

Money in Politics - Why Sweden and Denmark Chose Different Paths

A Comparative Analysis of Party Finance Laws



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Abstract

This paper poses the question: Why did Sweden shift its stance on private money in politics in compliance with GRECO's recommendations between 2009 and 2014, whereas Denmark did not? It aims to explain the change and non-change through analyzing the countries' legislation, reports on the countries made by international organizations, and the debates which took place in the countries themselves. The theory of accountability, presented by Tero Errkilä, aids in showing that the key difference between the two countries was their accountability method, and that this ultimately led to different outcomes in the countries. Sweden, which relied on personal accountability drastically changed their legislative system and incorporated both bureaucratic accountability and deliberation. The reason for the change lies in the personal accountability method sparking legitimacy issues, which in turn led to a debate on the subject in Sweden. Denmark, on the other hand, relied on deliberation and did not feel pressured to change whatsoever. This is due to deliberation being experienced as a satisfactory accountability system. Thus no debate or concerns of the legislation were raised in Denmark, leaving it unchanged.

Key words: Denmark, Sweden, accountability, legitimacy, GRECO, deliberation, personal accountability, bureaucratic accountability.

Word count: 8 423

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Introduction

Money in politics has in recent years become a highly debated topic. Private donations to political parties have been problematized as being a threat to democracy, either in that lobbyists get an unfair advantage in elections, or that foreign powers can influence sovereign nations by funneling money to certain parties (Gilbert, 2018. p. 259). Carole Cadwalladr, a journalist at the Observer, furthered this debate when she uncovered the Cambridge Analytica scandal in which, along other uncoverings, it was found that Russia was actively meddling in elections of other countries (Cadwalladr, 2019). This led me to exploring the possibility of interference in the Swedish elections through the use of money, by private lobbyists and nations alike. This had up until just some years ago not been a subject which was debated in Sweden whatsoever, and there was perhaps a sense of naivety in the country regarding our systems ability to ensure fair and free elections. Upon researching this subject I found that Sweden had a long tradition of opposing regulation in political finance, but that this had started to change in recent years. Suddenly, Sweden had left its traditions of preaching individual rights and political freedom in the debate of money in politics, to becoming more reserved and regulated. I wanted to answer why Sweden had made this sudden change. Whilst researching I also found Denmark, a country nearly identical to Sweden, with the same stance on money in politics as Sweden once had. Denmark had however not changed its system one bit. This led me to pursue a comparative study with a most similar model to try to find an explanation as to why Sweden had changed whilst Denmark had stayed the same.

Both countries have been subjected to analysis by GRECO (Group of States against Corruption) between the period of 2009-2014. In their follow-up report in 2014, GRECO felt satisfied or somewhat satisfied on all points of recommendations for Sweden, meaning they changed or had taken steps to change their regulating laws, whereas Denmark satisfied none.

Historical background

Denmark and Sweden are two countries which are very much alike in both political culture and in their legislation. They are both parliamentary democracies with long democratic history behind them (Folketinget, 2014) (Government Offices of Sweden, 2015). The two countries are often used as examples of ‘good democracies’, given their low corruption rating and the public’s high trust in government. Denmark and Sweden are ranked as the second and fourth countries respectively for lowest perceived corruption worldwide according to the corruption perception index (Transparency International, 2011). The countries also have a high and similar voter turnout, suggesting high trust in government. Both countries had a turnout of roughly 85% in their more recent elections (Institute for Democracy and Electoral Assistance, 2019).

Both countries have also taken a quite unique approach to the question of private party funding. Most countries have a system of regulations regarding private funding of political parties (Van Der Staak & Leterme, 2016). This means that there are bans or limits on who can donate, how much they can donate, or limits on how much parties or individual politicians can spend. Most other countries rely on either spending limits, such as The UK or Italy, or contribution limits, such as Finland or The US, or a combination of the two, such as Canada and France (Waldman, 2014). The countries which have a system of no limits to contributions or spending, such as Estonia or Luxemburg, usually have other rules regarding regulation which limit the system in some way, banning foreign or anonymous donations for example (van Klingeren et. al., 2015. p. 30-33). This is where Sweden and Denmark differ from most other countries. Both countries have a system of no limits or bans regarding spending or contributions, nor do they have any other forms of regulations on their systems. The Group of States against Corruption, GRECO, made evaluation reports on the two countries in 2009, stating that both countries were at risk of corruption due to their unregulated systems, and advised them to change their party funding rules. GRECO is an international organization consisting of 49 member states. It is an organization which evaluates and offer recommendations to its member countries. Its foremost goal is to combat corruption. GRECO's recommendations and evaluations are non-binding for the member states (GRECO, 2018).

