the 1991 election, then returned to the Parliament in 1994. In the 2006 election, the Swedish Greens scored 5 per cent. There are also Green parties in Denmark and Norway, but they have so far only received very limited support from the voters.

Nordic politics has been very much focused on the major changes taking place within the party systems from the early 1970s onwards. The rise of new parties and the decline of the traditional parties indicate increasing instability in the party systems, making elections more unpredictable as the electorate is more prone to change its allegiance from one election to another.

### Rise in volatility, both gross and net

Looking at data on net as well as gross volatility gives support to such a conclusion, gross volatility measuring how the voters move from one party to another and net volatility measuring the resultant changes in overall support for a party. One aspect of Scandinavian exceptionalism by comparison with the Continental countries in Europe was a long period of low volatility scores, beginning in the late 1940s and ending in the early 1970s in Denmark and Norway and in the 1980s in Finland and Sweden. Each country has its particular election year when instability surfaced.

In the 1950s net volatility amounted to 6 per cent in Denmark and 4 per cent in Norway, but during the 1970s it rose to 16 per cent in both countries, gross volatility reaching 31 per cent in Denmark and 25 per cent in Norway. For Sweden and Finland net volatility was very low in the 1950s, at 5 per cent and 4 per cent, respectively. However, in the early 1990s the picture changed dramatically, as net volatility was up to 15 per cent and 13 per cent, respectively. Gross volatility has increased from 7 per cent in the 1950s to 20 per cent in the 1980s and to 34 per cent in 2006 among the Swedish electorate. The gross volatility scores remain high for both Denmark and Norway, with scores around 34 and 40 per cent, respectively, in the recent elections of 2001 and 2005, meaning that almost 1 voter in 3 changed his or

her allegiance. In general, measures of net and gross volatility go together, but the rise in net volatility is portrayed in a more straightforward way in the data than gross volatility.

The tendency towards party system instability has induced a reassessment of the pros and cons of party government. There is more scepticism today about political parties, which is expressed among other things in a clear decline in party membership. There is a general downward trend in the four larger Nordic countries. Looking at data comparing membership as a percentage of voters in 1980 and the early 2000s, this trend is most marked in Norway, where the ratio in 1980 was 15 but 6 in 2003, while this ratio is higher in Norway than in both Denmark and Sweden.

Although there have been important changes in the party systems during the last decades, it should be emphasised that the traditional parties still have a rather strong standing. The general ability of these parties to adapt to changing circumstances is of major importance, as, for instance, one crucial institutional factor was the introduction of public funding of political parties. Legislation allowing state funding of political parties was introduced first in Sweden in 1965, followed by Finland in 1967, Norway in 1970 and Denmark only in 1986. It holds true that the smaller the party the more it is dependent upon public funds. With regard to small parties, 80 or 90 per cent of their budget is covered by public funds, while overall dependence on public funding ranges between 50 and 60 per cent.

### Party strategies: ideology and issues

The strategies followed by the political parties may be characterised in terms of the distinction between ideology (reliance on the party programme) and tactics (maximisation of parliamentary influence and impact on the executive). Important for the choice of strategy has been, on the one hand, the size of the party in parliament and, on the other, the political relevance of the party, i.e. its position on the left–right political scale. Parties stressing tactics are to be found among the traditional parties, with the exception of the Communist parties. The new parties underline ideology more, although the religious parties have recently mixed tactics with ideological purity, as secularisation appears unstoppable in Norden. Looking at some major issues during the post-war era, it is evident that the ideological dimension has played a minor role while the tactical component has played the decisive role in deciding the party orientation to these issues. The Social Democratic parties and the Conservatives have adopted catch-all strategies.

Yet data on party policy alignment show that the right–left dimension is still the prevailing mode for the voters to position themselves in relation to the political parties. Tables 8.6–8.9 show how voters placed themselves in the four major Nordic countries during the early 2000s. It is also the case that this pattern is quite similar for the four countries: on the left the leftist or the former Communist parties and on the right the populist and the Conservative parties, while the Social Democrats, Christians, Liberals and Centre parties tend to occupy the political centre, and the Greens are left of centre.

Table 8.6 Left–right placement of parties in Denmark

Communist EL	Socialists SF, SD	Radical RV	Centre CD	Christian KrF	Liberal V	Conservative KF	People DF	Progress FrP
Left	Centre-left	Centre				Centre-right		Right

Party names:

- EL: Unity List (Enhedslisten).
- SF: Socialist People's Party (Socialistisk Folkeparti).
- SD: Social Democrats (Socialdemokratiet).
- RV: Radical Left (Radikale Venstre).
- CD: Centre Democrats (Centrumdemokraterne).
- KrF: Christian People's Party (Kristeligt Folkeparti).
- V: Agrarian Liberal (Venstre).
- KF: Conservative People's Party (Konservativt Folkeparti).
- DF: Danish People's Party (Dansk Folkeparti).
- FrP: Progress Party (Fremskridtspartiet).

Source: As for Table 2.4; Grendstad (2003).

Table 8.7 Left–right placement of parties in Finland

Communist VAS	Green VIHR	Socialist SDP	Swede SFP	Centre KESK	Christian SKL	National KOK	Rural SMP
Left	Centre-left		Centre		Centre-right		Right

Party names:

- VAS: Left Alliance (Vasemmeistoliitto).
- VIHR: Green League (Vihreä Liitto).
- SDP: Social Democratic Party of Finland (Suomen Sosialidemokraattinen Puolue).
- SFP: Swedish People's Party (Svenska Folkpartiet).
- KESK: Centre Party (Agrarian) (Keskustapuolue).
- SKL: Finnish Christian League (Suomen Kristillinen Liitto).
- KOK: National Coalition Party (Kansallinen Kokoomus).
- SMP: Finnish Rural Party (Suomen Maaseudun Puolue).

Source: As for Table 2.4; Grendstad (2003).

