Patronage and public appointments in Iceland

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There are mainly two conflicting views on patronage in Iceland. One is that although it used to be part and parcel of Icelandic politics to hand out favours – such as jobs – on party political grounds, this is no longer the case. The opposite view is that patronage is still prevalent.

Prime Minister Ásgrímsson expressed the former view in a report to Parliament in 2005 when he said:

Changes in Icelandic society in recent years have greatly reduced the danger of corruption related to political activity. The business community has been freed from a system of licenses and hand-outs which created undesirable pressures on politicians when allocating restricted goods. Business, today, operates within a legal framework fully comparable to that which prevails in our neighbouring countries, assured that the power and willingness of politicians to manipulate the terms of business no longer exists. The allocation of building sites and even the general hiring of public employees were often in the hands of politicians at an earlier time, but this, in general, is no longer the case. (Prime Minister’s report, 2005, p. 2)

International observers generally characterise public administration in Iceland as non-corrupt (GRECO 2001; OECD 2000) and according to Transparency International’s Corruption Perception Index - which admittedly is more concerned with bribery than patronage - Iceland came out as the least corrupt state in the world in 2005. (Transparency International 2005)

Despite this there are notorious affairs at regular intervals in Icelandic politics where appointments to important administrative and even judicial positions seem based on political criteria. A great deal of controversy has been stirred up by appointments to the Supreme Court, positions in the Foreign Service and in the Central Bank, to name a few recent examples, and patronage is still very much part of the public debate. Close to 60 per cent of the population believe that nepotism, personal connections and political patronage play a large role in the decisions of local governments (Kristinsson 2001) and only 40 per cent of central government employees feel that their own agencies at all times follow good procedures based on objective criteria when hiring.
new employees. Close to 40 per cent knew examples from the last two years where criteria other than merit had been decisive during the hiring process (Kristmundsson, 1999, p. 56). Bad practices in the hiring of public employees need not, of course, imply political patronage only, but patronage is without a doubt an important part of what people think of as bad hiring practices in Iceland.

The present paper is concerned with the dynamics and development of the Icelandic patronage system. Patronage in the present context is understood as the hiring of public employees on political grounds. We aim to find out if political patronage is in fact on the retreat in Iceland, and if so, why it remains a controversial subject in Icelandic politics?

Three models of appointments

A distinction can be made between three models of public sector appointments. These are not necessarily found in pure form in practice, but nonetheless constitute more or less coherent ideas of how to conduct the hiring and promotion of public servants. In the first place there is the bureaucratic model, according to which the public sector constitutes a separate and closed labour market, usually to be entered only at the beginning of a career. By entering the public sector, employees make an investment in administrative know-how and values which is primarily useful within the public sector, but may not be of much use in the broader labour market. In exchange for their investments, bureaucrats are offered the prospect of reasonable advancement, security of tenure and pensions. Socialization within the public sector, career prospects and security of tenure are expected to create loyal and capable servants of the state, insulated to a certain extent from undue political pressures. This, broadly speaking, is the classical idea of bureaucracy roughly outlined by Weber and practiced to some extent (and with considerable variations) in mainland Western Europe (Weber 1978 chapter XI; Page 1985).

The classical bureaucratic idea, however, as Silberman (1993) points out, was not the only solution to the problem of forming a competent public service. Where patronage had been rampant, as in the United States during the Nineteenth Century, an attractive alternative to the waste and incompetence of a corrupt public service was not necessarily the closed bureaucracies of many European states but rather the professional criteria already found in the broader labour market. In a professional system of administration, public employees are defined more by their professional identities than their public sector employment. An employee may thus best advance his or her career by moving between jobs, sometimes between the public and the private sector. Appointments in the public sector, according to this idea, are essentially no different from those in the private sector; the essential tasks of human resource management are the same.

The third appointment model sees political appointments as a legitimate and politically efficient way of manning the public sector. According to this, the administrative system is essentially a political arena where different forces compete for place. There are two broad variants of this idea. One is the populist version associated with traditional patronage systems, according to which the spoils of public
office are among the legitimate rewards of politics. Theoretically this is generally considered a weak argument, associated with waste, inefficiency and incompetence in public office. Lurking behind it is the ill-disguised need to find jobs for people who have served a political role and feel they should be taken care of through public sector employment. This kind of patronage has served as building material for party organizations where patronage parties have thrived, offering party members “selective incentives” for party work and material rewards for their efforts.

A more sophisticated version of the political appointments model regards the bureaucracy as a potentially distortive factor in the democratic polity, which should to some extent be counteracted by introducing more representative elements into it. This may be achieved through appointments, which should then ensure that the bureaucratic agents selected for strategic posts are of the same mind as their political principals. According to agency theory, “[p]oliticians always try to appoint people who share their goals”. (Pratt & Zeckhauser 1985, p. 15) Political appointments according to this version are not so much rewards for services rendered as strategic placements intended to affect the working of the public sector itself. Whereas the former (spoils) version is essentially aimed at the party organisation outside the public sector, this latter (strategic) one is essentially concerned with the organization of the party within the public sector. Less partisan versions of the political appointments argument exist as well, of course, e.g. in the theory of representative bureaucracy (Rosenbloom & Dolan 2003) which - in recognition of the political significance of the work done by public administrators - seeks to make it more representative of the population as a whole.