Despite the similarities of the two countries, a drastic change occurred within the years 2009 to 2014 in Sweden regarding the party funding system, whilst Denmark's system stayed virtually unmoved. The sudden diversion in Sweden and the non-diversion in Denmark is what I aim to explain in this study.

Sweden	Denmark
High voter-turnout	High voter-turnout
EU-member	EU-member
No limits on donations	No limits on donations
No limits on spending	No limits on spending
Connected to GRECO	Connected to GRECO
Low perceived corruption	Low perceived corruption
Long democratic history	Long democratic history

Public funding of parties (not earmarked)	Public funding of parties (not earmarked)
Low transparency ¹	High transparency
No regulations 2009	No regulations 2009
Regulations present 2014	No regulations 2014

Table 1, showing the similarities between the countries as well as where they differ.

Purpose and research question

The foremost purpose of this study is to explain Sweden's sudden shift in party financing legislation, and to make this explanation by comparing Sweden to Denmark, who did not go through such a change. I will be highlighting the effects which different forms of accountability have on legislative systems, and what these effects result in, in terms of change or non-change of legislation. On a more abstract level, as stated in the introduction, I am interested in the problematization of money in politics. This has as of recently become a widely debated topic in both the political and public sphere, and is a problematization well worth studying due to its possible implications to democracies. Sweden and Denmark represent two pillars in this debate, the former suggesting that unregulated money ought to be considered a problem, whilst the latter suggests that money in politics is an inalienable right which is vital to the freedoms citizens ought to possess in a functioning democracy.

The research question which I will answer in this study is thus: Why did Sweden shift its stance on private money in politics in compliance with GRECO's recommendations between 2009 and 2014, whereas Denmark did not?

¹ Low transparency as enforced by law

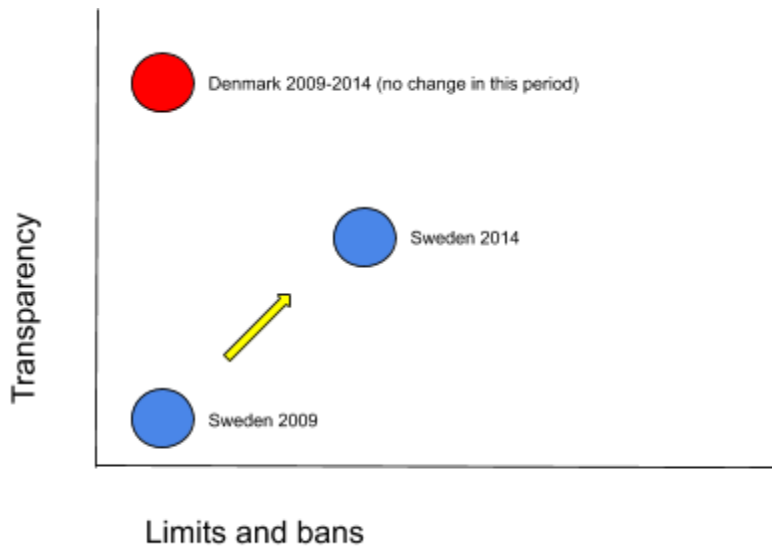


Figure 1. A visual representation of the change in Sweden's and Denmark's systems.

Prior research

Money in politics, as previously stated, has as of recent become a topic of much debate around the world. In recent years, many studies and reports have been conducted on the subject, not only by scholars but also from international organizations such as Transparency International or the EU. The Group of States Against Corruption is a notable organization which has reported on political finance laws in numerous countries, and an organization which I refer to in this paper. In addition to this, Transparency International and The University of Amsterdam in conjunction with the European Union have conducted studies on finance laws in different countries and their potential consequences.

Regarding accountability, this is a central subject within political science. Questions of legitimacy and accountability are vastly debated on many different policy areas. In this paper, I have chosen to use a theory of accountability put forth by Tero Errkilä, a professor at the University of Helsinki.

