

Chapter 3

AN OVERVIEW OF SWEDISH CONSTITUTIONAL HISTORY

Until fairly recently, few governments in the world have taken the trouble to compose a formal constitution or instrument of governance or to solicit formally the consent of members of the polity. Explicit and formal agreements clearly make the concept of a government as a contract among citizens closer to reality. Such formal acts transform the implicit “agreements” or social compacts that might be imagined by scholars and lawyers into the concrete binding forms of laws and institutions. It is by such acts that formal constitutions are created. Sweden is one of a small group of countries that has used formal documents to codify, legitimate, and modify its existing political arrangements.

A Letter of Privilege (1319)

The formal constitutional traditions of Sweden are among the oldest in the modern world. As early as 1319, a letter of privilege was signed that bound the crown to govern by rule of law, assured due process, and allowed new taxes to be imposed only after consultation with the Royal Council (Weibull 1993, p. 22); thus, with the election of the young Magnus Eriksson, an early form of constitutional governance was codified in a written agreement.¹⁴

¹⁴ In 1309, after 20 years of considerable turmoil and mayhem within the council and royal family, Magnus, son of Duke Erik, was elected at a meeting at which, according to the *Rhymed Chronicle*, “both the commons and privileged estates had assembled . . . to elect a king.” Magnus Eriksson was elected king of Sweden at the age of 3 years. At that time, Sweden was perhaps the largest empire in Europe (Moberg 1970, p. 111).

The early kings of northern Europe were often elected at formal meetings, which could be considered precursors to parliament. Petersson (1994, p. 6) briefly describes these early collective decision-making bodies. *Tings* (*ting*, *lagting*, or *althing*) combined aspects of modern judicial and legislative branches of government. They were deliberative assemblies that

The essential principles of those early documents were incorporated into a succession of laws of governance that extended to the whole kingdom of Sweden in the centuries that followed.¹⁵ These laws of governance were more than occasionally violated—as was also true in Great Britain’s similar political history with its durable formal roots in the Magna Carta of 1215—but the basic principles of bipolar government endured for the next six centuries.¹⁶

The balance of power between king and parliament fluctuated somewhat through time. New formal documents often marked periods when parliamentary power was on the rise. The first Riksdag Act was developed in 1617. It required that the king consult the four estates—nobles, clergy, burghers, and farmers—before declaring war or forming alliances. In 1660 a protocol calling for the routine meeting of the Riksdag was adopted, which gave the Swedish parliament a more independent standing. In 1720–23, constitutional reforms led to a half century of parliamentary domination of policy making—the so-called Age of Freedom from 1719–72. It was during this time (1766) that the first Freedom of the Press Act was adopted.¹⁷

The return of policy-making power to the executive branch was more often a matter of the application of force by a new or newly energized king than of a new consensus. However, the documents that empowered the Riksdag were generally formally repealed at those times, as the king reclaimed policy-making power from the parliament. For example, in the most recent case, King Gustav III adopted a government ordinance in 1789 that removed all the fundamental laws developed during the preceding period of parliamentary dominance (Cronhult 1994, p. 33).

met at regular intervals to settle disputes, pass sentences on lawbreakers, and elect kings.

The elective system was formally replaced with a hereditary system in 1544 at a meeting in Västerås (Weibull 1993, p. 33).

¹⁵ Magnus Erikson promulgated a new code of laws for the entire kingdom in 1350 that included the original language of the 1319 Letter of Privilege (Kristoffer’s code [1442]), which contained the same guarantees of council approval of new taxes, rule of law, and the right of due process (Weibull 1993, p. 22).

¹⁶ Sweden as a proper kingdom originated at about the same time that the first constitutional documents were adopted in 1319 (Weibull 1993, pp. 18–22, or Herlitz 1939, pp. 10–19). Bellquist (1935, p. 857) provides a concise overview of the emergence of the Riksdag in the thirteenth and fourteenth centuries that suggests an essentially simultaneous emergence of the early Riksdag and the Swedish kingdom.

¹⁷ *Constitutional Documents of Sweden*, “Introduction” (1996, pp. 12 and 56); Weibull (1993, p. 61); Herlitz (1939, pp. 22–29).

The 1809 Instrument of Governance

The modern period of constitutional reform began in 1809–10 when a new instrument of government (IG) was adopted that affirmed the principle of bipolar governance established in the fourteenth century. Policy-making authority was formally divided between the king and a four-chamber (estate) parliament; the king continued to dominate policy formation, and the parliament had veto power over some forms of taxation (IG: A. 4, A. 57). However, the Riksdag could meet without being summoned by the king (IG: A. 49) and every executive act required the countersignature of the relevant minister (IG: A. 9, A37).

Ordinary legislation required agreement by the king *and* majority approval in three of the four chambers of parliament. Constitutional reform required agreement by the king and majority approval in all four chambers of parliament (IG: A. 114).¹⁸ Severe penalties faced anyone who interfered with a member of parliament's effort to execute his duties.¹⁹

This formal affirmation of the long-standing template for parliamentary governance began a gradual evolution of Swedish governance during the next 150 years to one with a quite different balance of power. In the end, the Riksdag, rather than the king, came to dominate policy matters, and government became based on the principle of popular sovereignty, rather than the proper succession of kings. No civil or revolutionary wars were required for these constitutional reforms to be adopted. Rather, changes in underlying political circumstances led to a series of substantial, but peaceful changes in the organization of parliament that made parliament more effective and powerful, and that, in the end, completely changed Swedish governance.

In this respect, the constitutional history of Sweden parallels that of England after 1700 more closely than the revolutionary experiences of France or America during the eighteenth century. However, Swedish constitutional history differs from the British experience in that much of the shift in power was accomplished through radical reforms adopted using explicitly constitutional means. Both the king and Riksdag agreed to the major changes in the organization of parliament as per the 1809 Instrument of Governance.

¹⁸ See Verney (1957, ch. 1) for additional details concerning the 1809–10 Instrument of Government.

¹⁹ Anyone, including ministers or other high officials who forcibly interfered with a member of Parliament's efforts to dispatch his duties was deemed guilty of treason. The mandated punishment required that the accused's right hand be cut off, after which his bones would be broken on a wheel; he would then be executed. The treasonous party's properties were also forfeited to the Crown (Verney 1957, p. 23).

In the period following the adoption of the 1809 Instrument of Government, the estates themselves were modified as membership in three of the four estates was extended to provide representation for new groups. In the 1820s the clergy estate invited new members from the major universities and from the Swedish Academy of Science; in 1830, the burgher estate added industrialists to their long-standing guild-based membership; in 1845 the farmer's estate was expanded to include owners of tax-exempt land and further expanded in 1863 to middle-class property owners. Other substantial reforms were also adopted. In 1830 the parliamentary debates were made public. In 1842 compulsory education was introduced. In 1846 King Oscar I abolished the guild system by decree. In 1860 a law of religious toleration was passed. Numerous proposals for the reform of the Riksdag were also introduced, including demands for unicameral (1830) and bicameral parliaments (1840 and 1851), with memberships based on elections rather than occupation, but none secured the necessary approval of all four estates.

Pressures for constitutional reforms in Sweden are nearly continuous, although periods of major reform after 1809 are concentrated in three periods about 50 years apart. All three of these major episodes of reform increased the power and legitimacy of the Riksdag and, thereby, its control of public policy. The first of these occurred in the 1860s when the ancient four-estate Riksdag was replaced with an elected bicameral one.²⁰

The New Bicameral Riksdag of 1866

In 1862 Chancellor De Geer successfully proposed a new organization of the Riksdag.²¹ The proposal entailed a major change in the organization of Swedish governance. Royal prerogatives were reduced, and the nobility were no longer privileged by constitutionally guaranteed representation. The new Riksdag would be composed of two chambers: the so-called first and second chambers. The new Swedish parliament was to meet every year on January 15. Although, previously, the king could call for new elections, members in the new Riksdag were to be indirectly elected for fixed terms. Members of the first chamber would have relatively long terms of office (9 years), be relatively wealthy and relatively old (>35 years), and not receive a salary, but live on their own means. Membership in the second chamber would be less restricted, directly elected, and have shorter terms (3 years).

²⁰ See Verney (1957) for a detailed discussion of all parliamentary reforms during 1809–1930. The discussion here relies extensively on his clear discussion of constitutional details and politics during that period.

²¹ Baron Gerard Louis De Geer (1818–96), the son of a wealthy land owner, had risen to the chancellorship through a distinguished legal career.

To be adopted, a majority in all four existing chambers plus the king had to favor this radical reorganization of parliament. Chancellor De Geer managed to achieve the required level of consensus by proposing an ingenious combination of an expanded franchise for the second chamber and wealth-weighted voting for the first.

The first chamber was designed to protect the interests of the former burgher and noble chambers. Only the wealthiest men of Sweden were eligible for membership in the first chamber, and they were to be elected indirectly by newly created provincial councils in a manner roughly analogous to that of the American Senate at that time. The wealth requirement guaranteed that the first chamber would consist of the Swedish elite, now defined by wealth, rather than family, and the latter guaranteed that local interests would be directly considered. The nobility was protected by another striking feature of the 1866 reform: voting weighted by wealth. A schedule of votes for the provincial councils was developed that linked votes to taxes paid on property and income. The wealthiest members of the rural communities received as many as 5,000 votes, and those in towns received up to 100 votes in elections for the first chamber. The poorest voters cast a single vote. Together, the weighted voting system and wealth requirements assured that a majority of those already in the noble and burgher estates would continue to be elected to parliament (Verney 1957, p. 89). These general features allowed the proposed reforms to be accepted in the chambers representing these two estates.

The interests of groups such as the farmers and early political liberals who favored a more democratic form of governance with a somewhat broader suffrage were advanced by De Geer's proposal for the second chamber. Elections for the second chamber were to take place every 3 years, albeit with a somewhat restricted electorate. The interests of the farmer estate would be advanced by its anticipated greater membership in the new second chamber.

Voting in the indirect elections for first chamber members, although wealth weighted, was largely unrestricted. Voters for the provincial councils only had to be tax-paying citizens, which included independent women (Verney 1957, pp. 52 and 91). However, only about 5 percent of the population as a whole actually voted, partly because, to vote, one had to reveal taxable income and partly because the weighted voting system often allowed local elections to be determined by a handful of wealthy men. In 10 percent of the districts, the weighted votes of just three voters could be decisive (Verney 1957, p. 91).

Voter eligibility was somewhat more restricted in the direct elections for members of the second chamber. Voters for the second chamber were males (initially Lutherans) who satisfied taxable real estate or income restrictions

that limited the potential electorate to about half that of the first chamber. In essence, eligible voters were successful farmers, bureaucrats, small businessmen, and professionals. Ownership of real estate was given preference, inasmuch as De Geer believed that ownership of real estate gave one a greater stake in the country (Verney 1957, pp. 52–53).

Membership in the second chamber was much less restricted than for the first. Candidates simply had to be older than age 25 and eligible to vote in the local elections. The latter implied that representatives to the second chamber also had to meet wealth constraints (IG: A. 19), but much lower ones than for the first chamber. To vote in the second chamber elections, it was sufficient to pay taxes on 1,000 riksdaler of real estate, which was one-eightieth that required for membership in the first chamber. Satisfying the voter income for the second chamber elections requirement required payment of taxes on 800 riksdaler of income, which was one-fifth that required for membership in the upper house (IG: A. 6 and A 14).

The king's agreement to reorganizing parliament was made more likely by the fact that it would not directly affect his power. The king retained powers of veto and initiative, and laws continued to be published and issued in his name (IG: A. 79, A. 81, A. 82) (see Verney 1957, pp. 52–58). The interests of the clergy were also taken into account. A new Church Assembly was to be formed, in which national church matters would be decided by the clergy without being subject to veto by the other estates (Verney 1957, p. 64).

In June 1866, after much debate and majority approval in the four chambers of parliament, the king signed the new Riksdag Act and the major reforms of parliament and election laws advocated by De Geer were adopted. The king ended the last session of the ancient four-chamber Riksdag on June 20. In his remarks, he declared that:

We end today not only a memorable session, but a whole era in the history of the Swedish people, an era that is measured in centuries.

As a consequence, as Verney notes,

Some of the pomp and ceremony left Swedish life. The heralds and trumpeters appeared for the last time and Ministers ceased to ride in their colorful robes to the State opening of parliament (Verney 1957, p. 78).

Even with all the restrictions on franchise and office, it was clear that the membership of both chambers of the new Riksdag rested on elections, rather than a noble family heritage, appointment by the king, or membership in well-organized interest groups. These parliamentary and electoral reforms helped to set in motion a series of future reforms that even more radically transformed Swedish governance.

1907–20: Proportional Representation and Expanded Franchise

The second half of the nineteenth century was a period of rapid industrialization and urbanization that changed the balance of political power within Sweden. Among the many changes that occurred in this period was the emergence of formal political parties representing labor, liberal, conservative and rural interests. For the most part, these parties were, like those in previous periods, alliances of convenience rather than highly disciplined organizations. However, party leadership and political interests played an important role in the constitutional reforms of the early twentieth century.

By the beginning of the twentieth century, a variety of political groups inside and outside the governments of industrialized nations were pressing for an expanded suffrage. For the present chapter, it is sufficient to note that both labor unions and liberals inside and outside of government lobbied aggressively for an expanded suffrage and that disenfranchised groups often held mass demonstrations. In this, Sweden was no different from many other industrialized nations with parliamentary systems. Chapter 4 analyzes the economic and intellectual origins of these pressures.

Parliamentary politics was clearly affected by the combined pressures of mass demonstrations and democratic intellectual arguments. Both the liberals and farmers in the second chamber favored broadening suffrage, but they were divided about the method by which votes should be used to select representatives. Most liberals favored the continuation of plurality voting in single-member districts. Proportional representation was seen as a method by which parties favored under existing electoral law (such as the conservatives in the first chamber) would retain significant power in the Riksdag after reductions in weighted voting and the expansion of the franchise. Out of these divisions, conservative Prime Minister Arvid Lindman crafted a constitutional reform that expanded suffrage, but protected, to some extent, the interests of his own supporters within both chambers.²²

In 1907 Lindman proposed several important modifications of the voting procedures by which members of parliament were selected for the two chambers. These reforms were partly motivated by the apparent political necessity of expanding suffrage and partly by the concern among conservatives that an expanded suffrage would end their participation in government. As in 1866 the proposals were designed to secure majority support in each of the chambers of parliament.

²² Saloman Arvid Achates Lindmann (1862–1935) was a successful industrialist prior to his long period of government service. Following a naval career, Lindmann served on the boards of directors of several iron mining companies and as naval minister in 1905.

