

1. Background

In October 2008, instant depression hit Iceland as its three major banks collapsed following the crash of Lehman brothers in the United States a few weeks earlier. The government appears to have been caught by surprise although the precarious position of the banks had been common knowledge for some time. The banks had grown within the span of a few years since their privatisation in 1998-2003 to about nine times the size of the Icelandic economy which effectively meant that the small Icelandic state was unable to defend the banks in case of a crisis (Hardarson and Kristinsson, 2009).

The coalition government of the (conservative) Independence Party (IP) and the Social Democratic Alliance (SDA) responded to the crisis by seeking assistance from the International Monetary Fund and a number of governments, including the Nordic ones. The government saw its primary task as that of trying to reduce the economic repercussions of the crash and maintaining basic banking functions by effectively nationalizing the domestic operations of the banks. This did little to satisfy public opinion and the growing anger which was directed at the government, in particular at the IP which had been continuously in government since 1991. Large public meetings and demonstration followed with a scale of violence which has not been seen before in Icelandic politics. Among the demands of the demonstrators were the resignation of the government, the resignation of the politically appointed main director of the Central Bank and a new election.

The next regular election was scheduled in 2011 and while the IP did not rule out the possibility of an earlier election it wanted above all to avoid an election, which would no doubt be very disadvantageous. The SDA had entered the government only in 2007 and seems to have escaped the blame for the crash to some extent. While pressure was building within the party to put an end to the coalition the party leadership seems to have hoped for two results by remaining in government. On the one hand that the Independence Party might be willing sacrifice its former leader, Oddsson, whose directorship of the Central Bank was highly contested and complicated the work of the government considerably. And on the other that the IP might be

persuaded to accept membership of the European Union, which the Social Democrats had been promoting for years.

By January it seemed increasingly unlikely that the SDA would achieve either of its objectives. Moreover, as the Alþingi (Icelandic parliament) gathered after the Holidays public opinion was again outraged by the fact that in the 100 days since the crash not a single politician or public official had accepted responsibility and resigned. The chanting of protesters and the sound of their banging on pots and pans to gain the attention of the political elites was heard for days in central Reykjavík. Opinion polls showed that support for the SDA was falling rapidly and demonstrators in the parliamentary square appeared to enjoy wide support among the voters. The SDA reacted by demanding a change in the government leadership which was obviously unacceptable to the IP and effectively brought an end to the coalition. Thereby the “pots and pans revolution” (as the event came to be called) obtained the first of its demands, namely the resignation of the government.

The protest against the government was partly driven by spontaneous groups but the party farthest to the left, the Left-Greens (LG) was also a driving force. The LG claimed that their long standing criticism of privatization and unrestrained capitalism had been vindicated through the crisis. Opinion polls indicated a major swing to the left among voters (Thjodarpuls Gallup 2008) and after the Progressive Party (PP) (centre) declared its willingness to grant neutrality to a left wing government, the SDA and LG formed a new government on the first of February.

The new government made it a priority to bring about the fulfilment of other demands from the pots and pans revolution, including the removal of Oddsson from the Central Bank and calling an election at the earliest opportunity.

2. Campaign

A precondition for the formation of the new SDA-LG minority government was fresh elections. After heated debate on the timing of the elections – those standing well at opinion polls advocating elections as soon as possible – 25 April was agreed upon.

The pots and pans revolution indicated a widespread distrust of the political elite, later confirmed by opinion surveys.¹ “Throw the rascals out!” was a common cry. Some observers predicted the breakdown of the old party system. Demands for constitutional reforms, personal vote instead of party lists, and an elected constituent assembly, were regularly made in the media.

The established political parties responded mainly by changes in leadership and candidates. In January, the PP – which had been getting poor results in the opinion polls for a long time – selected a new, young leader, Sigmundur Davíð Gunnlaugsson, who had joined the party a few weeks earlier.

Both IP-leader Prime Minister Geir Haarde, and SDA-leader Ingibjörg Sólrún Gísladóttir, decided to step down, and not seek re-election to the Alþingi. Serious and sudden illness contributed to their decisions.

Jóhanna Sigurðardóttir, a veteran Social Democrat, who had been Minister of Social Affairs in the Haarde government, became the new Prime Minister. Her choice was somewhat of a surprise. She had been an MP since 1978, and held a ministerial post several times, but was generally supposed to be close to the end of her career. She had always been a very popular politician, widely regarded as an honest and principled spokesperson for the disadvantaged section of society. Not always considered a leadership potential, now her time had come. Another veteran – first elected to Alþingi in 1983 – Steingrímur J. Sigfússon, founder and leader of the Left-Greens became Minister of Finance, and soon proved to be the strongman of the government.