Issue voting may be on the rise due to the fact that social heterogeneity has both increased and decreased. As the Nordic countries are facing a larger number of foreign residents entering their countries, this has added cultural heterogeneity to the social structure. Foreign residents as a percentage of the entire population have increased relatively rapidly during the last decades. Around 2000, they amount to 5 per cent in Denmark, Norway and Sweden, but only 2 per cent in Finland. At the same time the Nordic countries have extended citizenship to large proportions of the immigrants, so that the share of the populations who are of foreign descent is much larger than these figures suggest. The metropolitan areas of the Nordic countries have today substantial proportions of people from non-European countries, who are either first- or second-generation immigrants. How relevant the immigration issue may be can be

Table 8.8 Left–right placement of parties in Norway

Socialist SV	Labour DNA	Centre SP	Christian KRF	Liberal V	Progress FRP	Conservative H
Left	Centre-left	Centre		Centre-right		Right

Party names:

- SV: Socialist Left Party (Sosialistisk Venstreparti).
- DNA: Norwegian Labour Party (Det Norske Arbeiderparti).
- SP: Centre Party (Agrarian) (Senterpartiet).
- KRF: Christian People's Party (Kristelig Folkeparti).
- V: Liberals (Venstre).
- FRP: Progress Party (Fremskrittspartiet).
- H: Conservative Party (Høyre).

Source: As for Table 2.4.

Table 8.9 Left–right placement of parties in Sweden

Communist V	Green MP	Socialist SAP	Centre CP	Liberal FP	Christian KD	Moderate M
Left	Centre-left		Centre		Centre-right	Right

Party names:

- V: Left Party (Vänsterpartiet).
- MP: Environmental Party—the Greens (Miljöpartiet De Gröna).
- SAP: Swedish Social Democratic Workers' Party (Sveriges Socialdemokratiska Arbetarparti).
- CP: Centre Party (Agrarian) (Centpartiet).
- FP: People's Party—the Liberals (Folkpartiet—Liberalerna).
- KD: Christian Democrats (Kristdemokraterna).
- M: Moderate Unity Party (Moderata Samlingspartiet).

Source: As for Table 2.4; Grendstad (2003).

seen from the electoral success of the populist parties, in particular in Denmark and Norway.

On the other hand, what has decreased social heterogeneity is the social transformation of the class system, increasing the middle classes at the expense of the working classes and the high bourgeoisie. The attendant outcome of social mobility and reduction of social barriers is an immense increase in voter volatility, as people are no longer loyal towards their social background. This has forced the political parties to change their appeal from a cleavage-oriented message to issue-based platforms with a strong media appeal that change from one election to another. This has especially hurt the working-class parties, whose voters sometimes desert them for other parties, including populist ones to some extent.

The Nordic countries have been seen as prototypes for the Lipset and Rokkan (1967) theory of frozen party systems in Western Europe. Nordic politics used to be channelled through a stable and persisting pattern of social cleavages. Thus, the party system was based upon proportional representation techniques, which expressed the



social cleavages in the agrarian-industrial society. The working classes had their political parties, the agrarian group its party, the middle classes their parties and the wealthy their party. Ethnicity was expressed in the Finnish party system through the Swedish People's Party as well as in Norway in the issue of Norwegian language ('*nynorsk*'), whereas the aboriginal groups of Sami and Eskimos were too small or dispersed to be politically organised.

Although the Nordic party systems remain multi-party systems they are no longer based upon these traditional cleavages. Profound developments both among the political parties and in the social structure have resulted in processes of dealignment as well as realignment. New parties have been formed, such as left-Socialist parties, religious parties, Green parties and populist parties. And some of the old parties dating back to the introduction of mass politics in a democratic polity have been transformed considerably, such as the Agrarian and Communist parties, becoming Centre and Socialist parties respectively. These conspicuous developments have cut the links between party support and position in the social structure, entailing a sharp rise in gross volatility in elections in the early 2000s.

## PARLIAMENTS

The Nordic countries have strong parliaments both on paper and in reality. Today all Nordic countries have unicameral parliaments. Denmark moved to a one-chamber system in 1953 and Sweden in 1970. The Norwegian Parliament (Stortinget) divides into two sections (Lagtinget and Odelstinget) on legislative matters. Explicitly, their constitutions provide the National Assemblies with exclusive legislative powers and formally or informally with the power to dismiss governments that lose their confidence. The political systems of the Nordic countries embrace the principle of the sovereignty of parliament, meaning that all exercise of public power must go back to law enacted in the representative assembly, which is a Westminster-model feature of Norden.

Finnish constitutionalism departs somewhat from the Scandinavian practice. It includes a presidential system of government where the powers of the President used to be truly impressive. However, it is another matter whether the presidents have managed to employ those powers. Whereas Kekkonen was stronger than both the Premier and the cabinet over a very long period of time (1956–82), developments under Koivisto (1982–94) and Ahtisaari (1994–2000) strengthened Finnish parliamentarianism at the expense of presidential rule, at the same time as a procedure for directly electing the President was introduced in 1994. Recent constitutional changes have further reinforced the power of the Premier, as, for instance, the President can no longer dissolve parliament without a proposal from the Premier. The first female Finnish President, Tarja Halonen, elected in 2000, thus has less formal power than her male predecessors. Therefore it is appropriate to classify the Finnish regime today as more parliamentarian than semi-presidential.

The amount of parliamentary activity, as well as the political significance of such activity, has increased considerably since the Second World War with all the legislation necessary for building the Nordic welfare state. As minority governments came to

prevail in Denmark, Norway and Sweden, there was a major shift towards so-called committee parliamentarianism, i.e. policy-making has been negotiated in the standing committees of parliament. More and more the government needs to bargain with different parties from one policy area to the other, where the crucial decisions are hammered out in parliamentary committees. The standing committees number 25 in Denmark, 14 in Finland, 12 in Iceland and Norway and 15 in Sweden; the EU advisory committee in Sweden is not formally considered to be a standing committee. It remains to be seen whether the bare-majority coalition governments which came to power in the 2005 and 2006 elections in Norway and Sweden will lead to a stronger position for the government in relation to the National Assembly.