First, the franchise was to be expanded dramatically by reducing the property requirements in a manner that would double the franchise (from 500,000 to 1,000,000 voters). This modification would essentially allow universal male suffrage. Second, the weighted voting system used for selecting members of the first chamber was to be moderated. Weighted voting would remain in place, but the weights were to be reduced throughout the schedule that linked wealth to votes. Maximal votes were reduced from five thousand to forty. Third, proportional representation was adopted to determine the makeup of parliament and its committees. The term of office for the first chamber was also reduced from 9 to 6 years. Lindman's proposal won supermajorities in each chamber. It was passed 93 to 52 in the first chamber and 128 to 98 in the second.

These reforms radically changed the center of gravity in Swedish politics. Proportional representation gave party leaders new power over their members by allowing the leadership to control who would be on party candidate lists. This feature of proportional representation, in combination with the power to determine the order of candidates on those lists, allowed the leadership to determine who potentially can be in parliament, which greatly increased intraparty discipline. The expanded franchise created a new electoral base through which the Social Democrats would shortly come to dominate Swedish politics for several decades. (These and other consequences of constitutional reforms are analyzed below in chapter 5.)

In 1920 the franchise was further expanded as property restrictions for voting were eliminated and women were granted the franchise. Voters still had to be taxpayers of sufficient age, but other restrictions were essentially eliminated. (Persons who were on relief or bankrupt were unable to vote until 1945 [Verney 1957, p. 215].) The weighted voting system modified 10 years earlier was eliminated, although differences in the electoral method and eligibility for the first chamber remained. Members of the first chamber, the "Swedish Senate," continued to be restricted to the very wealthy until 1933. The terms of office were also modified. Members in the first chamber retained office for 8 years, and those in the second chamber for 4 years (Verney 1957, p. 248).

The resulting more disciplined and more broadly representative bicameral parliament became the chief architect of public policy for the next half century.

The Reforms of the 1970s: Unicameral Government

For most of the 1920–70, the Social Democrats (Socialdemokratiska Arbetare Partiet or SAP) were the dominant party in a series of minority gov-

ernments informally allied with the Farmer's (Center) Party. For the first half of this period, the electoral support of the SAP increased, which increased the party's relative power within parliament. Their control of the second chamber peaked in 1941 with 134 members (of 230), and their control of the first chamber peaked in 1949 with 84 members (of 150).

After the 1949 elections, the Social Democrats held a minority (112) of the seats in the directly elected second chamber. SAP representation continued to shrink in the next two elections. In 1957, for the first time in many years, the nonsocialists held a majority (119) in the second chamber, but the Social Democrats maintained control of government through their first chamber dominance (with 79 members). After 30 years, the political "shoe" was now on the other foot, as the first chamber, formerly the stronghold of the nonsocialists, became the redoubt of the Social Democrats.

This state of affairs was used by the nonsocialists to urge additional reform of parliament. They argued specifically for a unicameral government and new constraints on governance. Prime Minister Erlander appointed a commission on constitutional reform in 1954, but clearly was less than enthusiastic about the proposed reforms of the nonsocialists.²³ Electoral losses in 1966 persuaded Erlander and other Social Democratic leaders that such reforms were also in their long-term interest (Holmberg and Stjernquist 1996, p. 16). This allowed the four major political parties to work out a series of major reforms of the parliament and formal procedures that came into effect during the 1970s.

The Riksdag Act of 1866 and the Instrument of Government of 1809 were both radically modified by these reforms. Some of the changes simply acknowledged shifts of power that had emerged informally during the previous half century; but many others were substantially new. The most radical structural change affected the fundamental structure of the Riksdag. In 1970 the first chamber was essentially merged with the second to form a new *unicameral* parliamentary system of governance and the terms of office reduced to 3 years for all members.²⁴

A new instrument of government was subsequently adopted in 1975 that replaced the long-standing 1809 instrument. The new IG included much of the 1970 Riksdag Act and also described fundamental election procedures.

²³ Tage Erlander (1901–85) grew up in the village of Ransäter in a middle-class family. He was educated at the University of Lund, becoming a student leader. Before beginning his 23-year term of office as prime minister in 1946, he served on Lund's City Council and as undersecretary of social affairs and minister of ecclesiastical affairs (which includes education) (Ruin 1990, pp. 22–24).

²⁴ In 1994 the term of office for members of the Riksdag was changed back to 4 years, the term of the second chamber before 1970.

These new provisions made the 1975 Instrument of Government a more complete and more stable constitutional document. (Both the organization of the Riksdag and fundamental electoral procedures had previously been specified in laws that were more easily amended). Other provisions introduced entirely new procedures and constraints to Swedish governance. A provision for direct popular veto of proposed constitutional reforms by referendum was added.²⁵ Chapter two of the new IG lists fundamental rights and freedoms—a Swedish bill of rights—that should not be curtailed by ordinary legislation or regulation, thereby constraining ordinary legislation and regulation.

The new IG also eliminated most of the king's formal authority over government. This change might be mistaken for a significant reform, but it actually illustrates the importance of the informal constitution in Swedish governance. The 1809 Instrument of Government had originally specified significant royal powers, indeed nearly dominant ones. However, the king's power over public policy was gradually ceded to parliament during the course of the next century; although this transfer of power was not evident in constitutional documents. The king had not exercised his formal constitutional power over policy formation since at least 1920. The "royal reforms" essentially codified the informal division of power between the king and Riksdag that had existed for many decades.

Indeed, it is occasionally argued that none of the constitutional reforms of the 1970s truly changed Swedish governance. Party discipline had long caused most voting in the two chambers to be coordinated along party lines, which reduced the effect of bicameralism. Votes of the combined upper and lower chamber (the "joint vote") could previously have been used to pass budgetary and tax laws that could not secure a majority in both chambers (since the 1866 reform). The new bill of rights is not supported by an independent constitutional court or review agency with veto power over unconstitutional laws. And the king, as noted, had long since ceased to be an active participant in the policy-making process. However, as demonstrated below in chapter 12, the constitutional reforms of the 1970s did more than ratify existing practices.

The new unicameral system of government changed both the formal and informal procedures by which public policies were adopted and thereby both the course of public policy and its volatility. The adoption of a unicameral parliamentary government released the government from procedural constraints that had been present since 1866. Consolidating the two chambers into one had the effect of streamlining political decision making. A smaller

²⁵ *Constitutional Documents of Sweden* (1996, p. 33). Before 1979 only consultative referenda could be used. The method of successive parliamentary majorities had been in place at least since 1866 (IG: A. 64; Verney 1957, p. 57).

and more temporary majority could now adopt new policies more quickly and with less debate than previously possible, and reform of the IG became relatively easier.

1995: Joining the European Union

In what may in the long run turn out to be another major constitutional reform, on November 13, 1994 a referendum was held regarding membership in the European Union (EU). A majority of the Swedish electorate approved membership, and Sweden was formally admitted on January 1, 1995.

Membership in the EU does not by itself formally change a nation's constitution, as membership only requires new member states to accept the menu of treaties negotiated and implemented by previous members. However, the treaties that define "membership" clearly commit the signatory governments to abide by a variety of policy decisions made by the European Government (the Commission, Council, and Parliament) and to be bound by the legal decisions of the European Court. In these policy areas, EU membership changes the fundamental procedures by which new laws come to place and by which old laws are overturned. In these areas national policies become subordinate to decisions of the European central government.

These new procedures and constraints imply that joining the EU should be regarded as a major, if somewhat implicit, constitutional reform. After January 1, 1995, the Swedish electorate, parties, and courts could no longer independently determine national policies in all respects, but had to defer in several significant policy areas to the policy preferences of other European polities.

The voluntary nature of international treaties, however, does limit the authority transferred to the central European government by member states. Many EU policy decisions continue to be made by unanimous agreement and, as is true of any treaty organization, members are more or less free to leave at any point that exit appears to be in their national interest. International treaties are, after all, contracts at the level of national legislatures, and nearly all treaties include formal provisions for exit beyond the informal exit strategy of noncompliance. It is partly for this reason that the effect of EU membership on Swedish public policy, although clear, remains relatively modest. Major domestic policy areas, such as the method and extent of taxation, quality of social insurance and education expenditures, methods of producing and distributing public services, degree of centralization, and the location and quality of infrastructure construction remain matters largely decided by each member state's elected government. It is for this reason that

the effects of membership in the European Union are neglected in the present volume.

The Evolutionary Nature of the Swedish Constitution

Until around 1920, most of Swedish political history in the second millennium could be regarded as a struggle between parliament and the king for control over policy in which the locus of power shifted back and forth over the centuries. Peaks in parliamentary powers were often marked by formal revisions to the instruments of governance, as in 1720 and 1809. The king occasionally regained power through constitutional reform, as in 1789 (Verney 1957, p. 24) and at other times by playing the estates off one another. At such times, the powers of parliament were often rather limited, but the basic bipolar template of parliament and king remained evident. The flexibility of the “king and council” template,²⁶ together with the lack of an effective constitutional court, left much of the day-to-day structure of governance to the particular personalities, talents, and circumstances confronted by those in government, as stressed by most historians. But, the tradition of formal constitutional law is evident throughout Swedish history.

The durability of the Swedish constitutional template of 1309 remains evident in the latest instrument of governance adopted in 1975. Both the king and parliament remain players in the political realm, although the balance of power within the bipolar constitution has essentially reversed itself through time. The revised instrument of governance continues to assign minor authority to the king (who, for example, presides over special sessions of parliament [IG: Ch. 5, A1]) and to characterize rules for succession, but the king’s authority has become largely ceremonial and advisory, much as might have been said of the authority accorded the first parliaments.²⁷ After the constitutional reforms of the 1970s, the elected parliament became supreme in law as well as in practice. The major constitutional reforms of the period focused on in the present volume are summarized below in table 1.

²⁶ See Congleton (2001) for an analysis of constitutional reform within the “king and council” constitutional template. This general template for governance allows the *gradual* transformation of dictatorships and kingdoms into parliamentary democracies as policy-making power is gradually shifted from the king to their parliaments. This pattern is clearly evidenced by Swedish history, but also in several other European countries.

²⁷ See Verney (1957) and Holmberg and Stjernquest (1996).

Table 1. Modern Swedish Constitutional Reforms, 1809–1994

1809	Instrument of Government	Shifted modest power from king to parliament; affirmed parliament's power over taxation and budget matters; allowed for parliament to meet regularly and new legislation to be approved by three of the four chambers and the king; all four chambers plus the king must agree to changes in the fundamental laws or privileges of the estates.
1866	Reform of Parliament	Four-chamber parliament (nobility, clergy, burghers, and farmers) replaced with a two-chamber parliament. The first chamber is indirectly elected and restricted to very wealthy citizens. Wealth-weighted voting is used to select members of the provincial councils, which select members of the first chamber. First chamber members serve for 9 years and second chamber members for 3 years between elections. The franchise is broadened somewhat.
1909	Electoral Reform	Franchise extended essentially to all male taxpayers; proportional representation introduced; importance of weighted voting reduced for first chamber elections; wealth restrictions for voting reduced; term of office in first chamber reduced to 6.
1920	Electoral Reform	Franchise extended to include women; weighted voting eliminated; property requirements for voting for second chamber eliminated; term of office changed to 4 years for second chamber and 8 years for first.
1933	Reform of Parliament	Wealth restrictions for membership in first chamber eliminated.
1945	Electoral Reform	Persons on poor relief and/or bankrupt persons allowed to vote in national elections.
1970	Reform of Parliament	Unicameral parliament formally replaces bicameral system (The total number of seats is reduced from 384 to 350 and subsequently to 349. Term of office is reduced to 3 years.
1975	New Instrument of Government	Sweden formally becomes a parliamentary democracy, and the king is reduced to largely ceremonial status. Ministerial form of government characterized. Allocation of members is made somewhat more proportional by introduction of national seats.
1994	Reform of Parliament	Term of office for members of parliament returns to 4 years.
1995	Membership in the European Union	Implicit change in legislative and legal structures of Sweden. Many regulatory and appeals procedures become subordinate to decisions of the European Parliament and Court. Formal constitutional amendments adopted to accommodate membership, e.g., IG: 8:4 and 10:5.

Sources: Verney (1957); Weibull (1993); The Constitution of Sweden (1996).

Chapter 4

IDEAS AND INTERESTS IN CONSTITUTIONAL REFORM

One striking feature of the past two centuries of Swedish constitutional history is the lawful adoption of a series of fundamental institutional reforms in response to changing political pressures within Sweden. There were no military or majoritarian coups, no civil wars, nor significant international pressures. Political histories of modern Sweden emphasize that the internal pressures behind constitutional reforms were generated partly by changes in accepted ideas about proper forms of governance and partly by changes in the relative strength of politically active interest groups. This book largely accepts that conventional analysis, but directs attention toward economic conditions and constitutional rules that have generated and constrained those shifts in political power, rather than to the personalities that ultimately drafted them.

The next three chapters explain the path of Swedish constitutional reform as the combined result of new ideas, changing economic conditions, and previous rounds of constitutional reform. The narrative is based on the rational choice models developed in the public choice and rational politics literature during the past half century. These models direct attention to changes in relative prices and subjective benefits that affect citizen demands for public services and thereby the pattern of collective action. From this point of view, technological advance and industrialization combined with the rise of what might be called democratic ideology can explain many of the changes in the balance of power within Swedish politics during the past two centuries. In economic terms, sweeping changes in circumstances and ideology affected both the relative price of collective action and the demand for specific government programs and institutions.

However, in the case of Sweden, one cannot ignore the effect of the constitutional environment. Constitutional law and tradition largely determine how changes in political demand and power can be lawfully expressed and the channels by which such changes may directly and indirectly influence

public policy. Constitutional reforms thereby affect the future pattern of governance generated by changes in political interests, large and small.

Ideology, Rationality, and Constitutional Vision

Ideology, in its putative sense, provides individuals with theories of cause and effect and a more or less consistent set of norms by which they can assess the broad sweep of policy and institutional outcomes. That is to say, an ideology is a more or less self-consistent body of theory that allows individuals to make sense of the world. Ideologies, in this sense, may be shared, insofar as many individuals may use similar theories or rules of thumb to predict the consequences of policies and assess their consequences. Alternatively, ideologies may be idiosyncratic, insofar as each individual uses a different subset of available ideologies to assess policies, resulting in relatively little agreement about policy consequences or the merits of alternative policies.