**Explaining patronage**

Patronage is often seen as a “traditional and personal” relationship (Hague & Harrop 2001, p. 116) whereas the bureaucratic and professional models are regarded as more modern. Weber saw bureaucracy as the type of administration compatible with the spirit of capitalism (i.e. instrumental rationality) characteristic of the modern age. Present day organisational theory, however, sees other types of organizations as viable and compatible with modern requirements no less than the traditional machine-like bureaucracy, including the professional bureaucracy and several more fluid types of organizations (see e.g. Mintzberg 1983; Morgan 1997).

Shefter (1994) points out that patronage has characterized several modern polities. The key factor affecting the tendency towards patronage, he maintains, is whether bureaucracy developed before democracy or not. Where bureaucracy preceded democracy, its leadership was able to act politically during the crucial stages of mass mobilisation, so as to secure recognition of the importance of bureaucratic autonomy. Where, on the other hand, democracy emerged before a strong bureaucracy developed, the result was that the emerging mass organisations utilized employment in the public sector as a reward for their members.

The development of patronage in a number of developed democracies during the Twentieth century seems to fit well with Shefter’s theory (Shefter 1994; Kristinsson 1996). A crucial part of his theory, however, is based on the assumption that parties
seek to establish mass organisations. It is the electoral advantage of a mass organisation which induces parties to offer patronage rewards to their members. But the need for mass organization is itself a variable which must be considered. The assumption that parties need mass organizations may have been realistic for much of the Twentieth century, but it may be questioned at the beginning of the Twenty-first (see Dalton & Wattenberg 2000). Thus, Katz and Mair (1995) see the mass party as merely a stage in the development of party organisations, followed first by the catch-all party (see also Kirschheimer 1966) and subsequently by the cartel party. The former is geared towards winning elections by appealing to all sections of the electorate, irrespective of the old cleavages which originally defined party systems. The latter, however, forms part of a cartel of parties composed of political professionals who share to some extent in the dividends of power. Thus, the catch all party …

… while leaning heavily on its membership base for both finance and campaign work, also began to win contributions from a wider variety of sources, and began to shift towards a more capital-intensive approach to campaigning. These new parties also laid less emphasis on their own independent channels of communication and spent an increasing effort in competing for access to non-partisan communication networks, devoting more and more resources to the employment of professional publicists and media experts. This latter pattern has now been even further pushed forward by the cartel parties, whose campaigns are now almost exclusively capital-intensive, professional and centralized, and who rely increasingly for their resources on the subventions and other benefits and privileges afforded by the state (Katz & Mair 1995: 20).

If it is really the case that the mass membership party is past its prime, this should not be without consequences for patronage. Parties which no longer rely on mass organisations should have a much smaller incentive to engage in old style patronage. Will they give up patronage and revert instead to bureaucratic or professional appointments? Or will political appointments continue, and remain a permanent feature of Icelandic politics?

**Bureaucracy, patronage and professionalism in Iceland**

Patronage in Iceland developed during the early Twentieth century as the political parties took advantage of the political weakness of the bureaucracy and the lack of support for bureaucratic autonomy. The early history of Icelandic patronage broadly fits Shefter’s theory (Kristinsson 1996).

The premises on which the Icelandic central administration was originally built were basically in accordance with the bureaucratic model. With Home Rule in 1904 Iceland gained effective independence from Denmark in domestic issues, including a parliamentary system of government and a domestic administration. Danish bureaucratic traditions served as the obvious model for administration in Iceland and continued to influence even after sovereignty was obtained in 1918. Appointments were formally the responsibility of individual ministers and higher officials enjoyed security of tenure and pensions. Formally the administration was not a closed labour
market, but in effect there was a tendency to favour bureaucratic careers in the early years and there was no general obligation to announce administrative positions in the open market until 1954.

The main weakness of the bureaucratic system was its lack of political support. Support for bureaucratic autonomy - crucial according to Shefter for the prevention of patronage - was lacking. The domestic bureaucracy was under Danish control until 1904 and failed to secure the support of the domestic ruling class of well to do farmers. The privileges of officialdom (especially the pensions) were a constant source of resentment among the public and the bureaucracy in general tended to be regarded with suspicion. The leadership of the agrarian Progressive Party made a determined effort to break the hold of the political establishment on the public sector in the wake of the First World War and when it became the sole party of government in 1927, political appointments were introduced on a scale never seen before. During the formative period of membership organizations in Icelandic politics which followed (they developed mainly during the 1930s) all three of the major parties (the conservative Independence Party, the Progressives and the Social Democrats) learned how to spread jobs and other dividends of public office to their supporters.

By the 1940s an informal political system of appointments had emerged side by side with the bureaucratic system still formally in place. Appointments and the hiring of staff throughout the public sector were largely made on political grounds, but once appointments had been made, the officials enjoyed the security of tenure and pensions provided by the bureaucratic system. This inevitably created a complicated situation once the original political masters were replaced by new ones, but the typical response was to create numerous boards to oversee and in part control the work of public officials. The more important boards were politically comprised, but in many cases the representation of special interests and opposition parties was secured alongside the ruling political parties of the day.

