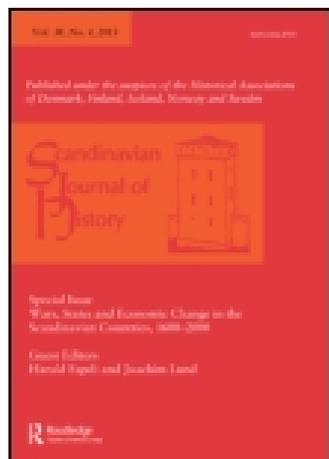


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Guðmundur Jónsson

ICELAND AND THE NORDIC MODEL OF CONSENSUS DEMOCRACY

The Nordic countries – including Iceland – have been portrayed in the political-science literature as consensual democracies, enjoying a high degree of legitimacy and institutional mechanisms which favour consensus-building over majority rule and adversarial politics. In this explorative article the author argues that consensus politics, meaning policy concertation between major interest groups in society, a tendency to form broad coalitions in important political issues and a significant cooperation between government and opposition in Parliament, is not an apt term to describe the political reality in Iceland during the second half of the 20th century. Icelandic democracy is better described as more adversarial than consensual in style and practice. The labour market was rife with conflict and strikes more frequent than in Europe, resulting in strained government–trade union relationship. Secondly, Iceland did not share the Nordic tradition of power-sharing or corporatism as regards labour market policies or macro-economic policy management, primarily because of the weakness of Social Democrats and the Left in general. Thirdly, the legislative process did not show a strong tendency towards consensus-building between government and opposition with regard to government seeking consultation or support for key legislation. Fourthly, the political style in legislative procedures and public debate in general tended to be adversarial rather than consensual in nature.

Keywords Nordic consensus democracy, conflict politics, corporatism, Icelandic democracy

Introduction

The Nordic countries have been portrayed in the political-science literature as consensual democracies, enjoying a high degree of legitimacy and institutional mechanisms which favour consensus-building over majority rule and adversarial politics.¹ Olof Petersson claims that the Nordic countries have, to some extent at least, ‘been able to develop their own particular ways of solving conflicts and making political decisions’, and he further states that ‘an emphasis on compromise and pragmatic solutions has led to the development of a political culture based on consensus’.² Consensual democracies have been contrasted with majoritarian systems of democracy such as those of Britain and New Zealand. The terminology varies from one author to another, some referring to majoritarian systems as ‘the Westminster’ or ‘the adversarial’ model of democracy. These models are ideal types but in reality most Western democracies will contain a mixture of majoritarian and consensual features.

Iceland has been regarded as a part of the Nordic family of political systems, where non-violence, respect for the rule of law and orderly political practice have prevailed. Yet, the argument of this explorative article is that, although Icelandic politics have important consensual traits and share many structural and cultural features with the other Nordic countries, they have several striking characteristics that support the view that Icelandic democracy is better characterized as adversarial than consensual in style and practice, judging from the historical experience of the 20th century.³ Until recently, the labour market has been rife with conflict as strikes have been more frequent than in most, if not all, European countries and government–trade union relationship been strained, even antagonistic, for long periods. Secondly, and linked to the first point, Iceland did not share the Nordic tradition of power-sharing or corporatism in labour-market policies, let alone macro-economic policy management, largely because of the political weakness of Social Democrats and the Left. Thirdly, in contrast to the other Nordic countries, the legislative process has not shown a strong tendency towards consensus-building between government and opposition in terms of government seeking consultation or support for key legislation. Fourthly, the political culture, i.e. the norms and the operating procedures for handling political issues and the political debate in general tends to be adversarial rather than consensual.⁴ In sum, there are strong arguments supporting the view that the Icelandic political system differs from the Nordic consensus democracies in several important ways, contrary to the contention of some of the important research in the field.

The consensus model in Nordic context

The concept of *consensus* has a long tradition in theoretical discussion and analysis of democratic systems. Despite different views scholars emphasize that consensus refers to the participants' will to harmonize different interests in the name of common objectives.⁵ Neither coercion nor apathy towards government can be regarded as consensus as it requires active participation where compromise is sought in accordance with accepted procedures and rules of the political game. Consensus democracy is not static but dependent upon historical circumstances, changes of objectives and balance of political power.

The concept of consensual model of democracy can be traced to two theoretical traditions within political science.⁶ One is *neo-corporatism*, which focuses on the growing relationship between the state and organized interest in Western democracies after 1945.⁷ Interest organizations, especially trade unions, gained more influence on public-policy making and were even given a public status with the role of intermediate and coordinate different interests, thus reducing conflict in society. The other tradition originates in research on several small European states, especially the Netherlands, Belgium, Switzerland and Austria, seeking explanations for political stability in spite of deep cultural, ethnic, religious and political segmentation in these countries. The leading scholars in the field, Gerhard Lehmbruch and Arend Lijphart, used the concepts *Konkordanzdemokratie* and *consociational democracy* for the special type of government in those countries, Lijphart switching later on to the broader concept of *consensus democracy*. They argued that the stability of the democratic system could primarily be explained by power-sharing of the elites or leaders of different cultural groups, avoiding simple majoritarian mechanisms for conflict-resolving and respecting the rights of minority groups.⁸