Real parliamentary political power is heavily dependent upon the nature of government formation, majority governments being conducive to 'Minister Caesarism', whereas in 'committee parliamentarianism' the standing committees of the National Assembly have the final responsibility for drafting the policies that parliament will vote upon. During periods of majority government, the national assemblies in reality constitute rubber-stamp bodies, approving policies that have been drawn up elsewhere, e.g. in iron triangles comprising the Cabinet, the bureaucracy and the interest groups, where corporatist practices loom large.

Clearly, the typical feature of Scandinavian politics has been committee parliamentarianism, except for the periods of Social Democratic hegemony. This trend is strengthened by the tradition of strong party cohesion at roll-call votes in Parliament. An index measuring the degree of cohesion in the mid-1990s (the Rice index, ranging from 0 to 100) shows scores over 96 in four of the countries, with Finland slightly deviating with a score of 88.6. Yet the ambition to form majority governments has never been relinquished despite the many minority cabinets in Denmark, Norway and Sweden.

In the Nordic National Assemblies, policy-making has become more or less formalised into a semi-rational policy-making structure involving the creation of a commission of inquiry whose reports are sent out for review by all concerned and then end up in parliament for committee scrutiny and final legislation. The attempt at comprehensive policy-making is combined with consultation procedures, resulting in opportunities for expressing various opinions as well as for compromise among interested parties. An inquiry into legislative matters may also be initiated by the opposition parties in parliament, by calling on the government to appoint a commission with broadly-based representation.

The Nordic parliaments have been a vehicle for deprived groups ascending to political power to employ public policies to change society. One aspect of this is how well the opinions and the social background of the voters are represented by MPs. Comparative data on opinion – or issue – agreement indicate that there is a variation between the Nordic countries, but with regard to the basic left–right issue dimension then there is more of agreement between voters and MPs. Two basic patterns may be identified: one elite polarised pattern where MPs on the left and on the right are more radical than their voters (Denmark); and one left-leaning elite where the MPs tend to be more left-leaning than their voters from the left to the right (Finland).

The gender dimension in the representative assembly may now be regarded as the major indicator of social representation. There has been a substantial growth in

the number of female MPs in all Nordic countries. As a matter of fact, in 2005 the Nordic countries ranked among the highest with regard to female parliamentary representation worldwide. In 1950 the relative share of female representatives was 8 per cent in Denmark, 9 per cent in Finland, 3.5 per cent in Iceland, 4.5 per cent in Norway and 9.5 per cent in Sweden. Around 2005 the corresponding figures had climbed to 37 per cent in Denmark, 42 per cent in Finland, 32 per cent in Iceland, 38 per cent in Norway and 47 per cent in Sweden. Since 1970 there has been steady growth in female representation, so that in 2005 slightly more than one in three MPs was a woman. The situation of women in Iceland has been different, and the low representation of women may have been one factor of major importance in the foundation of the Women's Party in Iceland in the early 1980s.

## GOVERNMENTS

Although the political culture in Nordic countries emphasises compromise, the goal of forming a one-party majority government has in no way lost its relevance. In Finland there is frequent resort to oversized coalitions, but in the Scandinavian states both the left and the right aim to achieve a simple majority government either by means of a minimum-winning coalition among the non-socialist parties or by means of a real majority situation in parliament for the Social Democratic parties, supported tacitly by other left-wing parties, such as the former Communist Party in Sweden. Only in Finland are there the typical so-called consociational devices like consensus governments and minority protection, whereas government formation in Scandinavia involves much adversarial politics between the socialists and the non-socialists. Icelandic governments tend to be majoritarian.

Information about government formation in the four major Nordic countries is presented in Tables 8.10–8.13. Looking at the composition of governments between 1945 and 2007, different kinds of government have been formed in the various Nordic states. Majority single-party governments can only be found in Norway (27 per cent of the time) and in Sweden (3 per cent). As a matter of fact, it has become impossible to form this kind of government today, due to the heavy party fractionalisation and multidimensional nature of the political issues. The classic examples of single-party dominance include the long period in power of the Gerhardsen Social Democratic majority government in Norway and the many years in government for the Swedish Social Democrats, ruling with a minority government, supported tacitly by one or more parties.

Majority coalitions have been formed in all the Nordic countries, but they occur often only in Finland (82 per cent) and in Iceland (95 per cent). It must be emphasised, though, that oversized majority or 'surplus' governments are formed almost exclusively in Finland. In the other countries, the majority government coalitions tend to be minimal winning. In Norway the non-socialist parties have formed majority coalition governments a couple of times (13 per cent), which is also true of Denmark (6 per cent) and Sweden (6 per cent). The other major type of government is a Social Democratic single-party minority government, as in Sweden (74 per cent), in Norway (45 per cent) and Denmark (37 per cent). Over time, it has become

increasingly difficult to form majority governments in Scandinavia, especially in Denmark, where there are more and more minority coalition governments (48 per cent).

One institution of major importance for the frequent use of minority governments in Nordic politics is negative parliamentarism. Its basic rule is that governments may be formed without the explicit and positive support of a political majority in parliament. A government survives as long as it is at least tacitly tolerated, because it has to step down only when there is an intentional vote of no confidence. Actually the Schlüter government in Denmark survived several parliamentary defeats during the 1980s and remained in power.

The overall pattern of government formation differs between the various countries, reflecting the variation in voter support for the largest party, the Social Democrats.