From a rational choice perspective, the use of rules of thumb and theories, as has long been emphasized, can be an effective way of reducing information and other decision costs (Downs 1957). A broad theory or rule of thumb allows situations to be sized up and decisions made without investing the time and energy to understand fully all the details that might ideally be known. To the extent that the result is grounded in general principles or arrives at clear “rules of thumb,” a personal ideology is one of many methods for economizing on information collection and analysis. In this sense, an individual’s ideology can be, although it need not be, entirely rational. That is, the theoretical component of an individual’s personal ideology is at least partly a result of individual decisions to employ broad theories of cause and effect to understand the world and to use general normative principles for evaluating the effects of public policies, however broadly they understand those effects.²⁸

A person’s ideology differs from many personal rules of thumb because of its broad sweep and because, in most cases, an individual’s ideology is not, and perhaps cannot be, based entirely on direct personal experience. Much of personal knowledge is a synthesis of opinions expressed by persons deemed to be experts and by one’s immediate family, friends, and neighbors. Most of us believe in many facts and theories—the ice age, Antarctica, Aristotle, subatomic particles, chemistry, quantum mechanics, evolution—without significant direct knowledge or experience with them, because others

²⁸ Herbert Simon’s 1978 Nobel Prize in economics was awarded in large part for his effort to understand better how individuals, especially within firms, use rules of thumb, heuristics, and other decision rules to make decisions. See Hinich and Munger (1994, 1998) for a mathematical analysis of the manner in which an ideology can simplify policy analysis.

have persuaded us of their existence and importance. Normative aspects of our world view are similarly influenced by those of our many teachers, the opinions and status games to which we are exposed, as well as our own analysis and reflection. Consequently, our understanding of both broad social phenomena and our assessment of them are substantially the product of the suggestions of neighbors and competing experts, rather than our own privately considered analysis of the links among politics, policies, and outcomes.

Common sense and statistical theory provide a rational foundation for this form of learning. It is clear that using information provided by friends, colleagues, and other “experts” allows us generally to do better in the real world than we could based only on our own limited direct experience and introspection. In statistical terms, indirect learning increases our effective sample size. The nonexperiential base of many of our beliefs about public policy implies that ideologies may be widely shared and also allows the possibility that ideological shifts may not be directly tied to new circumstances. There may be ideological “fads” or “fashions,” as well as ideological shifts based on personal experience, improved technology, and accumulating wisdom.²⁹

Regarding the latter, it is important to note that many, if not all, changes in political beliefs are indirectly grounded in real world experience, even when they are not based on an individual’s own direct experience. For example, it is widely reported and believed that modern forms of democratic governance are broadly superior to other forms of government. Although relatively few individuals have direct experience with a government other than that of their native country or have taken the time to examine the statistical evidence assembled by experts, such an opinion seems to be well founded. The available data suggest that Western democracies have for a long time been far more comfortable places to live than polities ruled by other forms of government. For example, both median income and longevity tend to be higher within democracies than within dictatorships.

²⁹ Economists have recently used the term “information cascades” to describe how and why rational individuals may rely on the experiences of others in forming their own theories and expectations. That line of argument suggests that individuals can systematically broaden the “sample base” of their forecasts of future events by relying on the accounts of others. However, insofar as others are doing the same thing, beliefs may emerge that are not fully grounded in shared experiences. This logic can be used to explain stock market bubbles and can also be applied to explain ideological fashions through time. This is an implication of Kuran’s (1998) analysis of public and private norms.

Of course, there are many other economic and sociological reasons why theories and norms suggested by one’s closest peers might be adopted. All of these essentially suggest that a person’s ideology is partly determined by direct personal experience and the particular cultural (informational) setting in which they find themselves.

Widespread beliefs about the relative merits of free trade, industrialization, and democracy appear to have been important within Europe generally and in Sweden in particular at the end of the nineteenth century, as technological advance generated new opportunities for mass production and more rapid communication. International comparisons continue to be an important part of the case for policy reform in Sweden and elsewhere today (see chapter 11). It seems clear that the relatively superior economic performance of democratic governments in the past century partly accounts for the great democratic transformations of the past two decades in the former Soviet Union, South America, and Africa.

In many cases, changes in a person's assessment of the relative costs and benefits of alternative political institutions are indirectly induced by objective changes in the international setting. For example, the threat of war often leads to increased centralization as well as increased production of military goods and services. Technological change may also change the relative benefits and costs of infrastructure projects, health care, and education in a manner that affects the demand for broad governmental policies, as well as the efficiency of alternative methods of administering government programs. In this manner, the relative merits of alternative institutions and policies may change without requiring changes in the underlying normative theories used to evaluate them.

However, it is clear that ideological shifts, whether based on real world experience or not, affect both ordinary legislation and constitutional reform within democracies. Electoral pressures imply that the ideology of pivotal voters clearly affects ordinary public policy, insofar as ideology affects their assessment of "ideal" patterns of public services, transfers, and regulation. Ideology similarly affects demands for constitutional reform, insofar as constitutions tend to embody widespread beliefs about political efficiency and the political and economic characteristics of the good society.

The political effects of ideology-based interests are most obvious when individuals vote for policies that oppose their own direct material interests. For example, many wealthy individuals vote in favor of social insurance and transfer schemes to the poor, although they are themselves unlikely to secure direct personal benefits from such programs. Many poor persons vote in favor of reductions in social welfare spending and increased use of markets to allocate goods and services, although they are the most likely to benefit directly from social insurance. In 1866 the Swedish clerics voted to reform the four-estate system in a manner that essentially left them completely outside government for the first time in more than 500 years.³⁰ Such behavior clearly demonstrates the power of ideas.

³⁰ The constitutional reform of 1866, which ended the four-estate system, was "unanimously"

However, the importance of ideology extends well beyond those cases in which conflicts between broad and narrow perceptions of self-interest exist. In many cases, there is no conflict between narrow private material ends and broad ideological ones. This causes the importance of broad ideological theories and norms to be underestimated by those who analyze voting and bureaucratic behavior by focusing only on the immediate material advantage of those casting votes. In such cases, it is clear that both material advantage and ideology motivate political activity.³¹

Advancing Constitutional Interests

The indirect informational base of many beliefs about the world suggests that the spread of new political ideas is not entirely, nor perhaps even principally the result of dispassionate analysis by independent minds. Rather, changes in political ideas often reflect changes in the range of information that is readily available through personal networks and public news sources, and the status associated with alternative beliefs.

In principle, a broad demand for policy or constitutional reform can be advanced spontaneously through the ballot box, because of the responsiveness of political parties to changing voter interests. However, new political demands are more likely to be heard and affect policy when they are systematically promoted by formal organizations that expect to benefit from reform, even in settings in which suffrage is broad and public debate is unimpeded. Such organizations may focus attention on particular policies or ideas about policies by sponsoring public forums, newspaper editorials, and books that encourage particular conclusions.

passed by the clergy. However, twenty-seven of fifty-seven members present placed written reservations concerning the reform in the minutes. No more than six members of the clergy ever returned to Parliament in the first (upper) chamber after 1867 (Verney 1957, pp. 76 and 90).

Weibull (1993, pp. 20–21) notes that the Alsnö Decree of 1280 formally established the regular nobility, and the following year ecclesiastical privileges were agreed to by Magnus Birgersson partly to reward those who had helped bring him to power.

³¹ For example, many teachers choose careers in education, because they believe that education is fundamentally important and tend to favor expanding educational budgets for that reason alone. Similarly, transport experts, environmentalists, and defense analysts would be inclined to favor larger budgets for, respectively, transportation, environmental, and defense agencies, partly because of a direct material interest, but also because they genuinely believe that such policies are *good* policies.

Brennan and Hamlin (2000) provide the most complete rational choice–based discussion of the importance of normative theories and norm-following behavior in politics and how such behavior may influence constitutional design.

What is freely available is not always a matter of accident or unbiased random samples. Both narrow and broad policy-relevant ideas are often promoted by organized groups with intense ideological and/or economic interests in particular policy outcomes. The Swedish civic organizations that formed in the early nineteenth century, such as the free church and teetotaler movements (IOGT), clearly used persuasion on a large scale to advance their policy aims. The free church movement promoted religious freedom in part as a method for non-Lutheran churches to secure larger memberships. Other organizations that promoted ideological perspectives (e.g., liberal, socialist, and democratic) and economic interests (industrial and labor) emerged later in the century and similarly promoted the dissemination of their ideas on a wide scale to advance their policy aims.³²

Coincident with the emergence of large industrial concerns was the emergence of a large number of ideological and economic interest groups that attempted to affect public policies and implement constitutional reform throughout the rapidly industrializing world. These groups often operated on a wide scale, both inside and outside government, and many have affected the development of policies and institutions. Verney attributes much of the popular support for the Swedish constitutional reforms of 1866 to the efforts of economic liberals (1957, pp. 79–80) and the reforms of 1920 to those of labor unions and the suffrage movements (1957, pp. 206–11). Organized groups were evidently able to exert sufficient political pressure to change the Swedish political equilibrium supporting the constitutional status quo through peaceful means.³³ The activities of such politically active interest groups clearly influenced the path of constitutional reform in Sweden and elsewhere at the turn of the century.

After democratic institutions were in place in 1920, the sentiments of ordinary individuals could directly affect policy by their choosing representatives who would be empowered to make government decisions. Before universal suffrage, however, those not entitled to vote could affect government policies only by persuading those who could participate directly in government to adopt particular policies or institutional reforms.

Given this, it may be somewhat surprising that illegal methods did not play a more significant role in Swedish constitutional history. Suffrage was very limited in Sweden during the first two major constitutional reforms. However, policy and constitutional revolutions were accomplished in Swe-

³² Micheletti (1995, pp. 33–44); Milner (1989, pp. 56–57). See Congleton (1991b) for an analysis of how economic and ideological interest groups compete with each other to influence voters who are open to persuasion.

³³ Some threat of mob action evidently occurred in the period before the 1920 electoral reforms that ended weighted voting and extended the vote to women, although it is not clear whether it influenced parliamentary deliberations significantly.

den without civil warfare. The Swedish experience, thus, suggests that peaceful campaigns by organized interest groups can be an effective method of substantially changing political equilibria within a given constitutional setting.

Economic Development and the Emergence of National Interest Groups

The emergence of new Swedish interest groups in the nineteenth century can largely be explained as a consequence of the same technological changes that generated that century's rapid economic transformation.

Economic progress is broadly evident within Sweden during the nineteenth century. Industrialization had indirect effects on the welfare, lifestyles, employment, and location of an overwhelming majority of Swedish citizens. Ordinary work became more impersonal and intense, whereas ordinary life became more urban and prosperous. At the beginning of the nineteenth century, about three-quarters of the population resided in agricultural districts. By 1910 the agricultural sector accounted for less than half of the Swedish population. In 1850 only about 10 percent of Swedes lived in cities; by 1950 more than half did (Heckscher 1954, pp. 214–15). Both life spans and population increased as per capita income nearly tripled by the late nineteenth century.³⁴ Greater income and wealth clearly provided more resources for individual pursuits, including politics.

New economic opportunities affected relationships among people and their shared economic interests. Improvements in the equipment used to produce existing products and in the methods for organizing people led to larger-scale and more efficient production of goods and services. Increased efficiency also allowed many new products to be brought to market, which were formerly too expensive to be profitably produced. Large-scale production also required the creation of new organizations, such as the corporation, to coordinate the men, women, machinery, and materials that produced those goods and services. Similar organizational methods could be and were used to organize interests not directly tied to production, not all of which are apolitical.

³⁴ Heckscher notes on the one hand that real per capita national income increased nearly threefold in the 1861–1914 period (1954, p. 260). On the other hand, the large-scale emigration that took place during the late nineteenth century suggests that not all Swedes realized increased income, particularly in rural areas of Sweden. Heckscher notes that beginning around 1880 the money wages of farm laborers fell dramatically (1954, p. 258). However, the general increase in the population of Sweden and individual longevity suggests significant and widespread prosperity.

Formal organizations solve a host of “free rider” problems that would otherwise reduce the likelihood that a group’s interests will be taken into account in forming public policy. Olson (1965) points out that organized groups overcome free rider problems by developing an array of exclusionary devices that condition at least some of the benefits of collective action on the intensity and effectiveness of individual participation.³⁵

The same organizational methods developed for coordinating large groups of laborers, suppliers, and machinery could be and often were applied to manage other collective activities in Sweden, some of which had specific political aims. As is true of any formal organization, politically active groups provide systematic incentives for members to work hard and long hours in the form of salaries, status, and power within the organization. In revolutionary movements and political parties, selective incentives often take the form of anticipated positions of power in the new governments to be formed. In the case of labor unions, members generally receive higher salaries, greater job security, and other social benefits than nonmembers. Particularly active or organizationally productive members may secure senior positions within the union hierarchy.

The same reductions in transportation and communication costs that account for many of the economic advantages of urban-based manufacturing and commerce also promote collective action by firms and workers by reducing organizational costs. The concentration of workers and firms within cities clearly reduced the cost of organizing labor unions and producer cartels. At the same time, technological innovations, such as the train, telegraph, and telephone, reduced the cost of coordinating activities within cities and across the nation as a whole in those industries that remained diffuse, such as iron works and timber.

³⁵ The free rider problem in its discrete form is a special case of the widely studied prisoner’s dilemma game. The free rider problem involves two or more players who choose to help produce a public good or not. The free rider problem arises in settings where no player has a personal interest in cooperating to produce the public good, because each is better off free riding than cooperating, regardless of the efforts of others. This tends to be the case in settings where the benefits of an activity are freely available to all, but the activity is too costly for any single individual to provide. Because each “player” can enjoy the fruits of the other’s efforts without bearing the cost of producing the public good, all choose to free ride. In the end, there is no cooperation and no “public good,” even though all would have been better off if they had all cooperated and shared the cost of producing the public good. Tullock (1974) uses similar logic to suggest that popular rebellions are rare. Olson (1965) provides a systematic discussion of the use of exclusionary devices to overcome free rider problems associated with collective action. *Selective incentives* overcome this free-riding problem by creating a new *private* benefit from cooperation that is largely independent of the decisions of others. Olson shows that an interest group’s aggregate efforts tend to be greater when its more active members secure greater personal benefits than less active members and where all members receive greater benefits than nonmembers.

Both the new industries and the new organization of work, therefore, created new, or at least more obvious, common economic interests and new methods for engaging in large-scale collective action. *In economic terms, industrialization caused the benefits of many kinds of collective action to rise and their costs to fall.*

Economic Interests and Ideas Often Join Forces

Together, ideology and economic interest can account for a good deal of the impact of unions in both private sector negotiations and public sector reforms. In most cases, new political ideas and economic interests reinforced one another. For example, in addition to every union member's economic interest in higher wages and better working conditions, the union movement had its own ideology emphasizing social democracy and the solidarity of the working class.

Economic interests provide a clear explanation for the general pattern of unionization observed in nineteenth century Europe and America. Economic developments not only provided labor with common tangible interests, but also provided a practical means of solving free rider problems. Workers who did not join unions generally received wage and benefit packages that were inferior to those of union members. Free riding could thereby be discouraged and membership encouraged through promises of higher salaries and better working conditions. Yet, the ideas of economic justice and solidarity clearly helped motivate many in the labor movement, which reduced organizational costs.