Arend Lijphart operated with two contrasting models of democracy which rested on different institutional arrangements.⁹ The essence of the majoritarian model of democracy is 'government by the majority of the people', majorities should govern and minorities oppose. Politics in this type of a system are normally characterized by exclusion, competition and conflict – thus often also referred to as the adversarial model of democracy, or even the Westminster model of democracy. In contrast, the interpretation of the consensus model of democracy holds that all those who are affected by a political decision should have the chance to participate in that decision. As consensus democracy tends to seek inclusiveness, negotiations and compromises it has also been called negotiation democracy. In a study of 21 democracies, extended later to 36 countries in an updated version and covering the period from 1921 to 1996, Lijphart found different clusters of institutional characteristics along two clearly separate dimensions, one of which he called the executive-parties dimension.¹⁰ It consisted of five characteristics: types of executive power, executive-legislative relations, party system, electoral system and interest-group system. On the basis of these characteristics or attributes Lijphart modelled the two aforementioned models of democracy. Consensus democracy typically has coalition governments or minority governments, relatively strong legislatures, multiparty system, proportional elections and a corporatist interest-group system. In contrast, majoritarian democracy is characterized by one-party majority governments, strong executives, two-party system, plurality or majority electoral system, and competitive pluralism among interest groups.

These characteristics tend to go together, mainly for structural reasons. Elections by proportional representation encourage multiple parties to gain representation in parliaments, and multiparty systems make it more likely that either coalition or minority cabinets will be formed. In such political systems there is a tendency of power-sharing instead of majoritarian rule. There is, however, a cultural rather than a structural connection between multiparty systems and corporatist interest-group systems. According to Lijphart, consensus democracy and majoritarian democracy represent alternative 'visions' of democracy, based on different political cultures, a culture of consensus versus culture of competition.

According to Lijphart, consensus democracy and majoritarian democracy are ideal types but in reality European democracies contain attributes from both systems. When Lijphart classifies all the 36 countries according to the above attributes they are scattered along the continuum between these two contrasting ideal types. Switzerland, Belgium, Denmark and Finland are close to the consensus type and Norway, Sweden and Iceland a little further away. The United Kingdom, Ireland and New Zealand, however, are good representatives of the majoritarian type of democracy.¹¹

From this the question arises if the type of democracy makes a difference for how well democracies perform. Are consensus democracies as efficient as the majoritarian ones? According to Lijphart there seem to be no significant differences with regard to macro-economic management (economic growth, inflation and unemployment) and maintenance of public order or control of violence, but when various qualities generally regarded as valuable features of democracy – such as representation of minorities and women and a high level of voter participation in elections – are taken into account, the consensus democracies outperform the majoritarian ones.

Furthermore, there is a general cultural inclination towards a strong community orientation and social consciousness in the consensus democracies; they are the 'kinder and gentler democracies'.¹²

It does not come as a surprise that the Nordic countries come close to the ideal type of consensus democracy in Lijphart's scheme. The notion of a distinctive Nordic political culture of consensus has enjoyed a wide support of historians, sociologists and political scientists alike, although their analyses have varied as have their explanations for its origins.¹³ In the 1980s, Elster, Thomas and Arter found that 'the shaping of economic policy is much less conservative in Britain than in Scandinavia'.¹⁴ They evaluated consensus democracy in the five Nordic countries by reference to three dimensions.¹⁵ The first is regime legitimacy, e.g. 'the level of opposition to the framework of rules and regulations for the resolutions of political conflict'. A high degree of legitimacy is demonstrated for instance in the popular support for the rules of the game as evidenced in voter-participation levels, absence of alienated sub-groups within the national community and non-violent methods of protest. The second dimension is the nature of political conflict, e.g. the character and intensity of political cleavages, ideological gaps between political parties and a tendency towards convergence. The third dimension is the manner in which the resolution of political conflict is attempted. For instance: is there a high degree of concertation in the development of public policy? What is the extent of coalition-building in parliaments and conflict-obviation mechanisms in the corporate channel?

Surveying the post-war experiences of the Nordic countries, the authors concluded that with reference to all three dimensions they show a strong tendency in favour of consensual politics. On the first dimension, anti-system parties are almost non-existent with the exception of Finland in the inter-war period; alienated sub-groups and the resort to violence is almost non-existent in Scandinavia; neither ethnic nor religious minorities are a threat to the political system; and there is a widespread support for the principle of parliamentary government as shown in popular movements and high level of participation in general elections. On the second dimension, the Nordic states have multi-party systems and proportional representation producing regularity in the party systems which contain normally five or six parties arranged on a Left/Right continuum. Three singularities stand out: the importance of farmers in politics acting as a moderate force; the degree of loyalty shown by blue-collar workers to the parties of the Left; and hence the relative strength of the Social Democrats and Labour parties as a political force. On the third dimension, the Nordic countries have relatively sophisticated mechanisms for containing industrial conflict which contribute to the efficient management of economic policy, e.g. agreements voluntarily concluded by labour and capital on rules designed to head off state legislation about disputes damaging to public safety or third parties; arrangements for periodic negotiations on wage levels leading up to binding agreements valid normally for one or two years; state mediation in labour disputes is extensively used; crucial to the success of the comparatively comprehensive and orderly framework of regulation of industrial conflict is the predominance of Social Democrats and labour parties in government in Denmark, Norway and Sweden; and lastly, the style of policy-making can be described as consultative.