Both IP and SDP held their national conferences during the last weekend in March. Sigurðardóttir became new SDA leader, while Bjarni Benediktsson, a young MP, was elected leader of the IP. While the SDA conference was a harmonious and media-friendly affair, the IP conference suffered from obvious frustrations and disunity, especially concerning how to deal with the party’s past, and it’s EU-policy. The conference

¹ In the Icelandic election study, carried out after the election, over 40% of voters claimed that only a few or none politicians were trustworthy, compared to a figure around 20% after the elections of 2003 and 2007.

basically confirmed the old anti-EU line, greatly disappointing pro-EU members, especially in the business community, who had actively been advocating a membership application for some time. A major scandal involving party finance did nothing to improve the electability of the IP during the campaign.

Quite a few veteran MPs decided not to stand for re-election. Others suffered badly at the parties' primaries. According to the Icelandic election survey, 32% of the voters participated in party primaries, compared to 30% in 2007, and 15% in 2003. This goes a long way towards explaining that 26% of Icelandic voters consider themselves party members (see also Hardarson and Kristinsson 2008).

The election campaign took off in February, and was in many ways unusual. In less than three months the parties had to select candidates, often through hard-fought primaries. The IP and SDA held party conferences and elected new leaders less than a month before the election. Alþingi remained in session until eight days before the election. The government wanted to get bills on constitutional reforms passed, including a clause allowing constitutional change passed by Alþingi to be confirmed by a referendum instead of calling a fresh Alþingi election for a second passing of such a change, as the present constitution demands. The government also wanted to establish a popularly elected constituent assembly. The IP strongly opposed those measures, and after prolonged debates the government gave in, and Alþingi went into recess.

Opinion polls in February indicated that the election might bring a historic change to Icelandic politics – not in the form of a new party system, but in the greatest left-wing swing in Icelandic history and the first overall majority for the socialist parties, the SDA and the LG (Thjóðarpúls Gallup 2009). For most of the campaign, the SDA obtained around 30% support, while the Left-Greens were trailing slightly behind with 25-27%. After an initial surge in their following after the election of a new leader in January, the PP was again down to 11-12% for most of the campaign. The IP was competing with the LG for second place with 23-25% in most polls. The only new party with any prospects for success, the Citizens' Movement – with clear roots in the spontaneous forces of the pots and pans revolution – started with 2% in March, but slowly gained support during the campaign. The major question of the election was if a socialist majority would

indeed materialize – or if voters would go back to their old parties at the end of the campaign – a well known phenomenon in electoral politics.

3. Results

Election night confirmed that the 2009 election was historic indeed. The IP suffered its worst defeat ever, losing 13%. For the first time the Social Democrats – and not the IP – emerged as the largest party at the polls. The two socialist parties jointly obtained 51.5% of the vote. The swing (net gain of 21.3 on Pedersen's index) was among the biggest in Icelandic electoral history – 37% of voters switched parties, compared to 26% in 2007 and 30% in 2003. The LG won a major victory for the second time running. The Citizens' Movement took the place of the Liberals as a fifth parliamentary party along with the four traditional actors. The percentage of women in parliament increased from 32% in 2007 to 43% in 2009. A record number of new MPs was elected (27 out of 63 or 43%) – and as recruitment had also been high in 2007, two thirds of the MPs elected in 2009 had parliamentary experience of two years or less.

- Table 1 around here -

Table 2 shows the flow of voters between parties from 2007 to 2009. IP was losing on all fronts, most to the SDA (5.2% of the total – partly at least due to the EU question) – but also to the PP (3.3%) and the Left-Greens (1.6%). The Left-Greens gained most from the Social Democrats (3.3%). The new Citizens' Movement gained votes from all parties, most from the SDA and the IP.

- Table 2 around here –

Table 3 shows which actors were held most responsible for the economic collapse in 2008 by the voters. While the views of voters of different parties vary somewhat (voters tend to assign less blame to their own party), considerable agreement nevertheless emerges. The voters give greatest blame to the commercial banks, the Financial Supervisory Authority, the Central Bank, the IP, and the IP-SDA government. Even the voters who remained loyal to the IP hold the party more responsible than the other parties. The responsibility of IP's coalition partners – the PP (1995-2007)

and the SDA (2007-2009) is considered less – but much greater than that of the Opposition parties nonetheless.

- Table 3 around here –

The voters positioned the new Citizens' Movement left of centre on the left-right scale (4.1), while the ranking of the other parties remained familiar: IP (8.2), PP (5.6), Liberals (5.5), SDA (4.3), and Left-Greens (2.2).

4. Government formation

The situation with regard to coalition formation after the election was novel in several respects. The Independence Party – having lost the position of largest party to the SDA - no longer occupied the key position of being able to choose between different two-way coalitions. Two-way coalitions tend to be more stable and are usually preferred over larger ones. Only the SDA could have formed more than one such coalition (with the IP or the LG). In theory it might also have been tempted by a Euro-coalition, since parties supporting membership application in the European Union (i.e. the SDA, PP and the Citizens' Movement) had a majority in parliament for the first time. But the SDA's choice of a two way coalition with the Left-Greens was never really in doubt. There was a clear expectation among the voters and in the media that they would seize the opportunity to implement a programme for a new beginning in Icelandic politics.