It soon became clear that the broad economic and ideological agendas of union activists could be advanced through political means as well as through direct negotiations with employers. Unions found it in their interest to lobby for a wide variety of new public policies regarding labor practices and union organization, and also promoted a constitutional agenda for changing election law. Clearly, the labor policy agenda would be better advanced in the Riksdag if more union members could vote in national elections.

The owners and managers of firms also shared economic and ideological interests. Firms, especially those within the same industry, share narrow economic interests in lowering production costs, increasing demand and profits, and avoiding new competition. Consequently, firms often form industrial organizations and cooperatives that share information, promote sales, and attempt to reduce competition, such as might be achieved by coordinating purchasing and pricing decisions. Again, the shared economic interests of firms can explain the broad pattern employer organizations, especially with

respect to trusts and cooperative associations. Access to useful information and the cost savings of monopsony contracts can be largely limited to members in the relevant trusts and cooperatives. Members might also anticipate differential advantages from targeted government programs, such as tax preferences, direct subsidies, trade policies, and provision of complementary government services.³⁶

Yet, the broadly shared liberal world view also played a role in both industrial organizational efforts and the policy arena. The liberal view implied that innovation, improved infrastructure, and, perhaps, free trade were goods in their own right and socially important engines of progress.³⁷ The ability of employer groups to persuade the public or government of the merits of policies that generally improved the returns to economic entrepreneurship and trade and the general enthusiasm of many members of Swedish trade associations were clearly enhanced by the broad appeal of liberal arguments inspired by the economic writings of Adam Smith, J. B. Say, Frederic Bastiat, and J. S. Mill.³⁸

The ideas and interests associated with industrialization led to the formation of new political alliances and eventually to the emergence of new political parties at the turn of the century. In Sweden, the influential Liberal Party was organized in 1899 as a coalition of more or less like-minded members of parliament organized over dinner at Tattersall's restaurant.³⁹ The Social Democratic Party emerged in 1889 out of the suffrage and labor movements.

³⁶ Heckscher (1954) provides evidence of the political success of the Swedish cartels in sugar, milling, and oleomargarine, which were able to obtain significant and profitable protective tariffs in the early twentieth century (1954, p. 263).

³⁷ Heckscher (1954, p. 214).

³⁸ Heckscher (1954) attributes much of the sudden rise of liberalism in the middle of the nineteenth century to writings by Frederic Bastiat and such Swedish liberals as Hans Forssell and J. W. Arnberg. He also notes that the creation of the *Nationalekonomiska Föreningen* (Economic Society) in 1877 provided a useful forum for liberal businessmen and senior civil servants (1954, p. 263).

Verney (1957, p. 137) notes that J. S. Mill's *On Liberty* was influential among the intellectuals who played a role in forming the Liberal political party and founding of the *Verdandi*, a student organization for the dissemination of liberal ideas.

The ideological foundations of the Social Democrats and the labor movement were, of course, different from that of the liberals. Castles (1978), who analyzes the broad social democratic movement that swept through Europe in the twentieth century, provides a good overview of the ideas and norms that seem to have shaped the outlook of moderate socialists.

³⁹ Verney (1957, pp. 98–99) discusses an earlier and less formal liberal party, the New Liberal Association, organized in 1868 just after the parliamentary reforms were adopted. It was, however, unsuccessful in its legislative aims and disintegrated in the next two years. The Farmer's party was evidently much more successful in its early forms (1867), partly because it was based on membership in the old farmer estate.

Large-scale economic organizations such as labor's Landsorganisationen (LO) were organized in 1898 partly with the support of the Social Democrats. Industry's employer association Svenska Arbetsgivarföreningen (SAF) was organized 1902 with the encouragement of the Conservative and Liberal Parties (Heckscher 1954, pp. 136 and 235).

Economic interest groups would clearly expect to profit when their preferred political party gained control of governmental policy making, because political parties tend to benefit when their supporters are better organized and more prosperous. In this manner, the ideological and economic policy agendas of the late nineteenth century combined to create a new center of gravity for Swedish politics.

Interest Groups and Public Policy

These new organizations naturally favored policies and institutional reforms that tended to benefit them directly, both economically and politically.

There are many channels of influence open to such groups in a relatively open and democratic society. For example, organized groups may publicly sponsor the dissemination of ideas and arguments showing the merits of their policy positions. They may do this directly in the mass media and indirectly by subsidizing smaller organizations that support their preferred ideas and legislative agendas. Alternatively, *interest groups* may advance their narrow policy interests quietly within the chambers and committees of parliament and the ministries through persuasive argument and promises of support.

Office holders generally have such a strong interest in continuing in power that they come to "favor" the particular policies that make continuation in office most likely. In a setting in which only the king's approval is required, officeholders will tend to "favor" policies that please the king. In a setting in which continuation in office depends on the approval of party leadership, officeholders will adopt policies that please party leaders. In cases in which continuation in office is more likely when officeholders have the support of organized groups outside of government—as might be said of labor organizations and political parties—officeholders will attempt to pass laws that please those organizations. If current office holders are not able to enact such policies, they know, or at least fear, that they will be replaced by new officeholders who promise to do so.

Partisan Interests and Constitutional Reform

Similar incentives may periodically exist regarding constitutional reform. At such times, groups that conduct a large and persuasive campaign can clearly influence constitutional reform in a manner beyond their numbers (votes), even in a well-functioning democracy.

The organizations that have the greatest direct control over policy are clearly the political parties themselves. They, like any other interest group, may be expected to promote policies and constitutional reforms that increase the power and security of pivotal decision makers within their own organizations.

The main proposals and counterproposals that eventually led to major electoral reforms of 1909 are instructive. The major political parties generally attempted to modify electoral rules and expand the franchise in a manner that would maximize their political advantage. In 1906 the Liberal Party with support of the Social Democrats briefly formed a government headed by Karl Staaff. Staaff proposed a major constitutional reform that would have reduced the power of the first chamber, where the conservatives held sway, and increased the Liberal party's power in the second chamber. Members of the second chamber were to be elected from single-member districts, whereas the distribution of districts among towns and county constituencies were to be altered to increase the number of seats assigned to county constituencies where the Liberals were gaining ground. If a candidate failed to gain a clear majority, there was to be a second election between the top two candidates, which also tended to favor the Liberals who were the central party. Suffrage was to be extended to include all taxpayers eligible for military service (Verney 1957, p. 145). The proposal was accepted by the second chamber, but roundly defeated in the first chamber in May 1906.

The Liberal government resigned and was shortly thereafter replaced by a Conservative government headed by Lindman. In 1907 the Lindman government proposed proportional representation for both chambers as a means of assuring that minority interests, such as the Conservatives, would continue to be represented in parliament. Moreover, in the short run, proportional representation would assure that the Conservatives retained control of the first chamber, which they had used to block the constitutional reforms of Staaff (Hadenius 1999, p. 210).

Constitutional reforms often change incentives for officeholders to make policy by changing the procedures by which their continuation in office is decided. For example, before 1909 elected officials could safely neglect party leaders and the interest of Swedish men who did not own property. Before 1920, elected officials could fairly safely ignore the interests of Swedish women, but not afterward. Before 1945, expansion of poverty programs

would have undermined the voter base of the left, as citizens relying on poverty programs could not vote in national elections. Nonvoters can only indirectly influence the likelihood that an officeholder continues in power by threatening revolution or persuading those eligible to vote to take account of their interests. (Under modern electoral rules, the interests of children, future generations as yet unborn, and those of citizens of other countries remain only indirectly represented.)

In the long run, proportional representation would assure that each party's leadership had considerable power over their parties—something the parties had previously lacked. Lindman's proposal had exploited the lack of party discipline in the previous constitutional setting. The lack of party lists before the adoption of proportional representation meant that disagreements between members and the party leadership or among the voters supporting various members within existing parties often led members of the same party to vote differently.⁴⁰ About 20 percent of the Liberals broke with party ranks to support the use of proportional representation to select the members of both chambers. Because of the liberal split, the combination of an expanded franchise and proportional representation narrowly carried the day (Verney 1957, pp. 161 and 169).

Although the self-interest of political parties was evident in the constitutional reforms proposed and eventually adopted, it is also clear that nonpartisan interests also played an important role in the electoral politics that led to broadening the franchise in the early twentieth century. Organizations such as labor unions and liberal suffrage groups spent many years building networks of supporters who lobbied both the public and members of parliament on the issue of universal suffrage. Partly as a consequence of these more or less ideological arguments, the newly organized political parties, the Social Democrats and Liberals, also favored an expanded franchise. Many members of the Farmer's and Conservative parties also favored an expansion of suffrage largely as a matter of principle rather than interest. These partisan posi-

⁴⁰ Micheletti suggests that similar partisan and electoral concerns dominated debate on bicameralism in the 1960s, although the party positions were reversed. By 1950, partly because of longer terms of office, the first chamber (the Swedish Senate) had become dominated by the Social Democrats, who could potentially use their power in the first chamber to slow or block policy reform efforts by the nonsocialist block in the second chamber. The fact that Conservatives favored bicameralism in 1906 to preserve their power and supported unicameralism in 1960 to provide the possibility of gaining power demonstrates the importance of partisan interests on ideology-based constitutional principles.

"It is unfortunate that the general debate on constitutional reform is not one of the high points in Swedish political history. The political parties bickered with each other; debate on constitutional principles was overshadowed by concern for vote maximization . . ." (Micheletti 1995, p. 107)

tions also reflected the fact that a broad range of eligible voters came to be persuaded of the justice of general adult suffrage.

As the democratic tide swept through Sweden at the end of the nineteenth century, it became clear that those who opposed a new broader franchise clearly risked losing office in both current and future elections. Moreover those same ideas, in the post-1866 Swedish constitutional setting, led labor to favor a broader suffrage rather than a new “labor” chamber of parliament, as would have been the “obvious” path of reform within the previous constitutional setting. Interests, ideas, and institutions all clearly played a role in the constitutional reforms that were adopted.

Constitutional Reforms Differ from Ordinary Policy Reforms

Although the politics of constitutional reform is in many ways similar to the politics of ordinary legislation, some important differences exist. First, constitutional reforms are normally adopted through somewhat different procedures than ordinary legislation. In Sweden, constitutional reforms require at least some continuing popular support to be enacted: they must be approved by a majority in two successive governments separated by a general election. More stringent amendment procedures imply that policies adopted as constitutional amendments will be more durable than policies adopted as ordinary legislation.

Major constitutional reforms, such as broadening the franchise, differ from ordinary policy because they cannot be easily reversed once adopted. This is so because they change the procedures by which both ordinary policies and future constitutional reforms are adopted. That is to say, the persons who adopt a constitutional reform often *cannot* repeal the reform once it is put in place. This contrasts with ordinary legislation and minor constitutional amendments, in which case new laws can generally be repealed by the same coalition of legislators that initially favored passage.

For example, after a new voting procedure is adopted, the coalition that passes the reform may no longer have sufficient votes or control over policy to repeal the new election law. The required coalition of Swedish voters for making ordinary policies and constitutional reforms was much different after 1925 than it had been in 1905; a much broader range of citizens could vote in 1925, and representatives were selected using new vote-counting rules—proportional representation without wealth-weighted voting. The previously unenfranchised could now block future constitutional reforms.⁴¹

⁴¹ Constitutional reform continued to require two majority decisions by the Riksdag separated by a national election.

Constitutional reforms that change basic procedures, therefore, tend to be much more durable than ordinary policies or minor constitutional amendments. New procedures for adopting policies often imply that decisive power comes to rest with different people, who will be uninterested in giving up their increased control over public policy. Moreover, in some cases, a minority can block a reform favored by a majority.

Constitutional reforms tend to make some *organized groups* more powerful and others less powerful, which also affects the future path of policy development and constitutional reform. For example, eliminating the property requirements for voting in 1907/9 significantly increased the number of voters who were members of labor unions; this gave the Social Democrats (*a*) much greater electoral support, (*b*) greater representation in the lower chamber and eventually first chamber, and, consequently, (*c*) much greater control over policy than they had before expanding the franchise in 1909 and 1920. The Social Democrats could subsequently block efforts to reverse or modify the constitutional reforms that would undermine their newfound power.

The adoption of proportional representation also gave political parties and party leaders substantially more control over their members' voting. Under proportional representation, voters choose among ordered lists of potential members of parliament rather than among individual candidates for office. Party lists provide the leadership of political parties with a new and powerful tool for punishing members who stray from the party line. Elected party members who vote against the party line may find that they are no longer on the party lists or much further down them when the next election occurs.

Constitutional reforms, like other public policies, result partly from interest group activities inside and outside government. To the extent that interest groups can predict the consequences of constitutional reform, they will be inclined to support reforms that increase their own power and that of other groups that support their policy agenda. This conclusion clearly applies to economic and partisan groups, but also to ideological groups. A public-spirited group that draws its primary motivation from its interpretation of the national or general interest also has an interest in seeing that its members come to control policy formation. The difficulty in reversing constitutional decisions is partly what makes constitutional rules durable, and that durability tends to attract the attention of organized groups who expect to gain or lose from constitutional reforms.

In a rational choice model of politics, the political consequences of reform are not entirely accidental, but rather are largely those anticipated by the various organized and unorganized groups who support or oppose particular reforms. In the social sciences, as opposed to the physical sciences, *anticipated future consequences can, and do, induce actions in the present.*

As also true of ordinary public policies, constitutional reforms often occur as the result of a temporary window of political opportunity that presents an alliance of interest groups with the opportunity to shape institutions in a manner that increases their own future political power. Within Sweden, it is clear that partisan and economic interests have greatly influenced the series of reforms that led to the present parliamentary system in Sweden.

Chapter 5

THE CONSEQUENCES OF CONSTITUTIONAL REFORM

It is one thing to say that procedural and electoral aspects of constitutional design affect who is in power and another to say that who is in power affects the course of public policy. For example, many political scientists inside and outside of Sweden assert the existence of a broad consensus on what constitutes good public policy. If that were true, the particular political parties in power would not matter much, and, thus, it is possible that constitutional arrangements allow one political party or another to dominate government without significantly affecting policy outcomes. If Swedish voters do, in fact, disagree about public policies, it is still possible that changes in government will not affect policies, because there are several public choice hypotheses that imply “party-neutral” political outcomes.

One important strand of public choice analysis predicts that democracies tend to adopt the policies that are most favorable to the median or average voter. The median voter, essentially by definition, has policy preferences that are moderate or centrist. Noncooperative game theory suggests that electoral competition among the candidates of major parties causes their policy positions to converge toward those of the median voter, as each party attempts to maximize its vote share. It is, thus, possible that all successful political parties, regardless of voting rules and division of power, adopt policies that maximize the welfare of the median voters in the election of interest, even if most voters disagree about policy.