The political-bureaucratic system of appointments served the parties well so long as they had to run large scale membership organisations and satisfy a steady demand for patronage positions. The only party partially left out in the patronage system was the left-socialist People’s Alliance which was an outsider to government except for rare occasions until the 1970s and hence had to motivate it’s membership differently, - primarily on ideological grounds. Patronage wasn’t necessarily unpopular and those on the receiving end in particular tended to regard it with understanding. Various professional groups and those left out, however, were more critical (Kristinsson 1994). During the 1960s, patronage came under increasing criticism – along with other aspects of “partiocracy” (flokksræði) – for inefficiency and unfairness. In the following period the political risks involved with patronage increased as the parties gradually lost their grip on the media. As the growing unpopularity of patronage went hand in hand with its decreasing usefulness for the political parties in the 1980s and 1990s (see below), professionalism increasingly found a receptive audience in Iceland. At times it is even presented as a reference point, according to which all public sector appointments can be measured (e.g. Aðalsteinsson, 2005). Patronage bears a potential cost, which used not to be the case. The cost is not sufficient to end a political career or even cause substantial damage, but having to weather a storm of this kind is never a positive factor in a political career.
Why professionalism emerged as an alternative to political appointments, rather than a return to bureaucracy, probably has to do with two things. In the first place, bureaucracy was closely associated with the old system of appointments which was seen as wasteful and inefficient. Equally important, however, was the rise of New Public Management on the international agenda of managerial reform which provided a ready made solution to the problems of public sector reformers in Iceland (Kristmundsson 2003). Hence, in a rather sweeping series of public sector reforms during the 1990s the Icelandic administration took significant steps away from the political-bureaucratic system towards a professional one. In the new Civil Service Act of 1996, tenure for senior civil servants was abolished in exchange for five year contracts and a parallel reform of the public pensions system was explicitly aimed at encouraging mobility between the private and the public sector. Significantly, the power over hiring employees beneath the level of agency head was transferred from the minister to the agency head. This means that the potential for ministerial involvement in patronage at lower levels of the administration has been greatly reduced, even if they may still bring informal pressure to bear. The change in hiring power – which passed without much public debate – reflects the fact that the political parties no longer felt that average public service jobs in central government were of strategic importance to them. By some accounts, actually, it’s become more of a nuisance.

**Changing party organization**

During the 1930s the Icelandic parties developed mass membership organizations which were based partly on ideological rewards and partly on material ones in the form of patronage and other selective goods. These were highly successful, in their own way, in that for a time they were closely integrated with not only the public sector but the economy and cultural life as well. Since their heyday during the 1940s and 1950s, the party organizations have faced increasing challenges. They have become more vulnerable to external pressures and lost control in areas where they used to be in command.

**The membership organisations**

The importance of membership organisations is not what it used to be. Campaigns can be run without relying on a large number of foot-soldiers to distribute pamphlets, attend meetings or mobilise potential voters on Election Day. The role of the membership has to some extent been taken over by public relations specialists, advertising agencies and the media in general. Yet, the Icelandic parties boast membership figures which are (relatively speaking) almost without parallel in present day democracies (for comparative data, see Scarrow 2000). Close to 20 per cent of the voters are party members according to opinion polls, - and the figures published by the parties are even higher (Hardarson 1999; Kristinsson 2001). No discernible trend has been observed so far towards declining membership of the political parties, while many other democracies have seen membership ratios decline to a substantively lower level in recent decades.
High membership figures in the Icelandic parties reflect above all the low cost of membership. Many members have never in their lives attended a party meeting and never paid any kind of fees to the parties. Most of them do very little party work or none at all. Usually they will remain on the party files despite total inactivity unless they specifically ask to be removed – but since membership makes no specific claims on them, the incentive to do even that is low.

Most party members pay little or no attention to the traditional roles of mass party members such as financing the parties and campaigning. Different techniques of financing and campaigning have to some extent replaced the rank and file. Local elections are a partial exception to this, since the parties still need some local anchorage in order to be able to run respectable campaigns in them. The remaining functions of the membership have to do with candidate selection and leadership contests. At the time of such contests, the membership files of the parties often swell, as candidates mobilize their supporters from within and outside the party. The right to vote in the primaries is often (or even usually) not restricted to party members, (although a declaration of support for the party may be called for). Since membership makes no financial or other demands on the voters, it is relatively easy to recruit them on a single occasion like this.

The introduction of the primaries as the main method of candidate selection since the 1970s has made the parties more vulnerable to outside pressure than before. Leadership and candidate selection is no longer confined to the party activists and the party institutions but has been moved onto the broader area of quasi members or non-members, an ill defined group of people who may flood the parties on irregular occasions but take no part in its activities in between. Politicians, as a result, lead a much less sheltered life than before.

**Party finance**

Another important area where the vulnerability of the parties has increased is party finance. So long as party operations depended to a large extent on the voluntary work of party members the amount of money actually going through the party funds was modest. Financial contributions were mostly voluntary and membership fees usually not collected on a regular basis (except perhaps in the left-socialist People’s Alliance).

Political finance, however, has changed dramatically since the 1980s, with increasing professionalism in party campaigns (including consultancy firms) and commercial advertising (including television commercials since 1987). Although little is actually known of political finance in Iceland, which is non-regulated, it seems clear that the amounts spent by the parties have risen steeply. State subventions rose by 31 per cent in 2000-2005 (Prime Minister’s report 2005: pp. 3-4; Björnsdóttir 2006). The amount of private contributions is not known but they are likely to have risen as well. Private contributions are tax deductible along with contributions to religious organisations, culture, research etc. The total amount of such tax deductible expenditure rose by 56 per cent in 2000-2004, but the official records keep no track of the share of political contributions in this.
Each of the largest parties is widely believed to cultivate particular sections of the business community for political support. Many businesses contribute to all major parties, although the amounts may vary. Accusations of attempted bribery and suspicious financial ties between business leaders and politicians – which used to be absent from Icelandic politics – have become more common in recent years. Whatever the truth of such accusations, the fact remains that all of the parties are much more vulnerable to outside pressure from financial contributors than they ever were before.