Table 8.10 Governments of Denmark, 1945–2005

No.	Year	Prime Minister	Party composition
1	1945	K. Kristensen	Agrarian
2	1947	H. Hedtoft	Social Democrat
3	1950	H. Hedtoft	Social Democrat
	1950	E. Eriksen	Conservative, Agrarian
4	1953	E. Eriksen	Conservative, Agrarian
5	1953	H. Hedtoft	Social Democrat
	1955	H. C. Hansen	Social Democrat
6	1957	H. C. Hansen	Social Democrat, Radical
	1960	V. Kampmann	Social Democrat, Radical
7	1960	V. Kampmann	Social Democrat, Radical
	1962	J. O. Krag	Social Democrat, Radical
8	1964	J. O. Krag	Social Democrat
9	1966	J. O. Krag	Social Democrat
10	1968	H. Baunsgaard	Radical, Agrarian, Conservative
11	1971	J. O. Krag	Social Democrat
	1972	A. Jørgensen	Social Democrat
12	1973	P. Hartling	Agrarian
13	1975	A. Jørgensen	Social Democrat
14	1977	A. Jørgensen	Social Democrat
	1978	A. Jørgensen	Social Democrat, Agrarian
15	1979	A. Jørgensen	Social Democrat
16	1981	A. Jørgensen	Social Democrat
	1982	P. Schlüter	Conservative, Agrarian, Centre, Christian
17	1984	P. Schlüter	Conservative, Agrarian, Centre, Christian
18	1987	P. Schlüter	Conservative, Agrarian, Centre, Christian
19	1988	P. Schlüter	Conservative, Agrarian, Radical
20	1990	P. Schlüter	Conservative, Agrarian
	1993	P. Nyrup Rasmussen	Social Democrat, Radical, Centre, Christian
21	1994	P. Nyrup Rasmussen	Social Democrat, Radical, Centre
	1996	P. Nyrup Rasmussen	Social Democrat, Radical
22	1998	P. Nyrup Rasmussen	Social Democrat, Radical
23	2001	A. Fogh Rasmussen	Agrarian, Conservative, Centre
24	2005	A. Fogh Rasmussen	Agrarian, Conservative, Centre

Note: The first party indicates the Prime Minister's affiliation.

Table 8.11 Governments of Finland, 1945–2007

No.	Year	Prime Minister	Party composition
1	1945	J. A. Paasikivi	Agrarian, Social Democrat, Swedish, Liberal, Communist
	1946	M. Pekkala	Communist, Agrarian, Social Democrat, Swedish
2	1948	K. A. Fagerholm	Social Democrat
	1950	U. Kekkonen	Agrarian, Swedish, Liberal
	1951	U. Kekkonen	Agrarian, Social Democrat, Swedish, Liberal
3	1951	U. Kekkonen	Agrarian, Swedish, Liberal
	1951	U. Kekkonen	Agrarian, Swedish, SFID
	1953	U. Kekkonen	Agrarian, Swedish
4	1953	S. Tuomija	Caretaker
	1954	R. Törnqren	Agrarian, Social Democrat, Swedish, Social Democrat
5	1954	U. Kekkonen	Agrarian, SDID
	1956	K. A. Fagerholm	Social Democrat, Agrarian, Swedish, Liberal
	1957	V. Sukselainen	Agrarian, Swedish, Liberal
	1957	V. Sukselainen	Agrarian, Swedish
	1957	V. Sukselainen	Agrarian, Workers', Liberal
6	1957	R. Von Fieandt	Caretaker
	1958	R. Kuuskoski	Caretaker
	1958	K. A. Fagerholm	Social Democrat, Agrarian, Conservative, Swedish, Liberal
	1959	V. Sukselainen	Agrarian
	1961	M. Miettunen	Agrarian
	1962	A. Karjalainen	Agrarian, Conservative, Swedish, Liberal
7	1963	R. R. Lehto	Caretaker
	1964	J. Virolainen	Agrarian, Conservative, Swedish, Liberal
	1966	R. Paasio	Social Democrat, Agrarian, Communist, Workers'
8	1968	M. Koivisto	Social Democrat, Agrarian, Swedish, Communist, Workers'
	1970	T. Aura	Caretaker
	1970	A. Karjalainen	Agrarian, Social Democrat, Swedish, Liberal, Communist
	1971	A. Karjalainen	Agrarian, Social Democrat, Swedish, Liberal
9	1971	T. Aura	Caretaker
	1972	R. Paasio	Social Democrat
	1972	K. Sorsa	Social Democrat, Agrarian, Swedish, Liberal
	1975	K. Linanmaa	Caretaker
	1975	M. Miettunen	Agrarian, Social Democrat, Swedish, Liberal, Communist
	1976	M. Miettunen	Agrarian, Swedish, Liberal
	1977	K. Sorsa	Social Democrat, Agrarian, Swedish, Liberal, Communist
	1978	K. Sorsa	Agrarian, Liberal, Communist
12	1979	M. Koivisto	Social Democrat, Agrarian, Swedish, Communist
	1982	K. Sorsa	Social Democrat, Agrarian, Swedish, Communist
	1982	K. Sorsa	Social Democrat, Agrarian, Swedish, Liberal
13	1983	K. Sorsa	Social Democrat, Agrarian, Swedish, Populist
	1987	H. Holkeri	Conservative, Social Democrat, Swedish, Populist
14	1990	H. Holkeri	Conservative, Social Democrat, Swedish
	1991	E. Aho	Agrarian, Conservative, Swedish, Christian
15	1994	E. Aho	Agrarian, Conservative, Swedish
	1995	P. Lipponen	Social Democrat, Conservative, Swedish, Green, Communist
17	1999	P. Lipponen	Social Democrat, Conservative, Swedish, Green, Communist
18	2003	A. Jäätteenmäki	Agrarian, Social Democrat, Swedish
	2003	M. Vanhanen	Agrarian, Social Democrat, Swedish
19	2007	M. Vanhanen	Agrarian, Conservative, Green, Swedish

Note: The first party indicates Prime Minister's affiliation.