The above studies of Lijphart and Elster and his colleagues regard Iceland as belonging to the Nordic consensual-democracy model, sharing many of their political

structures, although intense conflicts on the labour market are noted.¹⁶ They are in congruence with other indications that support the notion of Iceland being a consensus democracy. Respect for the rule of law and orderly political practice have been the norm and Icelanders have traditionally prided themselves of peaceful political traditions, never having established defence forces in the country and always shown aversion to military inclinations. One political scientist stated that ‘the history of the labour movement in Iceland does not record the death of a single person due to violence.’¹⁷ Icelanders have tended to be ‘highly legalistic’ in their approach to political disputes, especially during the period of struggle for independence up until 1944.¹⁸ There has been until recently a high level of political trust, respect for the ‘rules of the political game’ and apparently low tolerance for corruption in public life. In a broader socio-cultural context there have not been as deep class divisions or inequalities of wealth in Iceland as in many of the neighbouring countries. The tiny population was until recently extremely homogenous in terms of ethnicity, language and religion. One can hardly speak of ethnic minorities until the 1980s and the Lutheran Church has been the established church for centuries. Religious and moral issues have not been sources of major cleavages in public life or politics. A strong sense of national identity in modern times has fostered social cohesion and notions of belonging and common historical experience. Iceland has proportional representation, coalition governments and a multi-party system similar to the other Nordic countries.

Thus, there are strong indications that support the notion of Iceland as a consensus democracy. However, several key factors are missing from the analysis strongly undermining this notion. In the rest of the article these factors will be explored in the following order: the extremely high level of industrial conflict; strained relations between government and trade unions and the late rudimentary development of corporatism; and an adversarial political culture in style and practice as manifested in legislative work and public political debate.

Conflict in Iceland: economic volatility and industrial disputes

For decades the labour market in Iceland was one of the major sources of conflict in Icelandic society, marred with fierce disputes and frequent strikes. The conflicts came at a considerable cost for society, causing disruption in the economy and society at large, loss of production, reduction of income and reduced effectiveness of economic management. Since the 1930s the working class was highly unionized but without strong representation in the political arena. Frequent and serious clashes between trade unions on the one hand and employers and the government on the other over the distribution of economic growth and effects of government policies dominated industrial relations.

Since the late 1960s Iceland has been one of the most strike-prone countries within the Organisation for Economic Co-operation and Development (OECD).¹⁹ Table 1 shows that the difference between Iceland and the Nordic countries is enormous, with the exception of Finland, which had a very high rate of industrial disputes like Iceland. Strikes became everywhere less frequent after 1990, also in Iceland where the government had adopted a firmer monetary policy, helped by a dramatic reduction in inflation and a lower level of economic activity during a drawn-out recession between 1988 and 1994.

TABLE 1. Labour disputes in the Nordic countries, 1969–2002

	<i>Number of days lost per 1,000 employees, annual averages</i>		
	<i>1969–1978</i>	<i>1993–1997</i>	<i>1998–2002</i>
Iceland*	1,059	608	505
Denmark	575	49	299
Finland**	1,143	202	298
Norway	79	79	91
Sweden	42	54	5
EU		70	59
OECD		56	49

Notes: * The 1969–1978 figures refer to 1970–1974; ** Figures for 1993–1994 are unavailable.

Sources: Elder et al., *The Consensual Democracies?*, 162; Aðalsteinsson, 'Verkföll og verkfallstíðni', 181.

These circumstances paved the way for a more stable economy and inflation levels similar to Europe. Even so, Iceland continued to have a much higher incidence of strikes than most other European countries, reflecting continuing labour-market conflicts over pay and conditions, now mainly in the public sector.

The sources of conflict were manifold. One was the persistent instability of the Icelandic economy, caused by frequent and sometimes large shocks in the form of fluctuations of terms of trade or fish stocks, the main natural resource of the country. The instability manifested itself in large fluctuations of Gross Domestic Product (GDP) and other macroeconomic variables, high inflation and recurrent balance-of-payments deficits. For most of the 20th century Iceland had the greatest real output volatility of any OECD economy. Table 2 compares output volatility in Western Europe and the United States in the second half of the 20th century, using standard deviation of GDP growth rates as an indicator. The table shows that nowhere have economic fluctuations been larger than in Iceland. After the Second World War Iceland had the highest economic volatility of all the 14 countries compared, far the greatest in the 1950–1973 period and sharing first place with Finland in the 1974–2000 period. Note, however, that economic volatility markedly decreased in most countries, Iceland included, in the last quarter of the century with the exception of Finland.

Fluctuations are not only displayed in output but also in investment, exports, real wages and private consumption. And there are sometimes no small changes occurring in these factors, even in the magnitude of between 10 and 20%.²⁰ As a consequence, living standards were often subject to great fluctuations in this highly unstable economic environment. It turns out that Iceland has one of the greatest variability of real wages among OECD countries, second only to Portugal in the 1970s and 1980s.²¹ As for private consumption, no OECD country has had more consumption shocks (defined as a decline in consumption by at least 10%) as Iceland since 1945. Until 2008, there have been four such disasters in Iceland, all connected with serious downturns in the economy, i.e. in 1948–1952 (25%), in 1968–1969 (12%), in 1974–1975 (11%) and in 1988–1993 (19%).²²

TABLE 2. Economic volatility in Western Europe and the US, 1950–2000

	<i>Standard deviation of GDP growth rates</i>	
	<i>1950–1973</i>	<i>1974–2000</i>
Austria	2.8	1.6
Belgium	1.9	1.8
Denmark	2.5	1.9
Finland	2.7	3.0
France	1.4	1.4
Germany	3.5	1.7
Iceland	5.3	3.0
Italy	1.9	1.8
Netherlands	2.4	1.5
Norway	1.6	1.8
Sweden	1.6	1.8
Switzerland	2.3	2.3
United Kingdom	1.8	1.9
United States	2.6	2.0
Unweighted average	2.4	2.0

Sources: Jónsson, 'Efnahagskrepur á Íslandi', 51; Maddison, *The World Economy*.