Loss of control

During the middle of the Twentieth century, the parties were firmly in control over most aspects of Icelandic society. Most aspects of culture, business, public employment, finance and the media were highly party political. Liberalisation of the economy and growing professionalism in different spheres of society has changed this to a considerable extent.

The political media market changed substantially in the last two decades. Prior to the 1970s, the Icelandic media was mostly party political, apart from the National Radio and Television. Each party owned its own newspaper or enjoyed the support of a newspaper run by party sympathizers. The National Radio and Television was party-politically neutral, on the other hand, under the supervision of a watch-dog body, the Radio Council, elected directly by the Icelandic parliament. This meant that the parties were in control of the political agenda. Since the 1970s, the party political media has gradually given way and during the 1990s all the party owned newspapers disappeared (Friðriksson 1998). The largest newspaper, however, Morgunblaðið which is associated with the largest party (the Independence Party) survived. While the parties have, to some extent, striven to maintain their control of the media (see below), on the whole they face a situation which is very different from that which prevailed during the period of party political media.

Another area in which the parties have lost control is the financial system. For much of the Twentieth century the financial system in Iceland was more or less state run. The political forces had a hand in its development from the start and secured control early in the century. It was primarily the divergent interests of the rural based cooperative movement (associated with the Progressive Party) and the industrial and commercial business community (associated with the Independence Party) which competed for influence (e.g. Friðriksson, 1993). The Social Democrats were a minor player in the financial system – although they typically managed to secure some bank manager positions – and the left-socialist People’s Alliance an even smaller one. The impact of the parties was secured through supervisory boards, elected directly by parliament, which in turn hired the bank directors. The two major parties, the Independence Party and the Progressive Party, gradually developed an informal truce – commonly called “the fifty-fifty split” (helmingaskiptakerfið) - whereby they each received representation on the board of directors in the state banks, with the occasional Social Democrat as a third member. It is generally understood – although detailed research is still lacking in this area – that the role of the bank managers was to secure access of the relevant business group to capital on favourable terms. A large system of special funds was run in a similar manner (Kristinsson et al 1992).
The interdependence of business and political parties lasted until the end of the Twentieth century. The 1990s saw the end of the cooperative movement and the development of 10-15 groups of investors replacing the old bi-polar competition between the cooperatives and the network of private enterprise associated with the Independence Party. The privatisation of the financial system during the 1990s – which was completed in 2002 – created a system where the financial sector became much more independent of politics than before. As the coalition partners from 1995 prepared for privatization – the Independence Party enthusiastically and the Progressives perhaps less so – they were eager to make sure that the major financial institutions would not fall into the wrong hands. Problems in achieving this probably delayed privatisation in the financial sector somewhat, but in the end two of the major banks were sold to groups acceptable to the two coalition parties. This does not alter the fact that the financial sector has become more or less independent from the political forces and unlikely to act as their agents to any substantial degree.

**Party interests with regard to appointments**

Party interests with regard to political appointments have changed. Patronage is no longer necessary to feed the membership organisation to the extent that used to be the case on account of its declining usefulness. The question is: do the parties have any interest left in political appointments? Even if large scale patronage is on the retreat, political appointments may still serve the parties and leading politicians in several ways.

To begin with it should be stressed that *traditional patronage* – in the sense of rewards for political support – still exists. Ordinary party members may not have the same kind of access as they did, but they still tend to bring pressure on the politicians and sometimes succeed (especially at the local level, where the importance of membership organisations is greater than at the national level). National politicians, however, also need their personal networks of supporters. Supporters are essential for them in the primaries in their local constituencies but they are also important within the national party organization and in the administrative system. In some cases the politicians reward their supporters through political appointments. In this context it is important that appointments are usually the exclusive responsibility of individual ministers in Iceland.

Strategic political appointments are the second type of patronage still useful to the political parties. Such appointments are intended to strengthen political control over particular sections of the administrative system. Appointments of this kind are made not so much to reward the appointees for past services as to guarantee that a trusted individual is placed on a politically sensitive post.

Finally there is the *cartel* type of patronage which reduces the risks of a political career. Leading politicians expect to be taken care of when they retire from politics. Active politicians have an obvious interest in maintaining the tradition since they may end up in a similar position themselves at some point. Patronage of this kind is not confined to party fellows. It takes place across party boundaries and even leading opposition politicians may gain from patronage of this kind.
**Bureaucratic, professional and political appointments in practice**

In order to gain an idea of the impact of the different modes of appointments in Iceland a total of 111 appointments to major administrative (and some judicial) posts in the period 2001-2005 were analysed. Of these, 82 were agency heads while the remainder were Ambassadors, Permanent Secretaries and Supreme Court judges. Most were appointed by ministers, but a few were appointed by other methods (such as agency boards).