Table 8.12 Governments of Norway, 1945–2005

No.	Year	Prime Minister	Party composition
1	1945	E. Gerhardsen	Labour
2	1949	E. Gerhardsen	Labour
	1951	O. Torp	Labour
3	1953	O. Torp	Labour
	1955	E. Gerhardsen	Labour
4	1957	E. Gerhardsen	Labour
	1961	E. Gerhardsen	Labour
5	1963	J. Lyng	Conservative, Agrarian, Christian, Liberal
	1963	E. Gerhardsen	Labour
6	1965	P. Borten	Agrarian, Christian, Conservative, Liberal
	1969	P. Borten	Agrarian, Christian, Conservative, Liberal
7	1971	T. Bratteli	Labour
	1972	L. Korvald	Christian, Agrarian, Liberal
	1973	T. Bratteli	Labour
8	1976	O. Nordli	Labour
	1977	O. Nordli	Labour
9	1981	G. Harlem Brundtland	Labour
	1981	K. Willoch	Conservative
10	1983	K. Willoch	Conservative, Agrarian, Christian
	1985	K. Willoch	Conservative, Agrarian, Christian
11	1986	G. Harlem Brundtland	Labour
	1989	J. P. Syse	Conservative, Agrarian, Christian
12	1990	G. Harlem Brundtland	Labour
	1993	G. Harlem Brundtland	Labour
13	1996	T. Jagland	Labour
	1997	K. Bondevik	Christian, Agrarian, Liberal
14	2000	J. Stoltenberg	Labour
	2001	K. Bondevik	Christian, Conservative, Liberal
15	2001	K. Bondevik	Christian, Conservative, Liberal
16	2005	J. Stoltenberg	Labour, Agrarian, Left Labour

Note: The first party indicates Prime Minister's affiliation.

Table 8.13 Governments of Sweden, 1946–2006

No.	Year	Prime Minister	Party composition
1	1946	T. Erlander	Social Democrat
2	1948	T. Erlander	Social Democrat
	1951	T. Erlander	Social Democrat, Agrarian
3	1952	T. Erlander	Social Democrat, Agrarian
	1956	T. Erlander	Social Democrat, Agrarian
4	1957	T. Erlander	Social Democrat
	1958	T. Erlander	Social Democrat
5	1960	T. Erlander	Social Democrat
	1964	T. Erlander	Social Democrat
6	1968	T. Erlander	Social Democrat
	1969	O. Palme	Social Democrat
	1970	O. Palme	Social Democrat
7	1973	O. Palme	Social Democrat
	1973	O. Palme	Social Democrat

Table 8.13 (continued)

No.	Year	Prime Minister	Party composition
11	1976	T. Fälldin	Agrarian, Liberal, Conservative
	1978	O. Ullsten	Agrarian
12	1979	T. Fälldin	Agrarian, Liberal, Conservative
	1981	T. Fälldin	Agrarian, Liberal
13	1982	O. Palme	Social Democrat
14	1985	O. Palme	Social Democrat
	1986	I. Carlsson	Social Democrat
15	1988	I. Carlsson	Social Democrat
16	1991	C. Bildt	Conservative, Agrarian, Liberal, Christian
17	1994	I. Carlsson	Social Democrat
	1996	G. Persson	Social Democrat
18	1998	G. Persson	Social Democrat
19	2002	G. Persson	Social Democrat
20	2006	F. Reinfeldt	Conservative, Agrarian, Liberal, Christian

Note: The first party indicates the Prime Minister's affiliation.

In Norway and Sweden, the Social Democratic Party has had such a strong hold on government that people sometimes spoke of a 'statist' political party. The Norwegian Social Democrats enjoyed majority support in the Stortinget in the period 1945–61, whereas the Swedish Social Democratic Party was able to rule as if it was a majority government from 1945 to 1976, first on the basis of government co-operation with the Agrarian Party up to 1957 and then in a minority government with the tacit support of the Communist Party, and more recently during the 1990s and the 2000s supported by either the Centre Party (1994–8) or the Left Party and the Green Party (1998–2006). In Denmark, Finland and Iceland the labour movement never achieved such a hegemonic position.

Government stability has been lower in Denmark and Finland, where the number of governments between 1945 and 2007 is 34 and 39, respectively, with an average duration of 21 months and 15 months. Finland had very unstable governments in the 1950s before turning to oversized cabinets. The number of governments is lower in Sweden (28), Norway (29) and Iceland (28), and the average duration is longer, i.e. some 25 months. The degree of parliamentary support and the number of parties participating in government is consistently higher in Finland than in Scandinavia, owing to the occurrence of oversized coalitions. Average support is as high as 59 per cent in Finland and the number of parties included is three, whereas in the Scandinavian countries parliamentary support hovers between 41 per cent (Denmark) and 46 per cent (Sweden, Norway). The chief developing trend, however, is that government life spans have decreased in the Scandinavian countries but increased in Finland. Minority governments are frequent in Scandinavia, although the non-socialist parties in Sweden managed once more to form a majority coalition Cabinet in 2006 at the same time as the Norwegian Social Democrats put together a majority government with support from the Left-Wing Socialists (SV) and the Centre Party (SP).

The pattern of ideological composition varies between the nations. Sweden and Norway have had a long tradition of single-party Social Democratic governments, covering 75 per cent and 69 per cent of the time between 1945 and 2007. The Danish pattern includes both social-democratic single-party governments (31 per cent) and right-wing-led governments (40 per cent), while in Finland governments tend to be formed that balance the right and the left in the same cabinet (65 per cent). In Iceland coalition governments are formed by parties of the centre, often taking the form of a coalition between the dominant conservative Independent Party and the Social Democrats or the Agrarians.

### Corporatist patterns

It is impossible to talk about Nordic party government without bringing up the question of corporatism. On the one hand, inherent in the compromise culture is the fact that strong interest organisations are afforded a number of opportunities to exercise influence over policy initiation and legislative decision-making as well as policy implementation. On the other hand, since the Nordic countries are characterised by the hierarchical and encompassing nature of the interest organisations among both employees and employers, there is also strong pressure for interest consultation and interest intermediation.