On May 10th the majority coalition of the SDA and the LG took over from the minority coalition of the same parties which had been formed three months earlier. The government had a majority consisting of 34 seats out of 63 in parliament. In most cases such a majority (three seats) might have been considered sound but in this case there were some doubts. Party discipline was one of the features of conventional politics which had come under attack during the pots and pans revolution and some of the new LG MPs were from the start inclined to make up their minds individually rather than collectively on several issues. The issues where the two parties had been in disagreement included their attitudes to the IMF programme which had been agreed to in November the previous year. Some of the Left-Green MPs were also sceptical concerning the Icelandic government's obligation pay claims made in Britain and the Netherlands on the so-called Icesave

accounts of the bankrupt Landsbanki. The two parties' policies on environmental issues were also different - the Left-Greens being strongly environmentalist but the SDA more divided. Above all, perhaps, the two parties disagreed on membership of the European Union, with the SDA strongly in favour and the LG divided but on the whole more negative than positive.

Negotiations between the two parties were concluded with the publication of a coalition agreement of seven thousand words (compared to an average of 2500 words since 1983) (Kristinsson and Indridason 2007). This longest coalition agreement in Icelandic history promised the recovery of economic stability along with measures to increase equality and radical changes in the political system (including a constituent assembly). The two parties also agreed on an application for membership of the European Union, while the final decision on a future membership agreement should be made through a referendum. The parties promised to respect each others different emphases concerning European integration.

References

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Hardarson, O. Th., Kristinsson, G. H., 2009. Iceland. *European Journal of Political Research*

Kristinsson, G.H., Indridason, I., 2007. Stjórnsækni og stefnufesta. *Stjórnmal og stjórnsýsla* 3:2, 265-286.

Thjodarpuls Gallup 2008, 2009 (www.gallup.is).

Table 1

Results of the parliamentary election in Iceland, 25 April 2009

Party	Votes	Votes %	Change 2007- 2009	Seats	Change 2007- 2009

			(%)		
Independence Party (IP)	44,373	23.7	-12.9	16	-9
Progressive Party (PP)	27,699	14.8	+2.9	9	+2
Social Democratic Alliance (SDA)	55,758	29.8	+3.0	20	+2
Left-Greens (LG)	40,581	21,7	+7.4	14	+5
Liberal Party (Lib)	4,148	2,2	-5.1	0	-4
Citizens' Movement (CM)	13,519	7.2	-	4	-
Democratic Movement	1,107	0.6	-	0	-
Total valid votes	187,183			63	
Blank and void ballots	6,795				
Electorate	227,843				
Turnout	85.1%				

Sources: www.landskjoer.is and www.statice.is

Table 2

Flow of the vote in parliamentary elections in Iceland, 2007 and 2009 (N=936; cell entries are percentages of the total)

	<i>Party voted for in 2009</i>						
<i>Party voted for in 2007</i>	SDA	PP	IP	LG	Lib	CM	Total
SDA	20.7	1.6	0.5	4.8	0.2	2.1	30.0
PP	2.0	8.0	1.1	1.8	0.0	0.5	13.5
IP	5.7	4.4	22.0	1.8	0.3	1.9	36.1
LG	1.5	0.9	0.2	11.6	0.1	1.2	15.5
Lib	1.1	0.6	0.1	0.6	1.0	0.4	3.8
IM	0.2	0.0	0.0	0.5	0.0	0.3	1.1
Total	31.2	15.5	23.9	21.3	1.6	6.5	100

For party acronyms, see Table 1. IM=Iceland Movement (greens).

Source: Icelandic election survey 2009.

Table 3

Responsibility for the banks' collapse and economic crisis.
 (Cell entries are means on a 0-10 scale; 0=no responsibility,
 10=very great responsibility).

<i>Responsibility of</i>	Party voted for 2009					
	IP	PP	SDA	LG	CM	All voters
IP	6.5	8.1	8.9	9.0	8.5	8.2
PP	5.8	5.7	7.4	7.4	7.2	6.8
SDA	6.2	6.6	5.4	6.0	6.7	6.1
LG	3.1	3.0	2.6	2.1	3.0	2.9
Lib	2.8	2.5	2.7	2.5	2.7	2.8
IP-SDA Government	6.6	8.4	8.3	8.6	8.4	8.1
Commercial banks	8.7	9.1	9.3	9.3	9.3	9.1
Central Bank	7.2	8.5	8.9	8.7	8.4	8.4
Financial Supervisory Authority	8.3	8.8	8.9	8.9	9.0	8.8
<i>N</i> =	216- 222	150- 162	294- 315	214- 224	69- 74	1165- 1235

For party acronyms, see Table 1.

Source: Icelandic election survey 2009.