No attempt was made to identify a single decisive factor in each appointment. In many cases the appointments are compatible with more than one model. What we look for instead is the number of appointments compatible with each model. An appointment is considered compatible with the bureaucratic model if the appointee has a solid career within the relevant branch of the administrative system, irrespective of his or her original training or qualifications. No attempt is made to compare the qualifications of the appointee to other eventual applicants for the job. Bureaucratic careers were evaluated on the basis of press releases from the ministries, press reports and information available in the Icelandic “Who’s Who”, Samtímarmenn (2003).

An appointment is compatible with the professional model if the appointee has educational qualifications highly relevant to the particular job and a career based on those qualifications, be it in the private or public sector. Again, no attempt is made to compare the appointee to other applicants. The appointment of a lawyer to a judicial post is compatible with the professional model if he has a background in private practice, but such an appointment is not compatible to the bureaucratic model. A lawyer, on the other hand (to take a hypothetical example), who becomes a permanent secretary in the Ministry of Fisheries having risen from the lower echelons of the administration on the other hand would be appointed according to the bureaucratic model but not the professional one. But an appointment can, of course, also satisfy both the professional and bureaucratic models, e.g. if a medical doctor with a long career in the public service is appointed head of an administrative division in the health sector.

The compatibility of appointments with the political model is more difficult to evaluate. Political appointments in Iceland are not officially recognised except in the cases of one personal assistant per minister. In reality, political factors often play a role, nonetheless. A political appointment in this context is regarded as any appointment where the minister involved could be seen to have an interest – other than a bureaucratic or a professional one – in preferring the appointee above other candidates. No judgement is made as to the actual impact of the relationship – the only condition is that there could be reasons to doubt the impartiality of the minister. An evaluation of the potential impact of political factors was made on the basis of 17 interviews with strategically placed persons inside or close to the administration. To be considered a potentially political appointment, a clear idea had to be present concerning the nature of the factors involved. It was not sufficient, for example, that an appointee was believed to sympathise with a particular party for the appointment to be considered potentially political. Some specific information was required in each particular case as to how the relationship could have played a role.
Graph 1. Compatibility of appointments in Iceland 2001-2005 with models of appointment (% of appointments compatible.)

Note: Number of appointments considered was 111. Information was missing in two cases regarding the bureaucratic and professional model. On missing information regarding the political model, see below.

Graph 1 suggests that the professional model has become the predominant model of appointments in Iceland. 68 per cent of appointments to higher administrative posts are compatible with this model in the limited sense being discussed here (i.e. without comparisons to other applicants). The majority, 57 per cent, is also compatible with the bureaucratic model, and 41 per cent, in fact, satisfy both models.

Of the appointments studied here, 44 per cent can be seen as compatible with the political model. These results are inevitably less reliable than the ones concerning the bureaucratic and professional models. In some ways the method used is skewed against the political model. Cases where there was no information on a political connection were classified as non-political appointments, whereas in fact we may simply have missed the relevant political connection in some of them. Similarly, by looking only at the relationship of the minister and the appointee we clearly ignored several cases where the significance of the appointment lay not so much in who was appointed but in who was not. Looking at the relationship of the appointee to the minister involved also misses the point that in some cases the appointments are part of a carousel which ultimately has a political purpose (namely a job for a favoured individual) but in order for that to happen other individuals (with no political connections) may have to move on to different positions. Taking these factors into account, the 44 per cent which we arrived at is actually the minimum number of cases where a political relationship may have been at work.

On the other hand, the strength of the political connection was not equally obvious or convincing in all cases. The political connection may be considered obvious in just over half the political cases (27 out of 49) but in other cases, doubts could be raised as to its relevance. Thus, our commentators did not in all cases agree on the relevance of the political connection and in some cases they may have overstated the case for political appointments. According to this reservation, potential political appointments in 2001-2005 were somewhere between 24 and 44 per cent. It should be added that in a number of instances also, suspicions of political connections were not found to be specific enough to be recorded in our data.
Many of the appointments which are compatible with the political model are also compatible with one or both of the other models. But 18 appointments out of 49 compatible with the political model are compatible only with the political model. This – 16 per cent of all the appointments considered – is undoubtedly far below the real significance of the political model, since political appointees often satisfy some minimum conditions for a position even if this is clearly not the reason they were selected.

Political appointments are actually a rather mixed bag. A basic distinction can be made between personal criteria for appointments and more general criteria (party criteria, cartel appointments). The former have to do with nepotism and personal friendships as well as the personal network of the minister involved. Not all of those appointed on such grounds need be formal party members. According to our estimates about 40 per cent of the potentially political appointments might be of this kind while 60 per cent conform to more general criteria.

The partisan nature of appointments is another factor of interest. To map this phenomenon the partisanship of appointees with publicly known party affiliations was compared to that of the minister making the appointment. Not all of these need necessarily be considered political appointments since party affiliation may in some cases have been irrelevant to the appointment in question. Graph 2 tells an interesting story nonetheless:

**Graph 2. Party affiliations of appointees (%)**

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<thead>
<tr>
<th>Party Affiliation</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Same as minister’s</td>
<td>20%</td>
</tr>
<tr>
<td>Coalition partner</td>
<td>10%</td>
</tr>
<tr>
<td>Opposition party</td>
<td>5%</td>
</tr>
<tr>
<td>None known</td>
<td>65%</td>
</tr>
</tbody>
</table>

Note: Based on all 111 appointments.