Another strand of public choice research stresses the importance of organized interest groups in policy formation, but reaches more or less similar conclusions. Public policy in such models is the result of a stable equilibrium in the pressure exerted by interest groups (see, for example, Peltzman 1976 and Becker 1983). In most cases, “balance of pressure” models imply that moderate policies will dominate extremes, although there is no presumption that the median or average voter per se gets the policies that she or he finds most desirable. Again, the particular parties in power are not of significant

interest, because economic interests and organizational costs, rather than government office holders, largely determine the balance of political influence.⁴²

It bears noting, however, that all three of these possibilities neglect the importance of constitutional arrangements in determining political equilibrium. For example, it is clear that voting rules affect the policy positions adopted by political parties by defining the electorate and by affecting the number of viable parties that can be supported. Suffrage affects the “identity” of the median voter. Candidates that compete for votes from an electorate composed of relatively wealthy men may confront a different median voter than those which compete for the votes of a broader electorate. Voting rules may also matter. Proportional representation allows parties to adopt significantly different policy positions, yet still receive enough electoral support to place members in parliament, whereas noncentrist parties will not often be found within the legislative chambers of first-past-the-post systems. Long standing policies that determine the time of year and hours specified for national elections may also differentially affect the electoral turnout of various groups of voters, thereby affecting the identity of the median voter.

The relative influence of interest groups is also affected by constitutional arrangements. For example, constitutional protections for open debate, assembly, and a free press reduce the costs of groups challenging the status quo and, consequently, somewhat increase the costs of groups defending the status quo. The existence of standing labor- and industry-based cabinet positions makes it easier for major labor and industrial leaders to influence policy and, consequently, relatively more difficult for small businessmen and unorganized labor to influence policy. Long-standing policies that systematically change organizational costs can also potentially alter the balancing point among political pressure groups by changing their relative effectiveness and thereby also alter political outcomes. Weak antitrust policies enhance prospects for industrial collusion, and laws promoting closed-shop labor unions enhance labor’s ability to organize. Such policies can potentially change the relative political power of capital and labor interests.

Many constitutional provisions simultaneously affect electoral and interest group equilibria. The body of the present chapter provides analytical and historical support for the contention that constitutional reforms have systematically affected the course of public policy in Sweden by changing the balance of power among voters, political parties, and other organized groups. Instances of substantial changes to formal constitutional procedures include

⁴² Although economic interests are given a great deal of attention in that literature, the models also allow the possibility that ideological groups may similarly affect policy (Congleton 1991a,b).

those affecting: (a) the breadth of the franchise, (b) electoral rules, and (c) the organization of the Riksdag.

The Breadth of the Franchise and the Median Voter

Whose vote will be counted? Countries that use elections to choose representatives or directly make public policy decisions all confront the problem of defining the electorate. A variety of voter characteristics have, historically, been deemed to qualify or disqualify individuals from voting. Age, gender, religion, class, wealth, race, and citizenship have all been used at various times to decide whether a person can cast a vote in national elections. Many of these characteristics are no longer used in modern democracies, but an electorate must still be chosen. No country allows all interested parties to vote. Even countries with “universal suffrage” use age and citizenship to limit the franchise.

In a pattern common within Western democracies, eligibility to participate in national elections in Sweden has been radically expanded during the past 200 years. Significant changes occurred in 1866, 1907, 1920, 1945, and 1971; the reforms of 1907 and 1920 were the most significant in terms of the number of new voters created. Generally speaking, the ability to vote in Swedish national elections was gradually extended to successively poorer and younger male cohorts up through 1909. Economic development in the nineteenth century also broadened suffrage as more potential voters satisfied the income and property tax requirements. After 1920 similar rules held for men and women. Persons on poor relief or who became bankrupt became eligible to vote in 1945.

The extent of the franchise is of interest for both philosophical and practical political reasons. Democratic ideology and political philosophy provide us with normative theories about who should be entitled to vote. Such theories are variously grounded in the ideas of competence, equality before the law, popular sovereignty, and fairness. Others are based on the superior political and economic outcomes of democratic decision making, that is, the effectiveness of democratic rule. Modern normative theories of the proper national electorate are broadly similar in their conclusion that the electorate should be extensive, although not all the arguments are consequentialist.

The positive theory of elections implies that the particular scope of the franchise chosen will have direct effects on the makeup of government and the policies that it adopts. For example, a rough correspondence exists between income and occupation. The wealthiest persons in nineteenth century Sweden consisted of nobles with large landholdings and the most successful

businessmen and farmers, many of whom were nobles as well. The next wealthiest group consisted of similar persons of more modest success with smaller landholdings and businesses, followed by successful professions (doctors, lawyers, and bureaucrats), and so forth, on to peasants and laborers with little wealth or income and to those entirely lacking wealth and income. Such groups may be expected to differ significantly in their assessment of broad and particular industrial policies, the range of useful public services, and the ideal pattern of redistribution.⁴³

The theory of elections suggests that any change in the franchise that affects the age, wealth, and income of “the” median voter will also affect median preferences on public policy and thereby the platforms of successful political parties. The 1907/9 reforms had clear effects on the typical characteristics of voters. By dropping most property requirements for the franchise, the 1907/9 reforms caused the electorate to be much larger than it had been, while making the median (and mean) of the new distribution of voters poorer and younger than before. Such voters are economically inclined to prefer relatively large government transfer and social insurance programs, in that they are the most likely net beneficiaries of those programs.⁴⁴

The 1920 reforms may have similarly affected the median demand for public services, insofar as men and women have, on average, somewhat different assessments of the proper role of the state and different interests that can be advanced through public policy. For example, the results reported by Lott and Kenny (1999) suggest that women generally prefer greater government services than men for a variety of reasons. Using data from the United States, they find evidence that government programs and service levels expanded rapidly with the franchise and continued to expand as more women exercised their right to vote. To the extent that Swedish women exhibit similar relative demands for government services, expansion of the franchise to include women would also have tended to increase the scope of government programs in Sweden.

⁴³ An example of the policy consequences of a limited franchise can be found in Wicksell’s analysis (1896) of the effects of government policies on the working class, who were at that time ineligible to vote. His analysis suggests that the taxes paid by the working class exceeded the value of services they received from government (see Wagner 1988, p. 159).

⁴⁴ Meltzer and Richard’s (1981) much-cited theoretical analysis of redistributive politics implies that an increase in the number of voters with below-average income, who tend to benefit from general redistribution programs, tends to increase the level of redistribution (by changing the median voter), whereas an increase in the number of persons with above-average income tends to decrease the level of redistribution. Mueller and Stratmann (2000) develop statistical evidence of a link between participation in elections and the size of government. Using international data, they find that the larger the fraction of the population that votes, the larger government spending tends to be as a fraction of GDP.

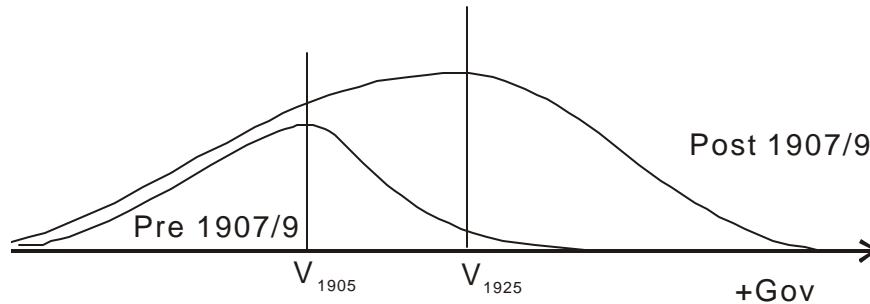


Figure 1. Illustration of the constitutional shift in the distribution of voter preferences over policies before and after 1907/9 reforms.

Figure 1 above illustrates how a shift in electoral equilibrium may be associated with a change in the distribution of voter preferences that generates a new median voter favoring increased government programs. Even without changing the voting rules (to proportional representation), the result of the expanded suffrage would have been a tendency for parliaments after 1909 to adopt the policies to the left of the original median voter. As the Social Democrats (SAP) largely represented these interests, the new election law transformed both the party affiliation of those elected to the Riksdag and policy positions promoted by those elected.⁴⁵

Evidence of the Electoral Effects of Expanding the Franchise

Table 2 characterizes the effect of the expanded franchise on the composition of the Riksdag and lists the membership of the first and second chambers of the Riksdag during 1905–33. The dark horizontal lines denote the times when changes in the extent of the franchise and voting rules took place. The effect of changing the franchise in 1907/9 first appears in 1912; new elections for both chambers had taken place under the new procedures. In the second chamber, the Social Democrats gained thirty seats. In the first chamber, in which only a third of the seats were voted on, the Social Democrats gained twelve seats.

Table 2. Division of Parliament (Riksdag), 1905–33

⁴⁵ Such a result may explain why the Social Democrats pushed so strongly for an expanded franchise. Most discussions of the period leading up to reform emphasize the role that labor and the Social Democrats played in generating public support for a more general suffrage.

Year	First Chamber (Swedish "Senate")						Second Chamber (Swedish "House")					
	Con- serva- tives	Farm- er's	Lib- erals	Social Dem- ocrats	Com- mun- ists	Total	Con- serva- tives	Farm- er's	Lib- erals	Social Dem- ocrats	Com- mun- ists	Total
1905						150	90		106	13		230
1908	130		15			150	98		98	34		230
1912	86		52	12		150	64		102	64		230
1914	88		49	13		150	86		70	74		230
1915	89		47	14		150	86		57	87		230
1918	88		45	17		150	57	14	62	97		230
1921	37	19	40	51	3	150	71	30	47	80	2	230
1922	41	18	38	52	1	150	62	21	41	99	7	230
1925	44	18	35	52	1	150	65	23	33	104	5	230
1929	49	17	31	58	1	150	73	27	32	90	8	230
1933	50	18	23	66	1	150	58	36	24	104	8	230

Source: Weibull (1993, p. 150) 1905–08 from Verney (1957, p. 246). Horizontal lines denote significant electoral reforms that extended the franchise (see appendix B, table B2, for the years after 1933).

Under the bicameral organization of parliament at that time, the members of the first chamber had 9-year terms and stood for elections in thirds. The second chamber stood for election every 3 years. Consequently, a new electorate would have a more or less immediate effect on the makeup of the second chamber, but a more gradual effect on the first chamber. The new electoral equilibrium in the first chamber would take approximately three elections or about 9 years to emerge.

The 1920 reforms extended the franchise to women and eliminated the weighted voting scheme for election to the first chamber. In Verney's words (1957, p. 214), the reforms of 1920 "put an end to the control over the Swedish parliament by the 'gentry' of the first chamber."

The 1921 elections for the first chamber, thus, combine the lagged effects of the first reforms and new effects from the complete elimination of wealth-weighted voting, reduction of voting ages, and expanding the franchise to women. It is clear that together these reforms had a dramatic effect on the composition of the first chamber. The number of Social Democratic members in the first chamber tripled (from 17 to 51), whereas the number of Conservatives was halved (from 88 to 37).

Subsequent shifts of power in the first and second chambers are more modest, but consistent with the Lott and Kenny (1999) results suggesting a somewhat greater demand for public services by women (who tend to be poorer and subsequently more interested in social insurance). The representation of the left in the Riksdag increases somewhat in both chambers during the 1920s. The overall results suggest that the initial 1909 expansion of the franchise among men had a greater effect on the composition of the Riksdag

than those adopted in 1920. The effects of income and class are apparently stronger than those of gender.

Table 2 makes it clear that the nature of the electorate can have significant effects on the persons and parties that control parliament. The next question addressed is whether the composition of the Riksdag had observable effects on public policies.

Evidence of the Effect of Expanding the Franchise on Policy

Evidence of major policy effects, however, is modest—at least in the short run. For example, in 1912 a public pension program funded with a payroll tax was adopted, but the program adopted was that recommended by a commission established by Lindman, the previous prime minister (Steinmo 1993, p. 65). Progressive taxation and death taxes introduced by previous conservative governments were also strengthened.

Table 3 illustrates the relatively modest effect that electoral reforms had on the magnitude of government programs. Government consumption (production of services) continued to increase in a manner consistent with the stated legislative agenda of the Social Democrats, but at a rate somewhat *less than* the growth of real personal income. The new government’s effect on tax rates is more obvious. The recently introduced progressive income tax became increasingly progressive, suggesting that significant redistributive policies, although clearly modest by today’s standards, were being pursued by the Social Democrats and Liberals via the tax system.

Table 3. Swedish National Product, Government Consumption, and Tax Rates, 1900–35

Year	RGDP	Government Consumption	Population	Gov’t Consumption as Fraction of RGDP	Real Per Capita Gov’t Consumption	Highest Marginal Income Tax Rate
1900	2,356	181	5.136	7.683	35.241	(Introduced in 1902)
1905	2,675	189	5.329	7.065	35.466	n/a
1910	3,240	200	5.522	6.173	36.219	5
1915	3,595	209	5.713	5.814	36.583	11.57
1920	3,751	260	5.904	6.931	44.038	25.06
1925	4,757	285	6.033	5.991	47.24	25
1930	6,038	309	6.142	5.118	50.309	30.24
1935	6,301	358	6.257	5.682	57.216	35.97

Sources: Government consumption and GDP from Krantz and Nilsson (1975), tables 2.3 and 3.1. Population from *Statistisk Årsbok '99* (1998, Statistiska Centralbyrån.), table 25 (5-year values interpolated). Marginal tax rates from Steinmo (1993), table 4.2.

As anticipated by the Conservatives, the combination of bicameralism and proportional representation made it difficult for the newly enfranchised voters to affect policy dramatically in the short run. The Social Democrats would not completely dominate Swedish governance, except briefly in the early 1940s and late 1950s, when they held a majority (in the two chambers of government combined, as shown in appendix B, table B1), which allowed them to determine budgetary matters. Prior to 1940 the Social Democrats relied on centrist parties as implicit coalition partners, which clearly moderated their policies, although it should be noted that a broad range of political sentiments have always been present in SAP. In general, it can be said that for the 20 years following the expansion of voter suffrage, proportional representation in combination with bicameralism reduced the effects of the new electorate on public policy.

Proportional representation allowed smaller more disciplined parties to survive. The Farmer's Party reformed in 1917, and the left splintered as the Communists broke from the Social Democrats in 1917. These two new parties, along with the Conservatives, Liberals, and Social Democrats were surprisingly robust; their members populated the Riksdag for the next six decades. A durable alliance between the Farmer's Party and the Social Democrats emerged in the 1930s, which dominated policy making for much of the period of the 1909/1920 constitution.