Theoretical framework

To find the independent variable, I have chosen a theory presented by Tero Errkilä from The University of Helsinki. Errkilä means that "Accountability has become a topic of concern in governance literature" and that "As a consequence, new types of accountability have been sought and identified" (Errkilä, 2007. p. 1). Errkilä identifies six different accountability types in their paper; political accountability, bureaucratic accountability, personal accountability, professional accountability, performance and deliberation. The first four, political, bureaucratic, personal, and professional, are regarded as traditional accountability methods due to their long history in

administration and the democratic state (Errkilä, 2007. p. 8), whereas the latter, performance and deliberation, are considered new or alternate forms of accountability (Errkilä, 2007. p. 9). My aim in this paper is to use the methods of accountability as presented by Errkilä and apply them to my most-similar method design. In using the theory, I will approach the research question at hand through the lense of accountability theory to find my independent variable, thus answering the question.

Type of accountability	Features	Mechanisms of Accountability	Context (Structure)
Political accountability	Democratic, external	Democratic elections, chain of accountability	Democratic state
Bureaucratic accountability	Hierarchic, legal	Rules, regulations, supervision	Bureaucracy
Personal accountability	Internal, normative, moral	Culture, values, ethics	Collective
Professional accountability	Complex, 'deferent to expertise', peer-oriented	Expert scrutiny, peer review, professional role	Expert organisation
Performance	Output or client-oriented	Competition, self-regulation	Market
Deliberation	Interactive, deliberative, open, public	Public debate, deliberation, transparency, access to information	Public sphere

Table 2. Showing the types of accountability at a glance as presented by Tero Errkilä.

Although Errkilä emphasizes the accountability of public administration, I argue that the theories and definitions can be applied to party politics as well. The public demands accountability from not just officials in administration, but also from politicians and parties alike. Accountability, as Errkilä suggests, “is increasingly becoming a topic of concern in governance literature” (Errkilä, 2007. p. 2), as well as in public debate. Defining accountability in six different methods becomes quite tricky, but Errkilä makes use of a more traditional definition of accountability from Mulgan’s ‘core sense’ accountability; a “process of being called to account to some authority for one’s actions” (Mulgan, 2000. p. 555). This definition includes the need for sanctions and rectification (ibid.). Errkilä argues that “accountability systems are dependent on the institutional design of their administrative context” (Errkilä, 2007. p. 3-4), and that these designs and context are now changing, creating a need for a change in accountability methods (Errkilä, 2007. p. 10).

Types of accountability

As previously stated, Errkilä identifies six different types of accountability in two groups, traditional and new. The traditional methods have definitions of accountability akin to Mulgan's 'core sense' accountability, in which accountability is compared to answerability, entailing that there is an element of control and a hierarchy at hand.

The first of the traditional methods is political, in which accountability derives from the political system and in democracy. A failure in answering to the public directly or indirectly will reap consequences in democratic elections. Those who are not deemed as following the standards of accountability will simply be voted out by the system. "This constant threat forces the ruling government to respond to the demands of a constituency, who can thus hold their government to account" according to Errkilä (2007. p. 10). The second method in this group is bureaucratic accountability. This form of accountability relies not on the system as a whole, but rather on rules and regulations constituted in most cases by law. It is perhaps the most systematic and tangible accountability method, "based on a hierarchic relationship between superiors and subordinates, rules and regulations and supervision" (Errkilä 2007. p. 12). Rules and laws put in place by a system of hierarchy and checks and balances are in other words meant to bring forth accountability. By setting up strict regulations on what politicians and public servants can and cannot do, one sets up a system of accountability. Here, the public does not enforce accountability per se, but the strictness of the laws and rules creates the playing field in which actors can act. The third method, personal accountability, draws accountability from ethics, norms and personal values, using them as guidelines for acting in the public's interests (Errkilä, 2007. p. 15). Errkilä argues that the culture of the political system or administration "may provide moral guidelines for acting, sense of involvement, commitment and boundaries for identification, and it can foster self-regulation by deeming certain behaviour undesirable" (Errkilä, 2007. p. 15). If culture and tradition in a political system is strong, it is therefore more likely to result in accountability through the shared norms and values. The last of the traditional methods is professional accountability, meaning accountability through experts and peer review (Errkilä 2007. p. 15-16). As opposed to personal accountability, professional accountability derives from expertise in specialized areas and not from culture or shared norms. Accountability in this method also, however, has a personal aspect, "since it builds on the professional role of experts and their desire to keep up their professional credibility" (Errkilä 2007, p. 17). Professional accountability is commonly associated with complex policy fields, in which the need for experts is greater (Ibid.).