Trade union density rose between 1950 and 2003, from 53 per cent to 70 per cent in Denmark, from 34 per cent to 74 per cent in Finland, from 48 per cent to 53 per cent in Norway and from 68 per cent to 78 per cent in Sweden. The Scandinavian countries and Finland constitute the most typically corporatist countries in Western Europe apart from Austria. Although it is true that the relevance of corporatist interest intermediation and interest concertation tends to swing back and forth with time, corporatist patterns of policy-making and policy implementation make for important elements of political institutions in Norden.

Corporatism in Nordic politics emerged from the Great Depression, when crucial system choices, or compromises, were made combining a capitalist economy with extensive state regulation and trade union involvement. The existence of strong trade unions was accepted by the employers' associations, where industrial relations were to be managed by means of broad agreements between the interest organisations. A tripartite system of policy interaction was introduced covering the trade unions, the employers' associations and the state.

Corporatism acquired its most characteristic features after the Second World War, when it became a cornerstone of the Scandinavian model. It involved the notion of an industrial pact between employers and employees in order to enhance economic growth by means of low wage increases resulting in low inflation. As Mancur Olson (1990) has emphasised, the Scandinavian model achieved considerable growth rates first in Sweden and Finland and later in Norway and Denmark in the 1980s.

Each Nordic country has its own version of corporatism. Perhaps the Swedish model took social corporatism to its limits. The Swedish interest organisations were to some extent integrated with the state. Not only were they given a prominent role in the policy-making process, having the right to state their view on almost any reform

proposal, but they were also partly integrated in policy implementation by virtue of their capacity to nominate members of state agencies as well as to execute public functions.

In Norway the interest groups played a large role in the promotion of an 'organised democracy', to use the words of Johan P. Olsen (1983). In Finland 'structural corporatism' grew strong in the 1960s, which resulted in a political role for the interest groups. In Denmark the interest groups play a large role in various administrative regimes, including straightforward implementation of policies. Nordic corporatism has been institutionalised in the following five policy and implementation procedures:

- 1 involvement of interest groups in the hearings process concerning major policy reforms ('*remis*');
- 2 interest groups' participation in major policy investigations;
- 3 board representation of interest groups in central government agencies;
- 4 schemes for employee representation on various boards as well as for co-determination;
- 5 the delegation of administrative tasks to the interest group.

A conspicuous case of the last-mentioned institution was the construction of the unemployment insurance funds, where Denmark, Finland and Sweden have had union-run unemployment insurance schemes, funded with public money but operating in accordance with public law. Yet since the late 1980s and in the 1990s different assessments of corporatism have surfaced, including negative ones. Patterns of corporatist interaction are no longer sacrosanct, as they have been attacked for harbouring special interests promoting themselves at the expense of the public interest. In the wake of the economic depression of the 1990s, the Nordic countries have attempted to remove some of their institutional sclerosis, unpacking certain corporatist schemes. Still it may be too early to proclaim the end of corporatism in Scandinavia. During the 1990s there were even signs of a return of corporatism. Others have noted a shift from less corporatism to more lobbyism when characterising the relationships between the state and the interest groups.

## BUREAUCRACY AND INTERGOVERNMENTAL RELATIONS

Although they are unitary states, the Scandinavian countries adopted a three-tier system of government, whereas Finland and Iceland have a two-tier framework. The principle of local government autonomy has of tradition a strong standing in the Nordic countries, although there is much state regulation and state funding.

In the local government sector amalgamations have been undertaken in every country, although in Finland, Norway and Iceland the number of municipalities remains very high, which means that many local governments are responsible for only a few thousand inhabitants, reflecting a political philosophy of strong support for peripheral communities and local participation in these countries. In Denmark a new local government reform will reduce the number of municipalities to ninety-eight. And in Sweden reforms at the regional level are yet to be decided – replacing counties

with regions. The central government is made up of ministries and a large number of agencies and boards, which tend to enjoy a degree of autonomy not found in Continental Europe. The Swedish model of the autonomous agency (*Ambetsverk*) is the typical model, to which Finland and Norway come close, whereas the Danish model involves more ministerial rule. Administrative matters are delegated to these independent agencies and boards to a considerable extent. These central government authorities are run either by a chief director or a board that often includes corporatist representation. The structure of the central government bureaucracy may be interpreted as an institutional mechanism that moderates the amount of centralisation in the Nordic unitary state. The same applies to the institutionalisation of extensive autonomy granted the municipalities and county councils. Nordic politics puts a heavy emphasis upon administrative accountability and procedural predictability in the public sector, accomplished by an encompassing system of overview, offering the citizens the possibility of complaint and redress, ultimately safeguarded by the strong institutionalisation of the Ombudsman, who is accountable to Parliament.

During the post-war period the size of local government functions has increased tremendously, as the local government authorities are entrusted with the provision of many welfare services. Whereas the municipalities take care of education, social services and infrastructure, the county councils are responsible for health care. In Finland special associations set up between the municipalities provide health services, as Finland has a two-tier structure. In 2001 these health care services were taken over from the regional governments by the Norwegian state, setting up national hospitals. As the budgets of the local authorities have multiplied, the local government sector increasing more rapidly than GDP, the organisational framework of the local government authorities has been transformed, underlining their formal structure as well as their function as major employers. Only tiny Iceland diverges from the general decentralised pattern of public consumption.

Welfare programmes date back to the late nineteenth and early twentieth centuries as the national government took steps to protect workers against the consequences of the rapid process of industrialisation and urbanisation that swept through the Nordic countries during the second half of the nineteenth century. The economic crisis of the 1930s led to sustained expansion of various aspects of the public sector, involving both the provision of welfare services and transfer payments. The real expansion of the public sector began, however, after the Second World War.