Most Swedish governments (cabinets) have formally been minority governments rather than coalition governments in that the ministries were composed entirely of members of the Social Democrats.⁴⁶ After 1940 SAP dominated the first chamber with a clear majority, but continued to need additional support from other parties to succeed in the second chamber. The eventual effect of the 1920 electoral reforms on the makeup of the first chamber was, perhaps, more significant in the long term, because it led to another episode of major constitutional reform in the 1970s.

Proportional Representation, Coalition Government, and Political Parties

Alternative vote-counting methods clearly have different effects on the range of party platforms and the number of political parties that can be viable. The weighted voting system of nineteenth century Sweden clearly

⁴⁶ Laver and Shepsle (1996) analyze how coalition governments tend to be formed in parliamentary systems. They suggest that minority governance can be an equilibrium whenever one very strong party exists, as in the Swedish case (pp. 162 and 264). However, their model seems to suggest a strong party will be a member of every coalition government (p. 168), which, as we will see, is no longer true of the Swedish case.

meant that viable parties had to pay relatively more attention to the electoral demands of large taxpayers than under a one-man/one-vote system. Votes may simply be added up, as under “first-past-the-post” systems, or they may be tabulated in a more complex manner as within most proportional rule systems. Individuals may also be allowed to cast more than one vote, as with approval voting.⁴⁷ It is clear that different combinations of vote-counting rules and franchise would have different effects on the membership of the Riksdag and thereby on the course of public policy.

It is also clear that these differences have long played a role in decisions to adopt one or another electoral system.⁴⁸ For example, both the combination of wealth-weighted voting and the use of wealth to characterize the electorate of the first chamber of the Riksdag during the late nineteenth century allowed the constitutional reforms of 1866 to be adopted because they assured that members of the first chamber would be from the economic elite of Sweden. This clearly facilitated agreement by the noble and burgher chambers to the constitutional reforms. Proportional representation, similarly, made universal suffrage more acceptable to the first chamber of the conservative government of 1907. Many saw proportional representation (PR) as a method by which the influence of the Conservative Party could be extended after universal suffrage was adopted (Verney 1957, pp. 160–61).

⁴⁷ See Buchanan and Tullock (1962) for an early discussion of the merits of different forms of majority and supermajority rule. Mueller (1989) analyzes the properties of a wide range of alternative voting rules, including proportional representation.

⁴⁸ The issues voted on may vary as well. Under direct democracy, voters vote directly on policy matters, as in a referendum. Under some forms of representative democracies, voters may select representatives, who in turn make policy. Under other forms, as within a PR system, voters select among parties or party lists of representatives rather than particular individuals. Under still other forms, voters may elect a panel of voters who in turn select the individuals that will actually make policy. This indirect “elector method” characterized the process by which members of the Swedish first chamber were originally selected and remains the process by which the United States selects its presidents.

The proportional representation method of selecting parliament is widely used throughout Europe and contrasts with the older British and American electoral models, under which members of the legislature are elected in more or less independent regional (district) elections using plurality rule. Under a plurality system, individual representatives, being independently elected, are less directly responsible to party leadership for their seats in the legislature and more directly responsible to the voters in the districts that they represent. However, only majority (or plurality) interests tend to be directly represented in the legislature under such first-past-the-post electoral systems. Consequently, it is possible that significant minority interests are not directly represented in the legislature. Under proportional representation, every significant political interest will have direct representation in parliament, although proportional representation does not guarantee that all represented interests will actually play a role in policy formation. In Sweden many minority parties occupy seats in the Riksdag, but consistently remain outside government.

Both the new electorate and the new method for counting the votes cast affected Swedish politics after the 1909–20 electoral reforms.

Proportional Representation and Coalition Governance

Two fundamental consequences of PR systems occur in polities with diverse popular opinions. First, by reducing the fraction of votes required to secure seats in the legislature, PR allows for the viability of much smaller political parties than in first-past-the-post systems or plurality rule. Parliaments elected via PR systems, consequently, tend to include many more political parties than first-past-the-post systems unless political preferences are geographically clustered.

First-past-the-post democracies often have just two dominant political parties. One explanation for this is Duverger's observation (1954) that under a plurality voting rule a center-right and center-left party can effectively prevent new third parties from winning elections. Because political parties have an interest in limiting competition from new parties, Duverger's analysis suggests that parties will tend to adopt such blocking positions. Consequently, it may be said that "two" is the natural number of parties in first-past-the-post systems.

This is not to say that three or more parties will never be observed in such systems. Two can become many in first-past-the-post systems if regions differ significantly in their demands for government services. In this case, regional electorates may each support only two parties, as per Duverger, but the two parties supported may differ among regions. In some cases, regional differences can be so great that they prevent true national parties from emerging, as might be said of Canada, France, or the United States during the period of the so-called "Dixiecrats."

The analogous entry-blocking configuration in a PR system allows many more *national* parties to coexist in equilibrium. The minimum stable number of parties is determined by the participation threshold, which determines the minimum percent of the vote that a party must receive to gain a seat in the legislature. If n is the participation threshold, an alignment in which each party receives just a bit less than twice the minimum can be stable, because no new party can enter and receive sufficient votes to qualify for parliament. For example, if the participation threshold guarantees a seat in parliament for any party with 4 percent of the vote, thirteen different political parties could be represented in parliament in a policy alignment that would block entry by additional new parties.⁴⁹

⁴⁹ Duverger's theorem applies to plurality rule elections. If two parties locate somewhat to the right and left of the median voter, the assumptions of spatial voting models imply that no

The relatively large number of parties that tends to arise under PR systems implies that government policies are typically made by coalitions of political parties, because a single party is unlikely to receive a majority of the votes cast. In such governments, the policies adopted will necessarily be compromises among the policy goals of the various coalition members. Coalition policies, consequently, are likely to lie between the ideal policies of pivotal members of the parties in the coalition.

In this case, it is clear that changes in coalition partners tend to affect public policies. Moreover, it is possible that small electoral shifts will generate policy changes that are substantially greater than the actual change in the preferred policies of the average or median voter.

Figure 2 below illustrates this possibility. Suppose that party B is given the power to form a government and can choose either party A or party C as a coalition partner. Let X and Z denote the compromise policies on the size of government programs likely to emerge under the AB and BC coalitions. If party B is a majority, it will simply implement Y. Note that as coalition party C replaces partner A, policies may shift dramatically. In the case illustrated, the policy shifts from one that moderates the dominant party's preferred policy, X, to one that radicalizes it, Z, in that policies move toward or away from median or average policy preferences of the electorate. In this manner, the PR form of governance combined with coalitional politics can yield significant shifts of policy that magnify changes in electoral sentiments.⁵⁰

new party can enter and win an election. (Two parties positioned exactly at the median voter's position would not be a blocking alignment, because an entry somewhat to the left or right of the median could secure a larger vote than either of the two parties.) This is one explanation for the policy differences of major political parties in the United States.

A blocking alignment in a proportional representation system occurs when a sufficient number of equally sized parties position themselves so that no new party can enter and secure sufficient votes to participate in government. For example, thirteen equally sized parties would each receive approximately 7 percent of the votes under proportional representation. Any new party that attempted to locate between two adjacent parties would receive at most one-fourth of the votes of two adjacent parties, 3.5 percent, which is insufficient for representation if the participation threshold is 4 percent, as it currently is in Sweden.

See Mueller (1989, p. 222) for a discussion of Duverger's theorem. Mueller (1996, ch. 10) also notes that plurality vote systems do not always yield parliaments with two parties.

⁵⁰ This simple geometric model is a bargaining-, rather than electoral-based model of coalitional policy making. It simply assumes that coalition partners would bargain on a broad range of policies and reach agreements that were convex combinations of party preferences, as in a weighted Nash bargaining equilibrium.

Several voting-based models reach similar conclusions. See, for example, Laver and Shepsle (1996), whose examination of cabinet government generally implies that coalitional partners would receive some direct control over policy via division of cabinet responsibilities. This would imply that changes in coalition partners would generate a new assignment

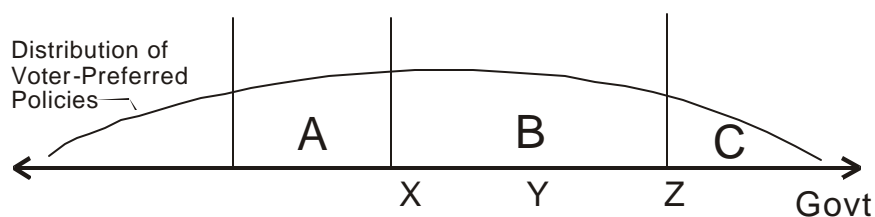


Figure 2. Coalitional politics.

Proportional Representation and Party Dominance

A second fundamental property of PR systems is that political parties become an essential feature of politics. Under a PR system, voters vote for parties rather than candidates, and votes received by each party together with the order of candidates on the party lists determine the individuals who become members of the parliament.⁵¹ Under first-past-the-post systems, it is possible for persons who are not affiliated with a political party to win an election on their own merits, as independents, without being a member of an established political party. Such candidates merely have to receive a majority of the votes in one district to become a member of the parliament. An independent candidate for office under PR has to create a “party” and that party has to secure a significant number of votes nationally (and locally) to be elected.

Party voting in combination with the list system also increases the power of party leaders. Each party’s leadership determines which persons will be on

of cabinet portfolios and, consequently, significant policy shifts, insofar as the new partners had significantly different policy preferences than the previous ones.

⁵¹ Some proportional representation systems allow voters to vote for candidates as well as parties, but the order on party lists generally remains a defining characteristic of proportional rule.

Sweden has recently adopted a limited form of preference voting. The revised election laws allow each voter to indicate a special preference for a single candidate by writing in his or her name on the ballot. Alternatively, the voter can simply accept the order in which the party lists names. The law was adopted June 1, 1997, and replaced the Election Law (1972, p. 620) and the law (1995, p. 374) regarding elections to the European Parliament. The Swiss electoral system also allows voters to affect the order of candidates on party lists.

Election Law (1997, p. 157), Swedish Laws (Swedish Law Collection), Rixlex, Sveriges Riksdag. See also “Elections to the Swedish Riksdag,” <www.riksdagen.se/faktabl/f01_val_en.htm>.

the party lists and in what order. Consequently, elected officials who fail to vote the party line can be replaced in the next election by simply moving “disloyal” representatives farther down the party list. This is not to say that party leaders in first-past-the-post systems are without power, but the party lists give political leaders in a PR system an additional tool not available under first-past-the-post systems. Both the list and leadership effects imply that a shift from the first-past-the-post to proportional method of electing representatives tends to increase the importance of political parties.

Swedish political history provides evidence of the importance of party lists as a device for increasing party discipline. Before the 1907/9 reforms, political parties in Sweden existed as loose confederations of representatives. Party membership was, indeed, such a hazy description before those reforms that members of the Riksdag before 1905 are often not classified by party; moreover, published classifications of members before 1909 often differ with respect to the “membership” of the various “parties.” After the adoption of the PR system, it became necessary for candidates to declare themselves members of parties to secure office. Consequently, party affiliation became a common method of classifying members of the Riksdag and party discipline became more evident in the pattern of voting within the Riksdag.⁵²

The importance of party leadership also implies that intraparty politics—which is largely invisible—has relatively more important effects on party platforms and the composition of parliament. Any group that can determine a party’s leadership can also control the party lists. In this way, organized interest groups cannot only secure effective control over party platforms, but also over *who* the members of parliament will be. Placing a senior party officer or prominent member of an interest group near the top of a party list allows such persons to be elected to parliament under proportional representa-

⁵² For example, Weibull (1993, p. 149) does not attribute a *party* to prime ministers selected before 1905. Verney (1957, p. 246) states that party membership figures are not available before 1905, although he discusses various policy alignments within Parliament during the nineteenth century.

Evidence of increased party discipline is provided in table 11, which tabulates disagreements between the first and second chambers of the Swedish parliament. The approximate date at which the Riksdag was entirely elected by the rules adopted in 1909 is 1920. Note that more than three times as many disagreements occurred per year prior to 1920 (57) than after (15).

This increase in agreement was not entirely the result of dominance by the Social Democrats. To the extent that party affiliation can be determined before the 1909 reforms, the “conservatives” evidently dominated policy formation in a manner roughly comparable to that of the Social Democrats after reform, including substantial periods in which they relied on the Farmer’s Party for support in the Riksdag. See Verney (1957, ch. 5) or Hadenius (1999, ch. 1).

tion, whereas those same persons might have been rejected under a first-past-the-post electoral system as being too narrow or personally unattractive. PR, thus, allows the leadership of major interest groups to play a *direct* role in policy formation within parliament.

Any large group within a party that systematically votes to advance a narrow interest (such as labor, large firms, or agriculture) will be able to affect disproportionately the party's platform through their ability to select and replace party leadership. Such intraparty voting blocks can more easily capture a party under PR than under first-past-the-post systems and secure for their own members direct access to elective offices and other senior posts associated with party success. This power, of course, remains limited by the necessity of electoral success, but may be expected to affect party platforms at the margin and clearly has played a role in the formation of policy positions by at least two of the major parties in Sweden.

Coalition Governance as Legislative Partnerships

The Swedish experience under proportional representation is broadly consistent with the coalition model of governance. The expanded franchise of 1907/9 together with the use of proportional representation allowed the Social Democrats to become the largest party in the Riksdag for most of the twentieth century. However, electoral support for the Social Democrats was only rarely sufficient for the party to pass policies in the Riksdag on their own. This was a consequence partly of the number of parties that survived under proportional representation, partly of bicameralism, and partly of the Swedish method of forming governments.⁵³ Generally, the Social Democrats formed minority governments that did not formally share power with coalition partners by, for example, sharing cabinet posts. However, SAP generally was able to obtain reliable support from informal coalition partners to maintain power and pass their legislative agenda. SAP's legislative partners were generally located near the center of the political spectrum until 1971.

In the early period following expansion of the franchise in 1909, they were often junior partners of the less radical Liberal Party. In the next period, their legislative partners were often the Farmer's Party, which was generally less interested in broad ideology-based policies than were the Social Democrats. After 1971 SAP's partners were often from the left, especially the former Communist Party.⁵⁴

⁵³ Ch. 6.2 of the current instrument of government specifies that the speaker of the parliament select a prime minister after consultation with the parties. The person selected becomes prime minister unless a majority votes against the proposal. (The task of appointing a prime minister had been the duty of the king under the former constitution.)