Errkilä argues that a combination of changing contexts and roles and scope of the state, and an increased debate and strive for accountability has led to situations in which the traditional

methods of accountability no longer are feasible. As a reaction of this, “new means of accountability are sought and identified” in the form of what Errkilä fittingly calls the ‘new’ methods (Errkilä, 2007. p. 18).

The first of the new methods is performance accountability. Popularized with the rise of New Public Management (NPM), performance accountability links closely to responsiveness or performance as a means of accountability (Errkilä, 2007. p. 18). Accountability, in other words, is here completely output oriented, focusing on what the individual or group achieves in terms of measurable yield, whether it be yields of data, ideas or a tangible product. Rules, norms or other forms of regulations which were discussed in the traditional methods are here quite irrelevant, and replaced by the effectiveness or responsiveness of actors. Market-like competition substitutes for accountability, creating legitimacy through output. The final method of accountability is deliberation, which “emphasises the importance of public debate, openness and transparency” (Errkilä, 2007. p. 18). ‘Deliberative democracy’ is defined as an exchange of information and consent in a two-way relationship between governors and their subjects (Ibid.). This relationship and the dialogue with the public allows for “the citizens to hold the administration accountable for its actions and keeps up the legitimacy of government” (Errkilä, 2007. p. 22). Differing from political accountability, in which accountability is brought forth by the democratic system, accountability and legitimacy is in this method founded in the relationship to the civil society, enforced by openness and transparency. Openness in this case means transparency in decision making and public access of information (Errkilä, 2007. p. 22-23). Although these are by no means new concepts, Errkilä argues that the shifting contexts and the “dislocation of traditional mechanisms” (Errkilä, 2007. p. 23) has enabled deliberation to be used as a method of accountability to a greater extent than before, and that it has the potential to enhance accountability in different systems (Ibid.).

Deliberation does not entail hierarchy or the right of authority, as the other methods to varying extents do, but instead chooses to treat the actors involved as equals in a dialogue (Mulgan, 2000. p. 570). Thus deliberation does not fit the definition of a ‘core sense’ of accountability according to Mulgan. Even so, Errkilä argues that “the ongoing debate on the topic [of accountability] has shaped the conceptualisation of accountability” (Errkilä, 2007. p. 24), and that deliberation is “increasingly seen to have the potential to enhance accountability” (Ibid.), despite not fitting in with the traditional definition of the word. Transparency has become an integral part of accountability, and it is hard imagining a system of accountability without even limited openness to the public. Accountability and legitimacy have, according to Errkilä, thus shifted from the traditional methods of control, to the new alternative methods of transparency and accountability through output (Errkilä, 2007. p. 28).

Operationalization

To operationalize the theoretical framework which I have presented, the theory will be applied to Sweden's and Denmark's respective systems of private political funding within the time period 2009 to 2014. I aim to analyze the different systems, how they are perceived and how they have changed, using the theory as a lense to identify the independent variable and answering my research question. I will not be looking at all forms of accountability as presented by Errkilä, as all are not applicable to this study. Instead, I will be focusing on bureaucratic accountability, personal accountability, and deliberation in my analysis.

Methodology

Comparative analysis

This paper will be presented in the form of a comparative analysis of Sweden and Denmark. The aim of using a comparative method is to enable the isolation of the variables, and to more accurately determine the effect of such variables (Esaiasson et. al. 2012. p. 100). This is in my case achieved by comparing two countries via the most similar model. As there are only two countries present, this will be an intensive study rather than an extensive. It will focus on going in-depth in analysing the two countries (Teorell & Svensson, 2007. p. 80). I will thus be analyzing and interpreting the material through a qualitative analysis (Teorell & Svensson, 2007. p. 264).

The most similar model aims to compare different cases with each other that are as similar as possible, with the exception of one outlying variable (Esaiasson et. al. 2012. p. 100). The outlying variable can thus explain the change or the processes having taken place in one case but not in another causing different outcomes, *ceteris paribus*. I make my argumentation that Sweden and Denmark are quite similar in the variables which will matter to this study, and present them under the chapter historical background.

To answer my question of why the countries had different outcomes, I will be utilizing an exploratory methodology. I want to show that the independent variable has a causal effect on the dependent variable, or in other words that the former can explain the latter (Teorell & Svensson, 2007. p. 27). Furthermore, I will present a cause-analysis rather than an effect-analysis. I am interested in what led up to the change in the legislative systems, not what effects such changes had (Ibid.).