A total of 44 per cent of appointees have publicly known party affiliations. This is relatively high compared to the rest of the population, where less than 20 per cent of the electorate report membership of political parties. However, a high degree of partisanship is not uncommon at the highest level of the bureaucracy, even in states where patronage is not common, so this need not in itself be an indicator of patronage. (Peters and Pierre, 2004) Nor is it particularly surprising that 28 per cent of appointments fall to party fellows in a country with well established traditions of
patronage. What is more interesting is the sharing of patronage between parties which seems to emerge from graph 2. Thus, 10 per cent of appointments fall to the coalition partners of the minister involved and 6 per cent to members of opposition parties. In some of these cases, of course, partisanship is irrelevant to the appointment, which is made on bureaucratic or professional grounds. In others, however, the political background of the appointees is undoubtedly highly relevant, particularly at the highest level. The Icelandic parties operate a quid pro quo, commonly known as “samtrygging” in Icelandic (collective insurance), whereby they exchange favours. A coalition partner may thus accommodate a different party with regard to a particular post on the understanding that similar favours will be returned. Similarly, top leaders of the opposition parties may have access to top administrative jobs (although usually not strategically important ones) on a similar understanding. This applies, however, usually only to formers leaders (and in one instance a deputy leader) of these parties.

**Strategic and non-strategic placements**

Political appointments may serve different purposes for the appointing politicians according to the nature of the office involved. Certain jobs are strategically important for the parties or the ministers, in the sense that it is potentially politically significant how and by whom they are performed. This could apply to jobs such as those of the Permanent Secretaries who lead the work of the ministries, Supreme Court Judges and certain agency jobs (e.g. in the media or the financial system). Other high administrative positions, however, have only limited strategic significance from a political point of view. This applies to positions such as those of district commissioners, heads of regional health agencies and ambassadors.

Part of the argument in favour of political appointments has to do with strategic jobs. The strategic use of appointments is often seen as part of the new politicization of the civil service (Peters and Pierre 2004) and may be distinguished from traditional patronage in the sense that it can serve a legitimate democratic purpose (namely that of making the administration more responsive to its political masters). Whether it is actually effective in obtaining that purpose is subject to debate but it seems that political appointments to well defined sections of the administration need not lead to a full blown system of traditional patronage.

It is therefore pertinent to examine how far political appointments are confined to positions which could be considered strategic ones in one way or another. Of the 111 appointments in 2001-2005, 82 are here considered of small strategic importance but 29 on the other hand are potentially significant in a political and strategic sense. In table 1 these are divided according to whether they were considered compatible with the political model of appointments or not.
Table 1. Strategic and non-strategic appointments 2001-2005 by compatibility to political model (%)

<table>
<thead>
<tr>
<th></th>
<th>Smaller strategic importance</th>
<th>Greater strategic importance</th>
<th>Total</th>
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<tbody>
<tr>
<td>Compatible with political model</td>
<td>37</td>
<td>66</td>
<td>44</td>
</tr>
<tr>
<td>Not compatible with political model</td>
<td>63</td>
<td>37</td>
<td>56</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>(N=)</td>
<td>(82)</td>
<td>(29)</td>
<td>(111)</td>
</tr>
</tbody>
</table>

The tendency to make appointments in accordance with the political model is clearly much stronger in positions of higher strategic importance. Two out of three positions of great strategic importance were manned in a manner compatible with the political model compared to 37 per cent of appointments of smaller importance. Thus, we could say that at least part of the political appointments in Iceland might be justified through a principal-agent type of argument – namely by the need to maintain political control of the administration.

There are, however, some difficulties involved with this argument, quite apart from the question whether political appointments are in fact the best method of solving agency problems in the civil service. One obvious criticism is that parts of the appointments of strategic importance are for jobs where there are strong arguments against political involvement in favour of agency independence. This applies, above all, where there are important considerations of impartiality and credibility involved (Majone 2001; OECD 2002). Several of the cases where concerns have been raised concerning undue political influence in appointments have to do with such jobs, including the appointment of two Supreme Court judges in 2003 and 2004. Traditionally the appointments of Supreme Court judges have not been politicized (with possible exceptions) but after the court found several important legislative acts unconstitutional in the late 1990s and early 2000s, the strategic value of positions on the court increased significantly. Given the importance of impartiality and credibility for the judicial system, this has been the cause of some concern. Similar concerns have been raised with regard to Central Bank directors, the director of the National Radio and Television and some of the regulatory agencies.

Another problem with the strategic argument in favour of political appointments in the Icelandic context is that although their relative frequency is greater with regard to strategic positions they still appear to be quite common in other cases as well. In fact, a sizeable majority of the appointments compatible with the political model are for jobs of lower strategic importance (61 per cent against 39 per cent). In other words: the strategic argument applies to only a minority of the appointments that were seen to be compatible with the political model.
One of the reasons why old style patronage still takes place – albeit on a smaller scale than before - is that the same kind of pressures are still at work in the political parties. The incentives for the parties to provide patronage may be smaller, given the reduced importance of the membership organisations, but politicians will still get away with political appointments to administrative positions. And to the extent that they still need supporters willing to work for them and expecting rewards at the end of the day they are likely to meet the demand. But even where there is no spoken or unspoken commitment from the politicians personally, they will sometimes use the power of appointment to the advantage of their own party fellows. Former Prime Minister Hermannsson (Progressive Party) has expressed the view that given a choice between equally competent applicants he would normally decide in favour of his own party fellows (Eggertsson 1998: 218 and 1999: 308). The benefit for the politician involved may be to win friends and popularity within his party but the relatively low cost for the politician involved should also be considered in this context. Since political appointments are something of a regular occurrence in Icelandic politics the public seems to accept them to some extent as inevitable. And since politicians rarely have to face serious crises on account of political appointments, it sometimes seems almost as if they act on what Bill Clinton (in a different context) called the worst possible reason: “just because I could”. It is interesting, nonetheless, that appointments compatible with the political model occur more often in administrative position falling under Progressive Party ministers (51% compatible with the political model) than the Independence Party (39% compatible with the political). Given the obvious limitations of the data no great inferences should be based on this difference, but it could be indicative of the greater organizational dependence of the Progressive Party on patronage compared to the Independence Party.