⁵⁴ The Communist Party, now the Left Party, was never actually in the government. It, like

The pattern of SAP legislative partners appears to have had a significant effect on the pattern and scope of public policy during much of the twentieth century. Center-left coalitions tend to adopt relatively moderate, middle-of-the-road policies, as do center-right coalitions. Coalition politics, thus, partly explains why the increased presence of SAP in the Riksdag had a relatively small effect on policies immediately following the 1907/9 reforms, as evident from the data listed in table 3 above. Relatively moderate policies continued to be implemented through the 1930s as SAP implemented a series of reforms: establishing unemployment insurance, paid holidays, and improved old age pensions. More radical proposals for nationalization and redistribution were relegated to commission studies that were largely neglected by SAP minority governments before World War II.⁵⁵

In later years it became possible for SAP to dispense with legislative partners from the right and rule on its own or with the support of the more radical Left (former Communist) Party. This change in coalition partners partly accounts for rapid expansion of government-provided services and transfers in the 1965–80 period, during which Swedish service levels became distinctly different from earlier periods in its own history and from the European average.

Figure 3 below suggests that it was not until the early 1970s when SAP coalition partners were members from the far left that significantly different levels of government services began to be provided by the Swedish government than in other wealthy democracies.⁵⁶

the Farmer's party, was a silent coalition partner.

⁵⁵ See, for example, Weibull (1993, pp. 122–23), Milner (1989, pp. 58–59), Hadenius (1999, p. 73), or Verney (1957, p. 219). Heclø and Madsen's (1987, p. 7) list of major programs adopted under the reign of the Social Democrats includes surprisingly few and relatively modest reforms in 1920–40.

⁵⁶ The center-right coalition (Liberal) that formed the government in 1976–81 had a much smaller effect on the path of government consumption than coalition theory predicts. Steinmo (1993, p. 133) notes that, although the three parties making up the coalition agreed in general that taxes and expenditures should be reduced, they could not agree on which specific taxes and spending programs to reduce. In the end, tax rates were somewhat reduced without reducing expenditure growth, and the deficit increased substantially.

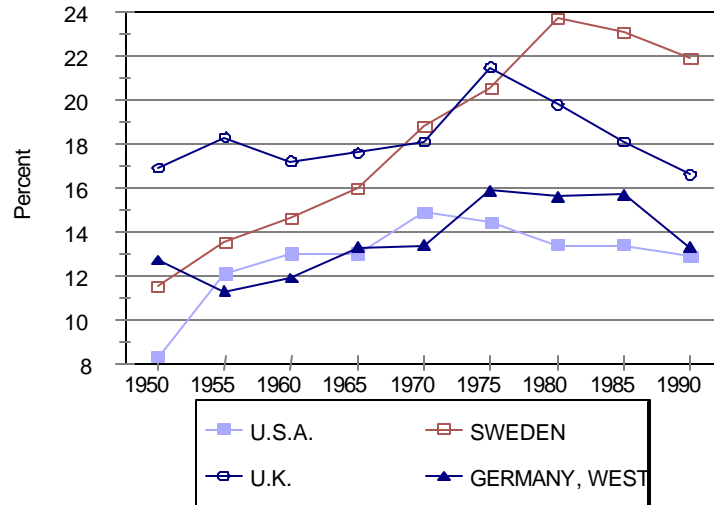


Figure 3. Government consumption as fraction of RGDP (World Bank Penn 5.6 tables).

Beyond the Electoral Base of the Left

The initial rise of the Social Democrats, as noted above, was a natural consequence of the expanded franchise of 1909, and their domination of policy for much of the twentieth century was a consequence of the size of their electoral base relative to that of the nonsocialist parties. This domination resulted partly from their policy program, partly from proportional representation, and partly from the lack of serious competition on the left. The lack of competition on the left significantly increased the power of the Social Democrats relative to the right and center parties.

Proportional representation allowed the three parties to the right of the Social Democrats to serve three separate constituencies and have three separate leaderships. Together, the nonsocialist parties often had broader electoral support than the Social Democrats, however, they evidently lacked sufficient common interests to challenge SAP governance except in periods of economic crisis that emerged after 1970. This was, of course, the reason that the Social Democrats needed legislative partners to pass their major programs.

That the Social Democrats remained a single party, rather than breaking up into smaller parties representing the full range of opinion among its supporters, is not a property of PR systems, coalition politics, or expanded suffrage. Rather, a good deal of the policy-making power of the Social Democ-

rats appears to be a consequence of the organized nature of their core constituency, unionized labor.

The emergence of nationwide labor organizations was commonplace in industrialized nations during the late nineteenth century. Political parties that adopted policies supported by labor interests tended to prosper politically, in part, because union leaders naturally encouraged union members to vote for the “labor” parties. Consequently, union discipline reinforced the policy and political loyalties of voters toward labor-supporting parties. Once in power, labor parties can also use public policy to enhance the political and economic power of their supporting labor organizations, which simultaneously increases party loyalty and union discipline.⁵⁷ Without the effective support of national labor unions for the SAP, the PR electoral system would likely have led to a much earlier emergence of new parties on the left in Sweden.

As long as national union leadership can guarantee electoral support for a particular political party, little room exists for another party of the left to enter, even under a PR system of elections. The gradual reduction in the importance of central wage negotiations in Sweden after 1970 appears to have reduced the ability of union leaders to determine national voting patterns. This together with new issues has allowed new and expanded parties of the left to emerge as significant political players in the Swedish parliament.

The Organization of Parliament: Number of Chambers

Once representatives are selected, they must meet and make decisions regarding domestic and international policies. Because all parliaments include more than a single decision maker, it is clear that the process by which legislative decisions are made will influence policy outcomes in much the same way that an electoral system influences the selection of representatives. However, because public policy choices have to be unique, fewer collective choice methods (electoral procedures over policies) can be used within parliaments for choosing policies than within electorates choosing representatives to parliament. Although an electorate can simultaneously support persons from the right and the left, the parliament cannot raise and lower the same tax at the same time.

⁵⁷ For example, in Sweden the national unemployment program has long been administered by labor unions. To the extent that nonunion members worried that nonmembers would receive poor service or perhaps even be excluded from unemployment insurance, membership would tend to increase at the margin. Members of the LO also served on important policy-making commissions and within the Riksdag.

Parliaments, consequently, tend to use various forms of plurality voting to make their decisions. Majority rule is the most common of these, but rules requiring supermajorities also are explicitly used in some settings, as in American procedures for amending the constitution or impeaching the president. In other cases, political norms or institutions may indirectly “require” supermajorities to enact new policies.

Multicameralism and Majority Rule

For example, multicameralism indirectly tends to generate policy choices that are preferred by a supermajority. Multicameralism can be regarded as a special kind of electoral rule for legislatures in which elected policy makers are divided into several groups, each of which must independently approve of a policy for it to become law. The individual chambers of the legislature will often disagree about policy, because they often represent systematically different policy interests, as was clearly true of the four-chamber Riksdag.

The chambers of the old four-chamber Riksdag were clearly designed to represent the interests of specific interest groups: nobles, clergy, burghers, and farmers. This was also true of the Swedish bicameral parliament of 1866 that replaced it; the first chamber was initially designed to represent the interest of the wealthiest of Swedes and the regional interests of county governments. Before 1913 the interests of regional governments were also represented by members of the U.S. Senate, who were originally appointed by state governments and, therefore, represented the interests of state legislatures. Regional interests continue to be represented differentially in the bicameral legislatures of the United States and Germany, as they had been in the previous bicameral organization of the Swedish Riksdag.

Even when the individual chambers are not designed to represent different interests, they may nonetheless do so if representatives are selected in different ways, are elected at different times, or serve for different terms of office. The different interests of the chambers of a multicameral government imply that passing legislation will often require a supermajority of the overall membership of the legislature as a whole. This follows because only a subset of the bills that can be majority approved in one chamber can be approved in the other(s). More effort will be required to find a bill that can win approval in two chambers than in one, and in four chambers than in two, and the result will often be a bill that has somewhat greater than majority support.⁵⁸

⁵⁸ Buchanan and Tullock (1962, p. 16) demonstrate how bicameralism can assure supermajorities. Riker (1992) and Brennan and Hamlin (2000, pp. 239–40) suggest that bicameralism is more likely to yield stable legislative outcomes under majority rule. Riker (1992) and Mueller (1996, ch. 13) also note that bicameralism can be equivalent to the requirement for supermajorities in some circumstances and note possible advantages of bicameral legisla-

The implicit supermajority requirement and the negotiation process among the chambers to find policy compromises together imply that multicameralism raises the cost of changing the status quo relative to simple majority rule in a unicameral government. Negotiations between chambers take time and energy, as the representatives of the chambers each attempt to secure the best policy possible for the majority in their respective chambers. These higher transaction costs imply that multicameral parliaments can be regarded as conservative institutions in the nonpolitical sense that they slow the pace of legislation. This conservatism is not a direct consequence of each chamber's power to veto new legislation, but rather of that veto power in conjunction with differences in the interests of pivotal officeholders in the various chambers. Policies, consequently, are more stable under multicameralism than under unicameralism, other things being equal.

Reductions in the number of chambers tend to reduce the cost of creating new policies and, consequently, tend to increase the number and volatility of new laws that will be adopted.

Evidence of the Effects of Changes in the Number of Chambers

Swedish constitutional history provides two instances of reductions in the number of chambers. In 1866 the number of chambers was reduced from four to two. In 1970 the number of chambers was reduced from two to one. In both cases, other procedural changes were introduced at the same time that the number of chambers was reduced, although other procedural changes were minor in 1970. The new unicameral chamber was larger than either of the previous chambers and only slightly smaller than the combined size of both chambers under the previous bicameral arrangements, 350 compared with 384. In addition, 3-year terms replaced the longer terms of the previous first (8 years) and second (4 years) chambers.

The overall effect of the changes in 1970 may be summarized as a decrease in legislative costs together with a shorter effective electoral time horizon for the parties in the Riksdag. One would, consequently, predict a more rapid and variable development of legislation, more oriented toward the short-term "favorable" results. However, the clarity of responsibility under unicameral systems also implies that as any negative effects emerge in the long run emerged, the electorate can punish incumbents for policy mistakes. Shorter terms of office imply that the government's policies are subject to more frequent challenges in national elections.

tures when the terms or qualifications of office are different.

Swedish experience is consistent with these predictions, although the negative effects of a shorter time horizon seem to have dominated the positive effects of a shorter electoral feedback loop. The 1970s and 1980s witnessed a rapid expansion of public sector services, transfer programs, and deficits that were far beyond those observed in other European or Organization for Economic Cooperation and Development (OECD) countries. Subsequent economic crises caused the Social Democrats to lose power for the first time in four decades, and, moreover, the SAP's power began to diffuse toward other political parties of the left, as the Green and Communist Parties expanded (see appendix B, table B3).⁵⁹

Table 4. Government Consumption, Central Government Tax Receipts, and Expenditures, 1960–95

(as percent of GDP)

Year	Sweden (Central Government)			United States			Denmark	
	Govt. Consump- tion	Central Govt. Tax Revenues	Central Govt. Expendi- tures	Govt. Consump- tion	Central Govt. Tax Revenues	Central Govt. Expendi- tures	Govt. Consump- tion	Central Govt. Expendi- tures
1960	16	..	..	17	..	..	13	..
1965	18	..	..	16	..	..	17	..
1970	22	26	25	18	..	..	20	32
1975	24	27	29	18	17	21	25	34
1980	29	30	39	17	18	22	27	39
1985	28	34	45	18	18	24	26	40
1990	27	38	41	18	18	23	26	39
1995	26	34	49	16	19	23	26	41

Source: World Bank, *World Development Indicators 1999 on CD-ROM*, Washington, D.C.

Notes: See tables A4–A6 in the appendixes for a more complete tabulation of government revenues, consumption, and expenditures.

Table 4 above provides some evidence of the acceleration in the development of government programs that took place after the unicameral Riksdag was adopted. Some expansion of government services and transfer programs was, of course, taking place worldwide, reflecting rising income and other changes in electoral demands for government services. However, between 1970 and 1985, an additional 20 percent of GDP was added to that initially

⁵⁹ Table B1 in appendix B provides additional evidence of the importance of bicameralism. The table tabulates the methods used to resolve disagreements between the two chambers for the entire period between 1866 and 1970. It is clear that the number of disagreements fell after introduction of the PR electoral system. However, even within a system that allows for considerable party discipline across the chambers, many disagreements about policies arose and were never resolved. Moreover, it is interesting to note that, of the disputed policies, the policies finally adopted did not always originate in a single dominant chamber.

spent by the Swedish central government. This contrasts with Denmark and the United Kingdom, where expenditures rose by about 8 percent of GDP, and with the United States, where they rose by 2 percent of GDP during the same period.

The Swedish tax system was also rapidly changing, partly to fund the expanding range of government services and transfer programs, but also to make the tax system itself serve policy ends. Dozens of new tax preferences were created and abandoned, tax rates rose and fell, and the relative importance of income, payroll, and value-added taxes varied dramatically in this period (Steinmo 1993, pp. 25, 87, 132–33, 186–89). Even so, deficits became a serious problem, rising to more than 10 percent of GDP several times.

Table 5. Estimates of Swedish Government Consumption, 1960–96 (fraction of GDP)

	Swedish Gov't Consumption	Swedish Gov't Consumption	Swedish Gov't Consumption	Change in Swedish Gov't Consumption
Constant	18.2 (28.63)***	-284.382 (-3.51)***	-143.192 (-1.65)*	-98.003 (-2.74)***
Unicameral Gov't	7.689 (9.70)***	4.839 (4.75)***	3.207 (3.01)***	98.545 (2.74)***
Non-Social Democratic Gov't	2.111 (2.57)**	2.111 (3.02)***	1.312 (1.92)*	0.888 (3.07)***
Year (uniyear)		0.154 (3.74)***	0.074 (1.63)*	-0.05 (-2.76)***
UK Gov't Consumption (change)			0.899 (2.99)***	-0.02 (-0.12)
R-Square	0.797	0.857	0.889	0.384
F-Statistic	66.91***	66.24***	63.85***	4.83***
Durbin Watson	0.59	0.52	0.702	2.411

Source: Data are from World Bank (1999), *World Development Indicators 1999 on CD-ROM*, Washington, D.C.

*** Denotes statistical significance at the .01 level, ** at the .05 level, and * at the 0.10 level.

Statistical evidence of the effect of unicameral government on the extent of government consumption can be developed for government consumption (services) data. Table 5 above reports the results of four estimates of Swedish government consumption based on the political models developed above. The fraction of Swedish GDP accounted for by central government consumption is taken from the World Bank's *World Development Indicators 1999 on CD-ROM* data base. Column 1 reports estimates of a lean model, including only dichotomous (0-1) constitutional variables. Column 2 adds a general trend variable (year) to capture long-term upward trends in preferences for government services and the effect of the increasing importance of government employment within the electorate (see appendix A, table A7). The third estimate includes government consumption by the British Government to

capture exogenous effects of the European economic and political climate. In each of the three models estimated, the results suggest that the shift to unicameral governments had the effect of increasing the share of GDP devoted to government services.