The overall growth of the public sector has been dramatic in Norden. Measured as a percentage of GDP, the Danish figures climbed from 18 per cent in 1950 to 54 per cent in 2003, in Norway from 22 per cent to 46 per cent, in Sweden from 23.5 per cent to 57 per cent, whereas in Finland the expansion of the tax state started with a more moderate rise from 19.5 per cent to 42 per cent in 1990, but jumped to 51 per cent in 2003. Considering that overall resources as measured by GDP have more than doubled during the post-war period, the increase in the capacity of the Nordic states to embark on extensive public-sector programmes involves a major change in the relations between state and society in those countries, from a historical point of view, i.e. the establishment of a mixed economy.

The Scandinavian welfare state was gradually built up on the basis of a consensualist policy style that delivered broad reform proposals backed by all except the small

extremist parties. When it worked, at its best, it combined high economic growth with low unemployment and much redistribution by means of public transfer programmes. However, in the late 1970s and early 1980s the Scandinavian model began to malfunction; inflation and unemployment increased, as did the number of working days lost to strikes. The strong increase in membership of several trade unions in the public sector created more difficulties in bringing about reforms to secure economic growth. The power of distributional coalitions was strengthened along with the expansion of the public sector. During the 1980s, institutional sclerosis increased in the sense that strong policy networks could mobilise special interests to a considerable extent. The economic crisis in the 1990s paved the way for welfare state reforms, as public sector expansion was halted and public budgets trimmed.

The Nordic welfare state comprises a set of three broad policies: extensive public resource allocation in education and health, universal transfer payments for social security and a heavy commitment to full employment, including extensive job retraining programmes. The state and the local government in particular are responsible for the provision of many goods and services, final government consumption standing in 2005 at 26 per cent in Denmark, 22 per cent in Finland, 20 per cent in Norway and 27 per cent in Sweden. However, the increases in social security or transfer payments between 1950 and 2003 were even more spectacular, from 6 per cent to 22 per cent in Denmark, from 4.5 per cent to 21 per cent in Finland, from 5 per cent to 22 per cent in Norway and from 6.5 per cent to 26 per cent in Sweden.

At first it was possible to combine high average growth in the overall economy with steadily expanding public spending, but from the 1970s on there has been a clear reduction in economic growth at the same time as the expansion of the public sector at all levels of government, but particularly the local government level, was far in excess of private-sector expansion. The Scandinavian model implies both substantial public resource allocation, providing a number of services almost free of charge, and huge social security programmes, redistributing income between various social groups. Such heavy reliance on public provision has led to a large increase in the number of public employees. Sweden especially suffered from a long period of reliance upon the public budget for resource allocation and income redistribution, with huge central government deficits and a large accumulated national debt as the most urgent problem in the early 1990s. At the beginning of the twenty-first century deficits have again changed into surpluses, and the Nordic macro economies show economic growth with low inflation rates. All Nordic countries have abandoned traditional Keynesian fiscal policy-making, emphasising today the importance of monetary stability. Economic stability in Norway and Denmark has been much promoted by the oil revenues in those countries.

The Nordic welfare state has cherished equality as its first and foremost goal, both equality of opportunities and equal results. Thus services were to be provided equally to all citizens, and regional and class disparities were to be equalised. When the Nordic welfare state was constructed and expanded, centralisation was the major tool, the national government laying down standards and using local government to provide the goods and services. This has had the effect that the traditional commitment to local government autonomy was weakened by the weight of state legislation and considerable allocation of central government grants to local government. However,

since the beginning of the 1980s the trend has been reversed, as decentralisation has been in favour. Local governments have passed through comprehensive organisational growth processes, transforming them into huge formal organisations with large budgets and many employees.

Since the 1990s, the emphasis is upon improving efficiency in the state and local governments. Thus cutbacks in public spending and public employment have occurred, especially at the local level. New public management (WPM) was well received in Norden, where the state, the county councils and the local governments have been interested in replacing bureaucratic organisation with tendering/bidding and internal markets. In the health care sector, such NPM reforms have been fairly comprehensive. The Danish workfare-state programmes are well known. Almost all public enterprises with a considerable total workforce have been incorporated, and some privatised.

Whereas intergovernmental interaction was characterised by planning and the use of various control schemes such as detailed rule regulation in combination with earmarked grants, the strong decentralisation drive has involved a profound movement from a top-down perspective to a bottom-up approach. Framework legislation has been employed, together with block grants, augmenting discretion at the regional and local level of government, also within the state (deconcentration). The central government now only outlines the major objectives in the various policy sectors, refraining from the employment of policy instruments used earlier but underlining the relevance of the evaluation of outputs (productivity) and outcomes (effectiveness). The overall trend in intergovernmental relations is the replacement of *ex ante* steering mechanisms with *ex post* instruments such as performance evaluation in particular. The costly public health care sector especially has experienced a number of reforms, aiming at increasing competition and choice between alternative providers while containing costs without finding an optimal format. Thus in Denmark the running of hospitals lies with the fourteen counties. However, the hospitals in the local authorities of Copenhagen and Frederiksberg are run by a special administrative body: the Copenhagen Hospital Cooperation. Norwegian hospitals are run as state organisations, whereas some Swedish hospitals have been incorporated.

The process of Europeanisation has had a clear impact. Brussels is now an actor that all Nordic governments take into account, also in Oslo. Central government bureaucrats in the capitals now interact with central bureaucrats in Brussels. But there is also a growing interaction among regional or local actors participating in the many EU-inspired networks.

## INSTITUTIONAL REFORM

Considering the size of the Scandinavian welfare state, it is scarcely surprising that most reform activity has focused upon the public sector. Two chief objectives may be identified: (1) enhancement of productivity and effectiveness within state agencies and local governments, and (2) initiation of cutback management in relation to several programmes in the social security systems. Major types of reform strategies attempted include: (1) decentralisation, (2) privatisation and (3) new public management.