The causes of high economic volatility in Iceland are normally traced to three sources. The first is the extremely small size of the economy and hence a shallow domestic market. The second is the external economic environment, especially changes in terms of trade. They are magnified by the third factor, the one-sided economic development with dependence on the inherently unstable fishing industry, exposed to frequent fluctuations in both the fish catch and fish prices. Iceland developed into an efficient export economy during the 20th century, concentrating on fish and other marine products for exports to such an extent that a higher export concentration is hard to find in Europe. Until the 1970s marine products accounted for 75–85% of merchandise exports. The dominance of the fisheries has been one of the main causes of economic volatility, the sector frequently subject to large internal and external shocks which have led to terms of trade volatility, high inflation and recurrent balance-of-payment problems.

Iceland did not develop successful macroeconomic policies and mechanisms to deal with serious economic shocks.²³ On the contrary, the ways in which governments dealt with shocks tended to increase rather than reduce conflict between organized labour on the one hand and employers and government on the other. Economic growth and full employment were central aims in public policy in the post-war period and political parties of all persuasion were committed to those aims, although fundamentally disagreeing over the means to achieve them. Brisk economic growth and a remarkably high level of economic activity resulted in one of the highest labour-force participation rates, the longest working week and the lowest unemployment rate in the OECD countries for decades.²⁴ However, high growth and employment came at

a cost because the government kept wage levels low and responsive to market fluctuations by actively restraining wage and price increases by frequently interfering in and even legally restricting collective bargaining.²⁵ This enforced incomes policy fuelled industrial conflicts with the result that strike activity in Iceland was among the highest in the OECD countries, as has already been mentioned. The course of events was usually as follows: In times of economic downturn the government depreciated the local currency (the *króna*), and reduced real wages (normally through deindexation of wages) in order to accommodate external shocks and restore profitability in the export sector. Industrial disputes ensued, often with wage earners striking as they tried to compensate their losses. Price rises following the depreciation and widespread indexation limited an adjustment in relative prices and led to an inflationary spiral, which made Icelandic firms less competitive, calling soon for another adjustment cycle through currency depreciation. As a result, Iceland had one of the highest inflation rates and greatest income fluctuations in Europe for most of the post-war period, causing volatility and high tension in the labour market with frequent industrial disputes.

The weak Left and undeveloped corporatism

The type of economic management described above is closely connected to the balance of political power, the strength of the Right and the weakness of the pro-labour parties on the Left, and the consequent late development of corporatism compared to the other Nordic countries. The Icelandic historical experience concords with the theory developed by Korpi and Shalev which holds that the coming to power of the political wing of the labour movements in several European countries significantly diminished the necessity of strike action in these countries. Thus, for example, the victory of the Swedish Social Democrats in 1932 offered great advantages to the labour movement as its objectives, such as higher employment level and a more equal distribution of the benefits of economic growth, could now be sought through the political process and thereby partly freed it from the control of capital.²⁶

The Icelandic labour movement was rarely in such an advantageous position. The Icelandic Federation of Labour (Alþýðusamband Íslands, ASÍ) established itself as a powerful interest organization and played a central role in collective bargaining in labour disputes. Its policy and practices were greatly influenced by the Social Democratic Party (SDP) and the Socialist Party (SP and its successor from 1956, The People's Alliance, PA) which had a strong foothold in the movement. As in the other Nordic countries there was a strong congruence between social classes, interest organizations and political parties, but in the arena of politics the Left was considerably weaker than in the other Nordic countries.²⁷ An obvious reason was the deep split of the Left between the Social Democrats and the Communists, not only in politics but also within the labour movement where fierce competition and conflicts took place between the two parties. An important factor in the rise of the social-democratic parties in Sweden, Denmark and Norway to power was their transformation from 'class parties' to parties of 'the people', appealing not just to the working class but the nation as a whole. The Icelandic Social Democrats did not succeed in transforming themselves in that way²⁸ for number of reasons, one of which was their difficulty in responding to the accusations of their political rivals of being controlled by the Danish

Social Democrats – a serious charge in a country with a strong nationalist political culture.

So, the left-wing parties did not have the electoral strength to form a majority government and only occasionally succeeded in forming left-of-centre coalition governments with the agrarian Progressive Party, for a long time the second largest party in Iceland, giving it a pivotal position in the political system.²⁹ The Social Democrats commanded only about 15 to 20% of the vote and often succeeded in taking part in coalition governments, especially with the pro-market right-of-centre Independence Party, but their social-partnership and pro-welfare ideas had limited influence on public policy.

The Right was the strongest political force in Iceland and united in the Independence Party, which was of similar size as the Social Democrats in the other Nordic countries. Commanding about 40% of the vote up until the 1970s, and slightly less after that, the Party became the natural party of government after the Second World War, forming governments either with the rural Progressive Party or the Social Democrats. During the 57 years from the founding of the republic in 1944 until the end of the 20th century the Independence Party was in government for 43 years, the Progressive Party 37 years, the Social Democrats 30 years and the Socialist Party/People's Alliance only 15 years. This is in stark contrast to the political landscape in the other Nordic countries, especially Norway, Sweden and Denmark, where the Social Democrats have been a leading political force.³⁰ In spite of its individualist, free-market philosophy and close connections with the employers' organizations, the Independence Party had a broad social base, including large sections of the farming community, most of the commercial and business classes and even a large slice of the urban wage earners. Yet, the party wielded limited power over the labour unions and its calls for wage moderation as a means to achieve greater economic stability was largely unsuccessful. The unions were mostly controlled by the parties on the Left and the deep political rift between the right-of-centre governments and the left-wing unions bred distrust and even outright hostilities. The political situation during the Cold War became even more complicated. The cleavage between the Independence Party and the Socialist Party became wider as the Right firmly aligned itself with the United States' foreign policy, becoming the main supporter of Iceland's NATO membership and the US military presence after 1951, while the pro-Soviet Socialist Party and 'nationalists' opted for neutrality. On the other hand, the Social Democrats' pro-Western and pro-US stance in foreign affairs brought it closer to the Independence Party, laying the ground for coalition governments of these two parties 1946–1949 (with the Progressive Party) and again 1959–1971.