The fourth estimate analyzes changes in the fraction of GNP accounted for by government. The political and institutional regressors are the same as those used for the estimates in levels. However, because estimates in first differences detrend the dependent series, a new variable “uniyear” (years after the initiation of unicameral governance) replaces year as a regressor. Uniyear can be thought of as measuring “learning-by-doing” under the new constitutional arrangements. The estimated effects of the switch to unicameralism and of the non-Social Democratic governments are similar to those of the previous estimates of levels.⁶⁰ Both political factors led to increases in the fraction of GDP accounted for by central government consumption. Adjusted for these effects, unicameralism increased the proportion of national income accounted for by government services, although that effect has been shrinking in the years after unicameral government was adopted. This may reflect learning-by-doing or the reaching of natural constraints on the size of government (the long-run Laffer curve).

Overall, the regressions suggest that much of the expansion of state spending can be attributed to changes in electoral demands for public services rather than constitutional reform; however, a significant part of growth of Swedish government services appears to result from new political decision-making methods. The economic consequences of the faster pace of legislation chosen with a shorter political planning horizon were severe, as both unemployment and deficits reached historically extreme levels, culminating in an economic crisis in the early 1990s.

Changes in the Degree of Centralization and Democratic Policy Making

Policy-making authority within a country can be concentrated within a single national government or may be distributed throughout the nation in a series of local and regional governments entitled to make policies for specific regions or subregions of the country. In the latter case, it is clear that the power and responsibility for making policies in particular policy areas can be assigned to different levels of government. This allows for the degree of cen-

⁶⁰ The surprising sign of the non-Social Democratic coefficient probably reflects the difficult economic circumstances of the times they gained power. Even if government consumption remains constant in absolute terms, it tends to increase as a fraction of GDP during recessions.

tralization to be systematically increased or decreased as the policy-making authority of local governments increases or decreases relative to that of the central government.

The degree of centralization can only be partially specified in formal constitutional documents because there are many policy areas in which local and national interests overlap. The degree of centralization, consequently, is largely determined by ordinary legislation adopted by the nation's central government that characterizes policy-making responsibilities of the various levels of government in specific policy areas. For much of the twentieth century, there has been a relative increase in the policy-making power of the central government in most democratic countries, although relatively little of this was accomplished by changing formal constitutional documents.

In many cases, however, the legislation defining spheres of authority between the central and local governments is sufficiently durable and stable that it can be regarded as constitutional in nature. The most durable characteristics of centralization arise from the geography of jurisdictional boundaries. These largely determine whether there are regional and local units of governments or not and, if so, how many regional governments exist. The procedures by which new policies are chosen within those jurisdictions are also generally stable at the local level and at the levels of the regional and central governments. Changes in these basic organizational features of policy making are clearly constitutional in nature, insofar as they are durable and affect the fundamental rules and constraints of the nation's political game.

The Institutional Spectrum of Decentralized Governance

A rough correspondence exists between the general architecture of governance and the degree of centralization of policy-making authority. For example, complete centralization of policy-making authority requires a unitary government. Local subunits of government may exist under a unitary government, but under complete centralization, those subunits are created and staffed by the central government for its own convenience in administration. Policy-making authority remains entirely vested in the national government, however constituted.

Federal governments occupy the middle range of decentralization. Under forms of federalism, national, regional, and local governments are elected in more or less independent elections decided by voters who are residents of the areas to be governed. The essential organizational principle of federalism is built around a legal hierarchy under which the laws and other policies of the national government supersede those of regional governments, and those of

regional governments similarly bind local governments.⁶¹ This hierarchical arrangement contrasts with a completely centralized unitary state in which all policies are decided by the national legislature and local governments have essentially no independent power to make policies. Under federalism, local governments make local policy decisions, but some (or all) local policies can ultimately be trumped by national ones.

Confederal governments occupy the decentralized extreme. Under complete decentralization, all policy-making power is assigned to local governments, which may jointly determine national policies through a national council of local or regional governments. The power of the confederal central government is minimized when the council uses unanimous agreement to make policy decisions—as presently is the case for major policy decisions within the European Union and as was briefly the case under the first U.S. constitution. Under such extremely decentralized forms of confederalism, the national government’s policy is subject to veto by the local governments.

Policy-making authority can be more or less centralized within each governmental type. A unitary state may grant more or less authority to local administrators. Local governments in a federal system may be more or less restrained by the policies of the central government, and confederations may delegate more or less authority to the national government. In all cases, decentralization increases as the policy areas within which local governments can independently create laws and regulations expands. Consequently, these three general types of governmental organization provide structures sufficient to cover the full spectrum of decentralization.

The spectrum of centralization in governance is of interest for several reasons. First, the degree of centralization is a distinguishing characteristic of democratic governance. A wide variation in centralization has occurred through time within most democratic nations and is presently evident across countries with democratic governments. For example, the federalism of Switzerland can be said to be more decentralized than that of the United States, which can be said to be more decentralized than that of Sweden, which can be said to be more decentralized than that of Germany or Norway.

⁶¹ Some political scientists restrict the term federalism to governments with a bicameral legislature in which one chamber is designed to represent the interests of regional or local governments. The characterization of federalism developed above is substantially broader and stresses the hierarchy of governance within governments having independent national, state, and local elections.

Under the “structural view,” the constitutional reforms of the first chamber in Sweden or the U.S. Senate, which eliminated county council or state control of representatives, also *eliminated federalism*, even if substantial policy-making power remained in the hands of locally elected governments. Under the usage adopted here, such central government reforms would not by themselves determine the federal structure of the government as a whole.

The regional (canton/state) and local governments of Switzerland and the United States have considerable authority to select tax rates, adopt regulations within their own territories, and provide public services. Sweden's local governments have less discretion on regulation, taxation, and public programs than local governments in Switzerland or the United States, but evidently have more discretion on local policies than German or Norwegian local governments, in that the latter essentially lack the power to set tax rates.⁶²

Second and more important, the degree of centralization has systematic effects on public policy within a nation. This makes centralization of interest for the present constitutional analysis. Durable shifts of power to or from the central government affect political equilibria and thereby policy decisions.

The Consequences of Decentralization in Federal States

Economic analysis of the policy effects of decentralization is based on the observation that, in most federal states, people and capital are free to move among the territories within a nation.⁶³ Mobility leads to three general kinds of effects as policy-making arrangements become more decentralized.

First, increases in decentralization imply that individual citizens have a greater effect on the level and combination of public services they consume. The effect of their votes on local elections is greater. They can choose from a

⁶² Intuitively, it is natural to expect "federal" governments to grant greater power to their regional governments than "unitary" governments, insofar as federal governments make explicit provisions for regional governments to exercise some control over national policies. It is, thus, easy to imagine that the "federal" systems of Spain or Germany would include greater levels of local power than the "unified" governments of Sweden or Spain. However, in fiscal areas, "federal" governments are often far more centralized than the "unified governments." In both Spain and Germany, essentially all revenues are raised by the central governments. Rongen (1995, p. 256) notes the absence of local taxing authority in Norway.

Sweden is somewhat unusual in that local governments determine the income tax rates and the national government the sales tax (VAT) and property tax rate. In Sweden, the income tax is a local tax used to finance local services. By county, the sum of county and local tax rates varied from 30 to 34 percent in 1998 (*Statistisk Årsbok '99*, table 292).

⁶³ Oates (1972) developed the general treatment of tax and expenditure policies within a federal government, although he does not directly address political aspects of centralization. The Oates volume still provides one of the clearest overviews of the basic issues of fiscal federalism. See Inman and Rubinfeld (1997) for a recent overview of issues in fiscal federalism.

Fiscal federalism and its various extensions to issues dealing with regulation by local governments have grown to be one of the largest areas of research in public economics. See Rattsö (1998) for a collection of articles dealing specifically with the demand and supply of public services by local governments in Scandinavia. Elazar (1991) provides a detailed overview of federal systems around the world.

menu of governmental offerings whenever they choose a place of residence. Together, these imply that both local information and personal preferences of taxpayers are more directly accounted for in the public sector decisions of local governments than those of national governments.

Second, decentralization tends to increase the level of competition among communities for residents and tax base. The broader the scope of local policy making, the more variables a local government can use to attract residents and tax base to its jurisdiction. More scope for innovation and experimentation exists at the local level, because local governments can collectively engage in more experiments than a single national government can. Consequently, the provision of local services becomes more finely tuned to the demands of the local citizenry and produced at lower cost. Incumbents from high-cost, low-service jurisdictions will tend to lose elections to rivals promising the relatively better services available in neighboring jurisdictions. If political competition does not encourage efficiency, high-cost, low-service jurisdictions will lose residents and tax base to low-cost, high-service jurisdictions, because, in the long run, locational choices are affected by a community's services and anticipated tax burdens.

Third, decentralization tends to make it more difficult for some kinds of policies to be undertaken. The most prominent of these are those that attempt to redistribute income and those that have effects on more than one community. Redistribution is more problematic for local governments than for national governments, because redistribution tends to attract net receivers of favorable policy and repel those who on balance pay for those favorable policies. It is easier for "net" taxpayers to move across local boundaries than across national boundaries to avoid taxes. This limits opportunities for exploitation of taxpayers, which is often desirable, in that it reduces the efforts of transfer-seeking special interest groups in local governments, although it also limits opportunities to engage in broadly supported social insurance programs.⁶⁴

Decentralization also makes interjurisdictional policies more difficult to design and implement. Addressing interjurisdictional policy concerns such as environmental quality or regional transport requires *voluntary* agreements among the affected communities to coordinate the policies of interest. Multilateral agreements are consequently more difficult to negotiate locally than they are to impose via a central government mandate. Imposition via central government requires only majority approval, whereas implementing such policies locally requires a continuing and unanimous agreement among the local governments involved.

⁶⁴ Congleton (2000) and Warneryd (1998) analyze the effects of decentralization on the rent-seeking activities of special interest groups.

Together these three characteristics of federalism suggest that decentralized forms of federalism are systematically different from more centralized forms of governance. Mobility implies that demands for local services tend to become increasingly uniform as individuals choose locations based partly on differences in the services provided. Mobility together with the ability of local governments to select public service levels and tax rates implies that the methods of governmental production and distribution tend to become more efficient as competition for residents takes place. Consequently, there tends to be an improved match between demands for local services and the services actually produced by government. However, decentralization also implies that fewer regional services and less redistribution among individuals and groups tend to occur.⁶⁵

Durable changes in the degree of centralization have been widely observed among Western democracies during the past century. The general trend in most western democracies for the past century has been toward greater centralization as central governments have expanded their powers and responsibilities relative to local governments. Many reasons exist for this. Changes in the methods and technologies of public service provision allowed new economies of scale in the provision of public services to be realized. These changes in the relative cost of services led to changes in the demand for services that span the borders of local and regional governments, such as transportation, environmental regulation, and redistribution, which led to a revised distribution of policy-making authority among national and local governments. Broad changes in ideology also changed the relative demand for national and local services. Moreover, changes in the selection methods for national and regional legislatures changed the constitutionally determined balance of power between central and local governments.⁶⁶

Many of the predicted effects of increased centralization have been observed. Local service levels have become more uniform and more costly, whereas some multijurisdictional problems have become better addressed, especially with respect to transportation and environmental problems.

Sweden is typical of this trend. Although the constitution does not explicitly mention the term federalism, the Swedish system of governance is fed-

⁶⁵ Several of these properties have been used as a rationale for using federalism as a method of making policy decisions. The normative case for federalism is taken up below in chapter 10.

⁶⁶ Recall, for example, that in the first bicameral governments of the United States and Sweden, members of the Senate/first chamber were elected by local governments, rather than by local voters until the first part of the twentieth century. Members of these chambers, thus, represented the common interests of local governments, as well as those of their political parties and so tended to have a direct interest in the well-being of local governments.

eral in the sense used in the present analysis. The Swedish constitution specifies the existence of democratically elected primary and regional local governments (IG: 1, A. 7) empowered to provide services and to raise taxes to fund them. Moreover, the Local Government Act of 1991 provides that local communes and county councils “are responsible for matters of public interest related to the local or county district or its population” (Holmberg and Stjernquist 1996, p. 20). However, the national government is directly responsible only to the national Riksdag (IG: 1, A. 6), which, thus, is constitutionally placed at the top of the rule-making hierarchy.

Although the Swedish government has long been federal in that local governments have had considerable discretion to choose the pattern of local services provided and establish tax rates to finance them, the degree of centralization has not been constant through time.⁶⁷ For much of the past century, local autonomy has been shrinking. For example, the extent to which local governments produce services mandated by the central government has been increased with respect to health care, welfare, education, and childcare. The central government has also intervened to reduce the ability of local governments to set tax rates, whereas transfers from the central government have played an increasingly important role in financing local services. In addition to these fiscal policies, the central government reduced the number of local governments from more than 2,000 to fewer than 300 with the boundary reforms of 1952 and 1972. This tends to reduce competition and potential for innovation by reducing the number of independent government decision makers and by making it more costly to move from one local government to another in the pursuit of economies of scale (Häggroth et al. 1996, pp. 11–12; Lindbeck 1997, p. 14; Rattsö 1998).

One area in which centralization has recently increased is in provision of daycare services. During the 1970s and 1980s, the national government increasingly regulated and mandated daycare services with the result that those services became generally more uniform throughout Sweden and much more generous. Both these effects are predictions of increased centralization. To the extent that mobility had previously limited the ability of local governments to make transfers to families with children, increased centralization is predicted to have increased the magnitude of the transfers undertaken. To the extent that various equalization policies among community resources had long been in place, the more uniform levels mandated by the national government suggests that the match between local demands and local supplies of

⁶⁷ Herlitz (1939, pp. 70–81) provides a nice overview of Swedish municipal history and of the distribution of local and central government control during the 1930s. He also notes that there has long been popular support for the autonomy of municipal government within Sweden. In his words, “There is a deep-rooted feeling that the municipalities should have control, as far as possible, over local affairs.”

services has diminished. Diminished competition among localities also appears to have increased the cost of providing those services.

The Swedish trend toward increased centralization slowed in the 1980s and reversed somewhat in 1992 (see table 6) with a series of reforms that increased competition in local education, while allowing localities greater autonomy by replacing conditional grants with block grants. Many social services are still mandated by the central government, but fewer restrictions are placed on how they may be supplied.

*Table 6. Swedish Municipalities
(selected years)*

Year	Rural Municipalities	Boroughs	Cities	Total
1862	2,400	10	89	2,500
1941	2,353	53	117	2,523
1951	2,281	84	133	2,498
1952	816	88	133	1,037
1969	625	91	132	848
1971				464
1981				279
1992				286

Source: Häggroth et al. (1996, p. 14, table 1).