Functional idea analysis

“A variant of functional idea analysis with explanatory ambitions is when ideas are given status by an independent variable” (Teorell & Svensson, 2007. p. 147). In these kinds of studies, one can analyze how an idea can explain the the presence of reforms, legislations or institutions. This is what I aim to do in my paper; analysing how a system of accountability can led to different legislative outcomes in different countries. Although the system of accountability might not be an idea per se, I do believe that it derives from an idea within the country of how a system should work, and furthermore sparks ideas in the form of public debate.

My paper will be theory consuming, meaning that it does not aim to further the theory or test the theory of accountability (Esaiasson et. al. 2012. p. 41-42). Instead, the theory will be applied to the case as a lense in order to identify the variables. As written in Esaiasson et. al., theory consuming studies are characterized by the selection of cases being the primary choice by the author, as opposed to the theory being the primary choice (Ibid.). I am in other words more interested in the case of Denmark and Sweden, and explaining this case with the help of a theory, than I am with the theory of accountability and testing or furthering the theory by my selection of cases.

Empirical data

Here I will present my findings regarding how both countries systems have changed or how they have not changed and relate this to my theory on why such change or non-change has taken place. I will through my empirical findings argue for my theory.

Study by University of Amsterdam

The report “Party financing and referendum campaigns in EU member states” is a study conducted by Amsterdam University. The report was reviewed by the European Parliament, and presented in 2015. This is just after the period of the studied time frame of 2009-2014, and will thus serve as a complementary framework to the GRECO reports and their claims regarding both Sweden and Denmark.

The report seeks to provide “an up-to-date inventory of party finance rules within the EU Member States” (van Klingeren et. al. p. 2), including the rulesets regarding transparency and regulations of each country. The study details four areas of party financing for each of the 28 observed countries; Details of public funding, limits and bans, transparency, and financial monitoring. It has also created a graph in which they place the countries based upon which types

of rules they have. The graph, presented here as figure 2, places transparency as measured in the paper on the y-axis with 10 being the maximum, and limits and bans as measured in the paper on the x axis with the same 0-10 scale. The graph helps give an overview of the findings in the paper, and visibly strengthens the hypothesis that transparency is a key factor. As seen in figure 2, Sweden has a low relative transparency to Denmark even after the GRECO-reports were made between 2010-2014 (Ibid.)

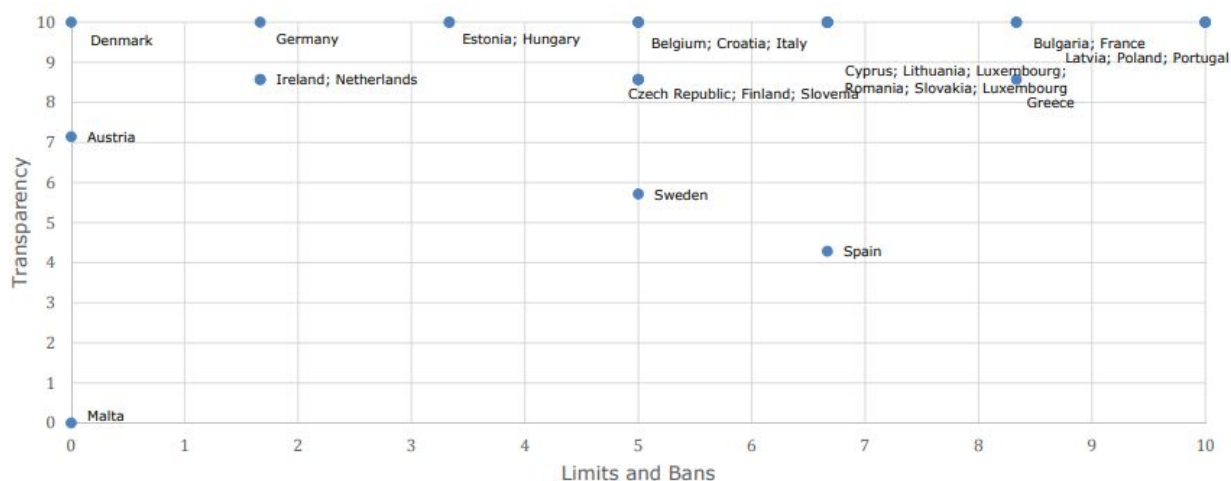


Figure 2. A graph presented by The University of Amsteram outlining the different countries' positions in regards to limits and bans and transparency

Transparency

Transparency is based upon four different variables - Financial bookkeeping (0-1)², content (0-2)³, whether contents were made publically available (0-2)⁴, and how publically available they were (0-2)⁵. These variables were then added to create the variable of “transparency” with a range from 0 to 7, which was standardized to a range from 0 to 10 (van Klingereren et. al. p. 17).