This political configuration is one of the most important reasons for a much slower development of corporatism in Iceland than in the other Nordic countries.³¹ Corporatism is distinguished by the involvement of interest organizations, in particular labour unions and employers, in governmental decision-making and a high level of concertation in the gestation of public policy. As in the other Nordic countries there were growing corporatist tendencies during the 1930s with a wide-ranging pact on social and economic policy between workers and farmers under the first 'green-red' government in 1934–1938.³² The collaboration between the different social classes continued during the coalition government of the Independence Party, Social Democrats and the Socialist Party in 1944–1947, but with the advent of the politics

of the Cold War, that government was brought down and the nascent corporatist development came to a halt. It was not until the 1980s that the 'historical compromise' of the mid-1940s was repeated when a splinter group from the Independence Party joined the government of the Progressive Party and the People's Alliance.

The inclusion of the labour movement in the making of public policy, whether routine participation in the preparation of public policy initiatives or cooperation to achieve national income settlements in line with government economic objectives, was rare until the 1960s and only sporadic in the following decades. Employers and farming interests, however, continued to be well represented in public policy and, indeed, public and semi-public institutions such as the Agricultural Organization of Iceland and the Fisheries Association of Iceland had almost a status of government ministries. These arrangements support the argument that at least since the early 20th century 'sectoral corporatism' was in place in Iceland as the organizations representing two of the most important sectors of the economy were given privileged access to government.³³

A landmark change in relations between government and trade unions occurred in 1964 when the unions, employers and government reached a general wage settlement entailing substantial public expenditure on a large-scale residential housing scheme for low-income families as a compensation to wage moderation. In the following decades there was a slow movement towards a more corporatist regime in which the labour unions were consulted and occasionally included in different stages of public policy-making. At the same time, the labour unions were gradually narrowing their scope of interest representation, focusing more on 'pure' economic issues and becoming more independent from the political parties at the same time as they became more integrated into public policy-making by means of extra-parliamentary mechanisms of consultation.³⁴ However, this was a slow process and the agreement of 1964 did not mark a permanent change. In the next economic downturn between 1967 and 1969, strikes and industrial conflicts flared up again and on a larger scale than before.

Relations between the labour movement and government improved in the 1970s, most notably when the centre and left-wing parties joined coalition governments; that is, in 1971–1974 and 1978–1983. But it was not until the recession of the late 1980s that conditions for a closer cooperation between labour, employers and government were created with a dramatic fall in inflation and rising unemployment. With the labour movement in much worse bargaining position than before and a widespread disillusion with the type of wage settlements between the major interest groups in the past, a tripartite agreement called 'the National Accord' (*þjóðarsáttin* in Icelandic) was made in 1990 which marked the beginning of a closer cooperation of government, labour unions and employers associations with regard to wages and working conditions. As a result of the economic recession and a closer tripartite cooperation in the labour market, strike activity fell dramatically; even when economic growth resumed in the mid-1990s it did not rise to previous levels. Since the 1980s, the introduction of more prudent monetary policy (e.g. refraining from huge currency devaluations) and institutional stabilizers (e.g. a greater role of the State Mediator in labour disputes; ban on wage indexation) helped with moving the economy into calmer waters.

Although the labour market was showing stronger corporatist features, closer cooperation between the government and the labour movement in other spheres was not on the government's agenda. On the contrary, during the long reign of the Independence Party from 1991 and 2009 (first in a coalition with the Social Democrats from 1991 to 1995, then the Progressive Party from 1995 to 2007, and

finally the Social Democratic Alliance 2007–2009), the neoliberal agenda was resolutely pursued and the employers' associations gained more influence than ever before on public policy, ranging from labour legislation, privatization and liberalization of the economy, issues that were opposed by the labour movement in most cases.³⁵

Adversarial politics, Icelandic style

The Nordic consensual model of democracy rests not only on specific labour-market arrangements and relations between government and interest organizations; it also includes several distinctive features regarding the functioning of political institutions. One is the nature of legislative–executive relations where the parliamentary opposition has played a prominent role and has been involved in policy-making. In Denmark and, to a lesser degree, Norway and Sweden, minority governments have been a normal part of politics for a long time and, in fact, been more frequent than majority governments. Of the 46 governments in Denmark, Norway and Sweden in the period 1970–2007, 39 were minority governments.³⁶ This has fostered a consensual rather than adversarial approach to policy-making.³⁷

In contrast, majority governments have been the norm in Iceland and Finland. In Iceland, coalition governments have normally been formed by two or three political parties and have been supported by the majority of the Parliament, Alþingi.³⁸ Only four times since 1945 has Iceland been governed by minority governments and in all cases have they been transitory bargains between political parties until a majority government could be formed.³⁹ There are three different explanations that have been put forward for the strong preference for majority governments in Iceland: a conviction among politicians that minority governments are unstable and ineffective; strong majority governments have been needed to deal with the all-important policy area of economic management; and parties have emphasized taking part in government, even if it meant a considerable policy flexibility.⁴⁰

Political leaders have been in a strong position within their parties and the political system in general because party leadership overlaps with leadership in government. Overlapping also occurs in executive–legislative relations where there is a high degree of integration of the two institutions, allowing the former to influence the latter in various ways.⁴¹ As the same political power controls the two most central institutions of the political system, the main divisions are not between the legislature and the executive power but the majority and the minority in Parliament, both of which are subject to relatively strong party discipline. Since governments have normally a clear majority in Parliament they are not interested in compromise or consultation with the opposition parties in search of wider support; they rather tend to force their issues through on the basis of their majority in Parliament.