The Foreign Service is a particularly illuminating case with regard to the strategic argument for patronage. Ambassadorships are highly valued posts in the civil service for the personal rewards associated with them rather than their strategic importance for the political parties. There are two roads to an ambassadorship, one conforming to the bureaucratic model of appointments, the other to the political one. A professional model usually does not apply in this context because unlike most other positions in the civil service an ambassadorship doesn’t have to be advertised in the open market. Ambassadors either rise from the ranks of the bureaucracy or else they get their positions through the patronage of the Minister of Foreign Affairs.

Since 1990, 36 persons have been made ambassadors in the Icelandic Foreign Service. According to a minister’s reply to questions in parliament in 2004 the total number of ambassadors is 34 (Alþingistíðindi, 131. lögjafarbíning 2004–2005, Þskj. 318). Of the persons who were made ambassadors since 1990, 19 had bureaucratic backgrounds while 17 came in through the patronage of the minister. The average length of service in the case of the bureaucrats was 14 years. Although bureaucratic politics played a role in some of them they were basically compatible with the bureaucratic model of appointments. The others usually had no experience within the ministry (or one or two years in a few cases). The non-bureaucratic appointments fall into three groups. Some applied to close administrative co-workers of the ministers in question who received their posts in reward for their services. A second group consists of the ministers’ own party fellows, some of whom were former ministers but others simply wished for a change of job or needed taking care of in one way or another. Finally there are several
cases where the foreign ministers solved occupational problems in other parties – often even the opposition parties – by their appointments. It is primarily the former leaders of the opposition parties who could expect such appointments. The appointments of former opposition party leaders to ambassador posts is an instance of collective insurance, whereby the political elite takes care of its own, irrespective of old differences. But it is doubtful if these would take place if the political cost of such appointments were substantial.

**Strategic appointments: some cases**

In the context of strategic appointments, the media and the ministries are particularly important to the parties and their ministers. The financial sector is no longer a prime target for the political parties, but several positions there are nonetheless of potential significance. These include, among others, the Financial Supervisory Authority, the Competition Authority and the Central Bank of Iceland. The political forces have a hand in controlling these through appointments to their boards and the appointment of Central Bank directors by the Prime Minister.

The Central Bank was established as a separate agency in 1961, its functions having previously been taken care of by one of the state banks. At any given time there are three directors of the bank and a supervisory board elected by parliament. The three directors are not formally political appointees, but in reality their chairs are regarded as party property: one for the Independence Party, one for the Progressive Party and the third usually the Social Democratic Party. Out of 17 central bank directors since 1961 only two were without party associations – and one of these was a temporary replacement. Eight were former ministers. One of them designates his period in the bank as the most relaxed in his life (Eggertsson 2000, p. 378). To some extent the Central Bank serves a similar function to that of the Foreign Service, as a retirement home for leading politicians. The potential for influence exists, nonetheless, especially after the independence of the bank with regard to monetary policy was written into the new Central Bank Act of 2001. The interesting possibility exists that the leadership of the bank – presently chaired by former Independence Party leader Oddsson (Prime Minister in 1991-2004) - might have different policies from those of the government. The government seems mostly without policy tools – except by changing the law – to force compliance in the bank.

**The ministries**

The twelve Icelandic ministries are rather small – usually with between 20 and 100 employees – but the ministers are administratively in charge of the subordinate agencies as well. With one exception, that of the ministerial assistants, the employees of the ministries are non-political and expected to remain in their jobs after the minister eventually has to leave. The ministerial assistants, on the other hand, must leave their posts when a new minister comes into office.

For a new minister entering the ministry the immediate problem is above all that of taking control. Ministers adopt different strategies for this task and they vary in the
extent to which they work through the established hierarchy of the ministry or try to by-pass it. Some manage to make promising bureaucrats part of their personal network but others look beyond the ministry.

The assistance available to ministers as they enter the ministerial bureaucracy is of three kinds. In the first place the ministerial assistants, who are typically (and increasingly) young party members with little professional or bureaucratic experience. They serve liaison functions, public relations functions, and to some extent that of special advisers. Some ministers hire more than one assistant but usually not more than two. (Kristmundsson, 2005)

Secondly, some ministers use various kinds of special advisors and consultancy firms for the formulation of policy. These are often hand-picked, replacing to some extent the advisory role of the ministries themselves or special advisory agencies, such as the National Economic Institute, which was abolished in 2002.

Finally, the ministers may use the regular positions within the ministries to establish or strengthen their personal network of reliable agents, parallel to the formal bureaucratic one. This happens perhaps more often at the lower echelons of the ministries but it reaches right to the top, to the position of permanent secretary.