Denmark scores ten in transparency, whilst Sweden scores just below six. Denmark thus has bookkeeping which reports every donation, all information is made public, and is available to read to the public. Sweden has financial bookkeeping and obligations to make it publically available. They do, however, have a threshold for reporting, being “if the total value of the donations exceeds half of the Consumer Price Index” (van Klingereren et. al. p. 38). Furthermore, there is no obligation that the donor be named in the report.

² 0 = No bookkeeping; 1 = bookkeeping

³ 0 = report nothing; 1 = report above a certain threshold; 2 = report everything

⁴ 0 = Not made public; 1 = yes, but not all information 2 = yes, all information

⁵ 0 = Not publically available; 1 = upon request; 2 = publically available

Limits and bans

Limits and bans is based upon three variables - corporate donations (1-3)⁶, anonymous donations (1-3)⁷, and limits (0-2)⁸. These variables created the variable “limits and bans” with a range from 2 to 8, standardized to 0 to 10 (van Klingeren et. al. p. 16).

Denmark scores a zero on limits and bans, whilst Sweden scores five. Denmark has no limits or bans of any kind, whilst Sweden has bans on anonymous donations, in that parties which receive them no longer receive public funding (van Klingeren et. al. p. 33). Furthermore, although it is not included in figure 2, transnational donations of any kind are not permitted in Sweden, whilst such donations are allowed in Denmark, they are simply to be treated as any other donations (van Klingeren et. al. p. 44-45, 62).

The object of including this report is to (1) find complementary data and fact-check so that the reports from GRECO correspond with the information presented here, and (2) to see where the countries lie just after the follow-up report, keeping in mind that this is done after Sweden has decided to further regulate their system and create more transparency, whilst Denmark has not followed up on any goals and therefore has the same system as prior to 2009.

The report from The University of Amsterdam gives context regarding where the countries are situated just after GRECO’s follow up report for both countries. What then has changed? What has remained the same? Answering this I will look first at the evaluation reports on both countries, published in 2009, followed by the compliance report, published in 2014.

Sweden’s Evaluation 2009

The evaluation report on Sweden regarding transparency of party funding presented at GRECO 41, February 19th, 2009, had the aim to evaluate the countries party funding transparency and regulations. GRECO analyzes Sweden's current situation, followed by an analysis by GRECO. Concluding, a list of seven recommendations is given to Sweden for them to, according to GRECO, improve their system (GRECO 41, 2009. p. 2).

Limits and bans

⁶ 1 = No ban on corporate donations; 2 = ban on donations from corporations with government contracts; 3 = ban on corporate donations

⁷ 1 = No ban; 2 = a threshold for anonymous donations; 3 = a ban on anonymous donations

⁸ 0 = No limits; 1 = limits, but not for companies; 2 = limits for companies

Sweden has a significant public-funding system, which the majority of the incomes of parties come from. The public funding has a standing tradition in Sweden dating back to the 60's, and is applicable to parties in the Riksdag or in the European Parliament. The amount is dependent upon the share of seats each party presents. In addition, parties in the Riksdag receive financial support for individual members of the party groups, covering such costs as travel or administrative costs (GRECO 41, 2009. p. 7).

Regarding private funding, no regulations regarding actors eligible to donate nor in which form are found in 2010. Furthermore, there are no limits on donations nor spending limits for the parties themselves. There are no bans on anonymous donors, nor from foreign donations (GRECO 41, 2009. p. 9).

Transparency

Political parties follow the general accounting regulation as stated by Bokföringslag (1999:1078) and Årsredovisningslag (1995:1554). There is, however, no regulation which aims to make these accounts available to the general public in 2009, but instead a tradition of mutual agreement by the parties of the Riksdag which states that accounting should be made as open as possible for the public, the latest of which was signed in april of 2000. (Riksdagen, 2002). In essence, the agreement states that accountaing should be open and honest, and include the names of the legal persons, their donation amounts, and the amount of times which they have donated (GRECO 41, 2009. p. 10). Donations from physical persons are to be reported as openly as possible per the agreement, but there is no obligation for them to be named. Such donations are reported as a global sum (GRECO 41, 2009. p. 10). The joint agreement does not entail any form of sanctions if the rules are broken (GRECO 41, 2009. p. 11).