These institutional practices have polarized Icelandic politics, especially in the working of the Alþingi, and given them a distinctive adversarial character. A survey conducted at the end of the 20th century found that government and opposition parties in Iceland tended to work less together than their counterparts in the Nordic countries.⁴² The level of cooperation across party lines was the second lowest in Iceland after Sweden.⁴³ Important positions, including the Speaker of the House, are in the hands of the majority and opposition MPs have little chance of getting their bills and resolutions through the Parliament. Viewing the executive as too powerful in the

political system, the opposition frequently tries to seek attention and carve out a role for itself in Parliament by confrontational behaviour and extensive use of filibuster. The evidence suggests that nowhere in European parliaments is filibuster as extensively used as in the Icelandic Parliament.⁴⁴ Partisan politics reached new heights in the wake of the economic crisis of 2008 when verbal abuse, ugly scenes and the use of filibuster became more frequent in the *Alþingi*, no doubt contributing to the collapse in public trust to this central political institution in the country.⁴⁵

The polarization of the Parliament can to large extent be accounted for by institutional arrangements and practices, but it also corresponds well with an old tradition of confrontation in political debates. There has long been a widespread notion among Icelanders that their politics are unusually coarse and confrontational.⁴⁶ In the 19th and early 20th centuries it was popular to refer to ‘the national character’ in explaining this political behaviour, shaped by the Icelanders’ special historical heritage – if not their genetic make-up as descendants of Vikings – self-confident, tough and unruly people who emigrated from Norway in order to lead an independent life. Did not the Icelandic *sagas* abound with stories of men who preferred conflict and violence to peaceful solutions? In a newspaper article from 1930 titled ‘The Character of Icelanders’, Professor Halldór Hermannsson states that it does not suit the proud Icelanders to kneel down and be humiliated by others.⁴⁷ ‘They are temperamental and quarrelsome whether they have inherited it from the Norwegians or the Irish,’ he stated. Their forefathers had fought other people during the Viking Age but once settled in Iceland they had nobody to fight with except themselves; they never united as a nation to fight a foreign foe for life or death or to compete with foreigners in commerce or other affairs. The only campaign against a foreign power was against the shrewd government of Denmark having documents and writings as the only weapons. Since Icelanders did not have the experience of presenting themselves as a nation among other nations, they lacked the art of negotiation.

Of course, these images should be understood rather as cultural constructions that served the function of maintaining national identity than accurate descriptions of the personality characteristics of the Icelanders. But the substantial evidence of the coarse style of Icelandic politics indicates certain persistent norms and behavioural patterns in the political culture. Foreign commentators often mention Icelanders’ uncouth manner in public debate.⁴⁸ Mr Eric Cable, a British consul in Reykjavík during the First World War, gave the following account of the Icelanders, paraphrased by historian Sólrún B. Jensdóttir:

Icelanders were ... unwilling to express their opinions, especially before foreigners. But if they could be induced to talk about their fellow countrymen they were eager to criticize the actions of men in public life, all of whom they held to be corrupt. Attacks on private and public persons, both in conversation and in the press, were carried on with an acerbity which was ‘perfectly horrible’ to a foreign observer. Polemicists freely called each other liars and idiots, but such insults were not taken seriously, however.⁴⁹

The current state of knowledge only allows us to speculate on the historical roots and the political and social conditions that favoured the adversarial style in politics. It can doubtless be traced back to the late 19th century when modern political culture was in its infancy and rules of the political game were still

rudimentary. The overriding political issue during this formative period was the dispute between Alþingi and the Danish government over demands for increased independence – a dispute in which Icelandic politicians did not mince their words when discussing the government and its supporters inside or outside Iceland. The introduction of Home Rule and parliamentary government in 1904 saw the intensification of political conflict as the political elites were split up between government and opposition, fighting resolutely for their cause without much regard to opposite views.⁵⁰

With the emergence of industrial society in the early 20th century the political community was deeply divided into three distinct segments, which had their socio-economic base in the main social strata, the middle class, the farmers and the working class, each closely linked to a political party, interest organizations and newspapers. As the state became very active in society, managing a relatively large budget for economic purposes, owning most of the banks and controlling jobs, services, contracts and licences – dividing the spoils of power became a major source of conflict between the political parties.⁵¹ The public sphere was dominated by bitter party politics, or as one historian put it, there were few spots in society that were ‘protected against the sandstorms of politics’.⁵² Aversion to accommodative politics became a distinctive feature of Icelandic politics.

Conclusion

There is strong support in the political-science literature for classifying the Nordic countries – including Iceland – as consensual democracies. Iceland shared many of the political institutions and traditions of the Nordic countries during the 20th century, applying proportional representation in parliamentary elections, having coalition governments and a multi-party system similar to the other Nordic countries. The democratic tradition has been characterized by respect for the rule of law, orderly political practice and a high level of political trust.