The temporal sequence between these objectives and measures is that the political reforms, particularly decentralisation, came before the resort to cutback management and privatisation strategies. The decentralisation reform involved on the one hand deconcentration within the state, moving functions and resources from the central level to the regional and local levels of government. On the other hand, there was a strong emphasis on the values of the local government system, meaning that both the municipalities and the county councils were allowed to expand far more rapidly than the growth rate of the economy as a whole. The local governments are now the major employers of people in the Nordic countries. The reform of the Scandinavian welfare state has had a strong dose of decentralisation attempting to reduce the workload of the central government. The main exception to the emphasis upon local and regional decentralisation is the Norwegian state nationalising the hospitals in early 2000, where the central government maintains a firm grip upon events, partially due to its immense revenues in the state-controlled oil sector.

The basic tenor of the debate about the pros and cons of the Scandinavian welfare state has shifted. The increasing relevance of market values in these countries, with their earlier strong socialist ambitions, was at first reflected in various institutional attempts to reform the public sector, but as the financial pressure grew along with the depression of the early 1990s it became necessary to initiate various policies of retrenchment. This applies in particular to the Swedish context, where there have been substantial cutbacks both at the central government level in the transfer programmes and at the local government level, where people have been laid off. The public sector in Denmark and Norway were in better shape than in Sweden and Finland, where the economic depression hit hard, resulting in high unemployment figures. The economic development during the 2000s has, however, resulted in more convergence between the countries. Unemployment figures are again lower, but they have not reached the low levels of the early 1970s. Part of the reduction in unemployment is because of the increase in the number of people who have been given early retirement for various reasons.

The innovations in the economic reform of the public sector have comprised a number of different steps:

- 1 new budgetary and evaluation techniques, promoting efficiency;
- 2 contracting out or tendering/bidding;
- 3 incorporation of public enterprises, i.e. transforming them into public joint-stock companies, e.g. in infrastructures such as energy and telecommunications;
- 4 hiving off bureau functions to public joint-stock companies (health care);
- 5 user fees instead of taxation;
- 6 the introduction of market-type mechanisms such as internal markets as well as individual salary schemes into the state bureaucracy and especially at the local government level;
- 7 privatisation proper, meaning the selling off of public property.

The reforms of the Scandinavian model of a mixed economy with a blend of market economy and a large public sector that gives a high priority to distributional matters have been much inspired by the market philosophy that flows around the

world with globalisation. Thus, new public management has been introduced on a large scale in some local and regional governments, especially in the healthcare sector. For instance, the Stockholm County Council and the 'Region Skåne' both employ internal markets in practically all healthcare supply. The transfer programmes – pensions, unemployment benefits, sickness compensation – have been restructured in accordance with ideas about incentive compatibility, as governments increasingly link future benefits with past contributions or differences in salaries. Finally, the private supply of services has been more accepted in the 2000s. The Scandinavian model has become less monolithic, more competitive and less egalitarian. More and more public services are contracted, either outsourcing or insourcing. And public enterprises have been fully incorporated, now active under schemes of deregulation with some private or international competition. What may be a successful scheme of this kind is the all-Nordic pool for the supply of electricity, although doubts have been raised about the long-term efficiency of its operations.

## CONCLUSION

The Scandinavian model outlined a distinct set of political institutions that made Nordic politics different from both Anglo-Saxon practices and Continental European realities. It combined adversarial politics with consensus institutions, the latter including anything from patterns of consultation and negotiation in parliament to corporatist policy concertation. Compromise politics between socialists and non-socialists resulted in a strong policy commitment to the welfare state without parallel elsewhere.

Yet Scandinavian political institutions are not working as they used to when the reputation of this institutional model was at its peak, in the 1970s and 1980s. There is less consensus between the labour-market organisations. The public sector has been transformed by structural reform, underlining market incentives and contracting, at a time when the major process of public-sector growth was halted. Besides the drive for more efficiency in public services, cutback strategies have been implemented, particularly in Sweden and Finland. The Scandinavian model has been transformed in several ways: less corporatism, more choice and competition, as well as less collectivism and more personal freedom.

The reforms of the 1990s and early 2000s stemmed from a recognition that it is not easy to combine the two basic values of the Scandinavian welfare state – efficiency and equality. Some data indicated profound public-sector productivity problems, and the comprehensive and generous transfer programmes were hardly an incentive compatible with the presuppositions of an advanced open market economy. There has increasingly been a search for efficiency-enhancing reforms and retrenchment policies that trim the social security systems and workfare policies. The question of membership in the European Union and adherence to the Euro raised the same type of confrontation in Finland, Norway and Sweden, where adherents underlined the economic benefits whereas opponents feared the negative regional consequences.

A most conspicuous change in Nordic politics is the sharp increase in electoral volatility. The processes of dealignment and realignment have resulted in party system

transformation, including the phenomenon of *new politics*, as well as in governmental instability, which makes policy-making more complicated. The typical compromise institutions now involve more unpredictability and strategic behaviour. Scandinavian exceptionalism is waning at the same time as Norden is becoming increasingly integrated into Western Europe, Denmark, Sweden and Finland being members of the EU, with Norway and Iceland having signed the EEA treaty and Finland having adopted the Euro. The impact of Europeanisation may not yet be that powerful, but there are indications suggesting convergences between the Nordic countries and the rest of Europe when it comes to law and economics. The legislative process and institutional reforms are increasingly influenced by European policies and European law.

Yet there remain in the early twenty-first century still some distinct features of a 'Nordic model' of politics. Nordic exceptionalism is to be found with respect to the following combination of traits: the electoral system of proportional representation; party systems with a multi-dimensional issue pattern; parliamentary behaviour supported by strong committees; the patterns of coalition formation prone to minority cabinets and oversized cabinets; a state structure including local government autonomy and the Ombudsman; as well as corporatist policy-making. Nevertheless, Westminster characteristics are in no way absent, and there is a clear ambition for minimum winning coalitions, decreased corporatism and increased new management in the public sector.

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