In some cases ministers clearly feel they should be able to choose their permanent secretaries rather than simply accept the ones chosen by their predecessors. Getting rid of Permanent Secretaries is easier after the civil service act of 1996 abolished life tenure. In 1990-2005 there were 28 appointments to the position of Permanent Secretary in Iceland. Of these, half were compatible to the political model, compared to 44 per cent of all higher officials in 2001-5 and 37 per cent of agency heads in the same period. Within the period studied here (i.e. 1990-2005) however, there is no trend towards an increase in political appointments among permanent secretaries.

The ministries, on the whole, have moved less towards a professionalized system of appointments than other sections of the administration. They remain more entangled in the political-bureaucratic model of the past than other sectors. This is a reflection of the political nature of work in the ministries and their strategic importance for the politicians.

**The National Radio and Television**

During the 1980s the electronic media market was liberalized and a new “giant”, Channel 2 (Stöð 2), appeared alongside the National Radio and Television. Groups close to the Independence Party appear to have made a determined attempt to establish control of a sympathetic medium in the electronic media market in the wake of privatization. In the mid 1990s they lost control of Channel 2 to a group of businessmen who had fallen out with the party leadership (Kárason 2005). From that time, according to a number of commentators, the party paid increasing attention to the National Radio and Television.

The Minister of Education hires the director of the agency, some of the other executives and appoints the chairman of the Radio Council from among
representatives elected by parliament. The director of the agency hires other employees, although the Radio Council has the right of recommendation in the case of news reporters. (Lög um Ríkisútvarp nr. 122, 2000) The hiring of the executives in the agency has often been a politically contested issue as has been that of news reporters.

In 1995 the Minister of Education (Independence Party) appointed the former Mayor of Reykjavík (Independence Party) as director of the agency. At the same time it was felt within the agency that the party was increasingly active in supplying it with reporters, often first as temporary replacements and later as full reporters. This applies in particular to the television news room, where appointments are usually much more controversial than in the radio newsroom (as may be seen e.g. by looking at the way votes are distributed in the Radio Council). This created a sense of professional resentment within the agency which – despite everything - enjoys greater confidence among the public than other news agencies. Frustration among the employees came out clearly in an interview survey carried out among central government employees in 1998.

Table 2. “The procedure for hiring new employees is at all times of good quality based on objective criteria”: % who agree or disagree

<table>
<thead>
<tr>
<th></th>
<th>National Radio and Television</th>
<th>All central government employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agree strongly</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Tend to agree</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>Neither agree nor disagree</td>
<td>31</td>
<td>41</td>
</tr>
<tr>
<td>Tend to disagree</td>
<td>22</td>
<td>12</td>
</tr>
<tr>
<td>Disagree strongly</td>
<td>30</td>
<td>7</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Based on Fjármálaráðuneytið (1999). Number of respondents among all central government employees was 8015, but the source does not state the number of respondents at the National Radio and Television. All employees were contacted, however, and the response rate among the NRT employees is given as 68%.

The majority of employees at the National Radio and Television (52 per cent) disagree with the statement, compared to 19 per cent of other central government employees. Several other questions in the survey indicated serious management difficulties at the agency. In 2005 the situation finally boiled over when a new executive for the radio newsroom was to be hired by the director of the agency. A candidate who seemed less qualified than other applicants was chosen for the job – supposedly for political reasons. After strong protests the new executive resigned from the post and the designation of a new executive was generally considered a victory for professionalism. Later in the year the director of the agency left his post and became an ambassador.

The competition for media influence is an ongoing struggle between professionalism and political control. The parties have been losing influence, but given the firm belief of most politicians in the importance of media control they have an obvious interest in holding on to what remains of it.
**Conclusion**

Historically patronage developed in Iceland primarily in response to the failure of the domestic bureaucracy to form an effective political alliance which could defend bureaucratic autonomy. While Iceland inherited a bureaucratic system of administration from Denmark, this took on significant features of the political model of appointments during the course of the Twentieth century.

The development of patronage, however, must also be considered in relation to party organization. Traditional patronage was a method of organization, whereby public sector employment was used as a selective incentive for party activists. As the usefulness of traditional mass party organisations has declined for the party elites the temptation to yield to patronage pressures has diminished. Patronage has not disappeared, however, but it takes place in a more elitist context than before.

In the first place, traditional patronage remains in force, although on a smaller scale. It remains a factor in local politics and in the personal networks of individual politicians to some extent. Secondly, the parties use strategic appointments in potentially important sections of the public sector to maintain political control. Finally, the politicians have responded to the increasing insecurity of politics by using cartel-like appointments, e.g. in the Foreign Service.

Towards the end of the Twentieth century a professional model of appointments presented itself as an alternative to the prevailing bureaucratic and political ones. Thus, the main alternatives are not really bureaucratic autonomy versus patronage any more. Professionalism has entered as a strong contestant. Whether professionalism will be more effective in competing patronage than the bureaucratic model remains to be seen. The strength of the professional model lies in its appeal to professional standards which are recognised well beyond the public sector and may thus enjoy a greater degree of popular support than bureaucratic autonomy. On the other hand there are features of the professional model, such as greater acceptance of lateral entry and a weaker emphasis on a public sector *esprit de corps*, which could invite continued use of patronage for political purposes.

**Bibliography**

*Part of the material on which this paper is based comes from 17 interviews with individuals in or close to the administration. These were partly used for a general assessment of political appointments and partly to evaluate the appointments studied in the paper.*

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