However, the main argument of this article is that consensus politics, meaning a significant cooperation between government and opposition in Parliament, a tendency to seek broad coalitions in important political issues and policy concertation between major interest groups, is not a fitting description of the political reality in Iceland in the second half of the 20th century. Comparison with the other Nordic countries shows that, first, relations in the labour market developed in a distinctly different way in Iceland, where conflict in the labour market was rife and strikes have been some of the most frequent in Europe, due to severe economic fluctuations and a type of economic management that increased rather than reduced tensions between labour and capital. The Icelandic economic-policy regime favoured full employment and high economic growth, often at the cost of economic stability and hence harmonious relations in the labour market. The strained relations between government and trade unions can largely be explained by the political weakness of the pro-labour parties, unable to make their mark significantly on public policy, and little interest from the two most powerful parties, the Independence Party and the Progressive Party, to involve or even consult the labour movement on fundamental issues. Corporatism developed therefore late and only in limited areas of policy. Lastly, confrontation has been a strong feature of Icelandic politics, especially in the workings of the Parliament. In contrast to Denmark, Norway

and Sweden, majority governments have been a rule and the pressure to seek broad cooperation between parties in government and those in opposition has therefore not been as great as in Scandinavia. While the polarization in Parliament can largely be explained by institutional arrangements and practices, the article seeks to demonstrate that adversarial politics have a long history and deep roots in the political culture.

These findings are in congruence with research showing that there are links between interest-group systems and models or types of democracy. Arend Lijphart and Markus M. L. Crepaz have shown that there is a positive relationship between corporatism and the consensual type of democracy, of which Denmark, Norway and Sweden are prime examples.⁵³ In contrast, Iceland represents a case of a political system with several strong features of the adversarial/majoritarian model of democracy, including a 'pluralist' type of interest organization that is characterized by a low level of corporatism and a high degree of competition between major interest groups.

Notes

1. Elder and Arter, *The Consensual Democracies?*; Lijphart, *Democracies*; Hilson, *The Nordic Model*. Some scholars, however, take a critical view of the term 'Nordic model of consensual democracy'. In *Democracy in Scandinavia*, Arter regards the Nordic political systems not as consensual democracies; they are all majoritarian democracies, he argues, which display varying degrees of consensual legislative practice – see e.g. p. 21. Discussing 'the Nordic model' in a broader sense, including political as well as social and economic arrangements, Lars Mjøset is reluctant to use the term 'model' although he acknowledges a number of peculiarities that the Nordic states have in common; see Mjøset, 'The Nordic Model Never Existed'.
2. Petersson, *The Government and Politics of the Nordic Countries*, 33–4.
3. Similar views on some of these aspects have been presented lately in a number of Icelandic studies, albeit with somewhat different emphases and explanatory framework. See especially Óskarsdóttir, 'The Use of Incomes Policies'; Guðmundsdóttir, *Íslenskur vinnumarkaður á umbrotatímum*; Óskarsdóttir, 'Meirihluti og margræði'; Þórhallsson, 'The Corporatist Model'.
4. Arter, *Democracy in Scandinavia*, 5.
5. Rainio-Niemi, 'Small State Cultures of Consensus', 41–2.
6. Rainio-Niemi, 'Small State Cultures of Consensus', 41–8; MacRae, 'Contrasting Styles of Democratic Decision-Making', 279–95.
7. See e.g. Schmitter, 'Still the Century of Corporatism?', 85–131; Lehbruch and Schmitter, *Patterns of Corporatist Policy-Making*; Katzenstein, *Small States in World Markets*.
8. See e.g. Lehbruch, 'A Non-Competitive Pattern'; Lijphart, *The Politics of Accommodation*.
9. Lijphart, *Democracies*; Lijphart, *Patterns of Democracy*; Lijphart: 'Consensus and Consensus Democracy'.
10. Lijphart, *Democracies*, especially chapter 13; Lijphart, *Patterns of Democracy*, especially chapter 14. See also Lijphart, 'Consensus and Consensus Democracy', 102–3.
11. Lijphart, *Patterns of Democracy*, 246–50. For a good review of Lijphart's analysis and of consociationalism in general, see Andeweg, 'Consociational Democracy'.
12. Lijphart, *Patterns of Democracy*, chapter 15.

13. See e.g. Hilson, *The Nordic Model*, chapter 1 and the sources cited there; Petersson, *The Government and Politics of the Nordic Countries*.
14. Elder et al., *The Consensual Democracies?*, 190.
15. Elder et al., *The Consensual Democracies?*, chapter 1.
16. Lijphart, *Patterns of Democracy*, 246–57; Elder et al., *The Consensual Democracies?*, 172–80.
17. Kristjánsson, ‘Conflict and Consensus’, 171–2.
18. Magnússon, ‘The Icelandic Althingi and its Standing Committees’, 168.
19. The high strike incidence in Iceland goes further back. In the period 1960–1964, on average 1,706 days per 1,000 employees were lost per year, cf. Ólafsson, *The Modernization in Iceland*, 335.
20. See e.g. Gunnarsson, ‘Sveiflur í landsframléiðslu’; Andersen and Guðmundsson, *Inflation and Disinflation in Iceland*.
21. *OECD Economic Surveys*, 62. The sample covers the period 1970–1987.
22. Ursua and Barro, ‘Macroeconomic Crises’, 51, 56.
23. See e.g. Ólafsson, ‘Icelandic Capitalism’; Sigurjónsson, ‘National Sovereignty’; Mjøset, ‘Nordic Economic Policies in the 1970s and 1980s’.
24. Ólafsson, ‘Variations within the Scandinavian Model’; Guðmundsson and Friðriksson, ‘Klassesarbejde i Island’; Jónsson, ‘The Icelandic Welfare State’.
25. See e.g. Óskarsdóttir, ‘The Use of Incomes Policies’, especially chapters 5 and 7.
26. Korpi and Shalev, ‘Strikes’, 172.
27. See e.g. Kristjánsson, *Frá flokksræði til persónustjórn mála*, 179–82.
28. Kristjánsdóttir, *Nýtt fólk*.
29. The first purely left-wing government in Iceland was formed by the Social Democratic Alliance and the Left-Greens in 2009; it won an absolute majority in elections held in April 2009, which took place in the shadow of the biggest economic crisis in the post-war period.
30. In the period 1941–1970 the Social Democrats in Sweden polled on average 48% of the vote, in Denmark 39% and the Labour Party in Norway 46%. After 1970 their strength diminished somewhat; Social Democrats in Sweden gained on average 42% of the vote 1972–2007, in Denmark 32%, in Norway 35%. In Finland, the Social Democrats commanded around a quarter of the vote in the latter half of the century. See Arter, *Scandinavian Politics Today*, 73.
31. Again, Finland has more in common with Iceland than the other Nordic countries in the decades following the Second World War with regard to the weakness of Social Democracy, deep cleavage between the Right and the Left and undeveloped corporatism. The development of consensus-orientated political culture in Finland and Austria after 1945 is examined in Rainio-Niemi, ‘Small State Cultures of Consensus’.
32. Scholars tend to see the 1930s as the formative period of corporatism and ‘consensual’ politics; see for example Maier, ‘Preconditions for Corporatism’; Katzenstein, *Small States in World Markets*; Petersson, *The Government and Politics of the Nordic Countries*; Hilson, *The Nordic Model*; Rothstein, ‘Explaining Swedish Corporatism’.
33. Kristjánsson, *Corporatism in Iceland?*, 11–14; Kristinsson, Jónsson, and Sveinsdóttir, *Atvinnustefna*, 43–5; Þórhallsson and Vignisson, ‘Life is First and Foremost Saltfish’, 78–86. On different degrees of corporatism, see e.g. Lehbruch, ‘Concertation and the Structure of Corporatist Networks’.

34. Kristjánsson, *Corporatism in Iceland?*, 9–10; Óskarsdóttir, ‘The Use of Incomes Policies’; Sigurðsson, ‘Upphaf “félagsmálapakka”’.
35. See also Þórhallsson, ‘The Corporatist Model’; Guðmundsdóttir, *Íslenskur vinnu-markaður*, especially 236–64; Ólafsson, ‘Icelandic Capitalism’.
36. Arter, *Scandinavian Politics Today*, 231.
37. Arter, *Democracy in Scandinavia*, 6; Rasch, ‘Parliamentary Government’.
38. Magnússon, ‘Samþætting meginvaldpáttanna ríkisins’, 341.
39. The longest serving minority government lasted only 11 months, cf. Óskarsdóttir, ‘Þingmeirihluti og einkenni ríkisstjórna’, 295.
40. Magnússon, ‘Samþætting meginvaldpáttanna ríkisins’, 323–60, 343–5.
41. Magnússon, ‘Samþætting meginvaldpáttanna ríkisins’, chapter 12.
42. See e.g. Damgaard, ‘Parliament and Government’, 275. It must be noted, however, that the great majority of bills passed by the Alþingi in 1932–2008 was passed without opposition, cf. Magnússon, ‘Samþætting valdabáttanna og hlutverk Alþingis’, 370.
43. Jensen, ‘Party Cohesion’, 228–31.
44. Magnússon, ‘Samþætting valdabáttanna og hlutverk Alþingis’, 408.
45. This has prompted several parliamentary motions to change the standing orders regarding debates.
46. See e.g. ‘Smávegis’: 248; *Lögberg*, 25 January 1934: 2; Stefánsson, ‘Sjálfstæðismálið’: 4; *Morgunblaðið*, 5 November 1944: 7; *Morgunblaðið*, 7 November 1951: 6; *Þjóðviljinn*, 21 September 1955: 6; *Alþýðublaðið*, 10 October 1967: 16; *Morgunblaðið*, 2 November 1963: 48. Since the 1960s the issue of the adversarial character of Icelandic politics has emerged from time to time but never as forcefully as 2003–2007 with criticism of the divisive and destructive partisan politics, which many commentators linked to the long reign of the Independence Party, and again during the economic crises of 2008–2011.
47. Hermannsson, ‘Einkenni Íslendinga’, 29.
48. See e.g. *Suðurland*, 17 February 1912: 147–8; Östrup, ‘Reykjavík’; ‘Íslendingar’; Bluhme, ‘Ísland’.
49. Jensdóttir Harðarson, *Anglo-Icelandic Relations during the First World War*, 34.
50. Kjartansson, *Ísland á 20. öld*, 162–3. See also Magnússon, ‘Samþætting valdabáttanna og hlutverk Alþingis’, 403–8.
51. Kristinsson, ‘Clientelism in a Cold Climate’; Kristinsson, ‘Valdakerfið fram til viðreisnar 1900–1959’.
52. Kristjánsson, *Ræður og riss*, 114.
53. Lijphart and Crepaz, ‘Corporatism and Consensus Democracy’.

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