Comments on the system 2009

Sweden relies heavily on traditions of self regulation rather than actual enforcement of rules and transparency. It is clear that a long standing tradition regarding these institutions have not been questioned, and are thus not subject to change. GRECO points out that “Sweden is well known for its far-going transparency in respect of public administration” , but that “the general rules on openness and transparency do not apply” to the subject of private funding (GRECO 41, 2009. p. 12).

To compare with figure 1, in which Sweden scored a five in limits and bans, the country would score a zero in the year 2009. Regarding transparency, Sweden barely holds up on any variables besides accounting, as the decisions of transparency are not written in law nor are enforced in any way.

Recommendations

GRECO lists a total of seven recommendations for Sweden. The recommendations are as follows:

- I. To ensure accounting for political parties on all levels of government and make these available to the public
- II. To introduce reporting on income and expenditures relating to election campaigns
- III. To introduce a ban on anonymous donations and introduce a threshold
- IV. To establish a coordinated approach for the publication of financial reports of the parties
- V. To ensure independent auditing of political parties
- VI. To ensure independent monitoring of political parties
- VII. To introduce sanctions for those who break the rules of party financing

(GRECO 41, 2009. p. 18)

Denmark's Evaluation 2009

GRECO published a similar evaluation report on Denmark on July 2nd, 2009 at GRECO 43. The aim and structure of the report was identical to that of Sweden's evaluation - evaluating the countries current party funding transparency and regulations, and to give further recommendations.

Limits and bans

Much like Sweden, Denmark has a significant public funding system. The system has a long standing tradition, and serves as the major income for the parties in the Folketinget (GRECO 43, 2009. p. 6). The state provides the parties with direct public funding in the form of monetary funds, and indirect in the forms of for example access to national public broadcasts (Ibid.).

Denmark has no bans or limits regarding private funding. Any donations from any person (legal or physical) is allowed, including anonymous and foreign. There are also no limits on expenditures (GRECO 43, 2009. p. 7).

Transparency

Transparency is where Denmark differs from Sweden in 2009. Denmark is applauded by GRECO regarding the transparency of their system, stating that "Denmark should be commended for its achievements so far..." (GRECO 43, 2009. p. 12) regarding the transparency of their systems, but that further progress could still be made.

Parties in Denmark follow the same rules of accounting as stated by the Act on Bookkeeping and the Annual Accounts Act, meaning that the party accounting rules follow the same basic rules which apply to any legal person in Denmark. The Accounts of Political parties, APPA, further requires accounting for all types of income including foreign. Accounting must include

information of the contributor for donations exceeding 20 000 DKK. As for anonymous donations, the size of the contribution is to be reported in sum if it does not exceed 20 000 DKK. Regarding expenditures, only the total amount has to be included (GRECO 43, 2009. p. 14)

There are no obligations that party accounts be made publically available per se, but parties which are registered for the national elections or European Parliament elections must submit annual accounts to Parliament, which in turn renders them public. Failure to meet obligations is met with sanctions ranging from fines to imprisonment, and parties may also lose the right to public funding (GRECO 43, 2009. p. 14)

Comments on the system 2009

Denmark, as oppose to Sweden, has a system which in 2009 is quite transparent. They are applauded by GRECO for the progress which has been made, but at the same time the organization means that there is more which can be done. Denmark has a long standing tradition of transparency in politics, and has managed to translate this with success in the laws regarding funding transparency. GRECO notes that Denmark has continually updated their transparency laws as to keep them up to date (GRECO 43, 2009. p. 16). That being said, it is really the only mechanism which Denmark relies on. Denmark falls short, according to GRECO, in its limits and bans, as none are found within the system. It should be noted that the question of foreign donations is not brought up in either countries' reports.

Comparing to figure 2, Denmark's system in 2009 looks roughly the same, meaning not much has changed between 2009 and 2015. During this time, Denmark had no regulations regarding limits or bans, just like in 2015. Transparency looked very similar as well, with only very minor changes regarding the availability of accounting to the general public. Denmark would in 2009 be virtually unmoved in figure 1.

Recommendations

Greco created nine recommendations for transparency in the Danish system of private funding in politics:

- I. To introduce a ban on anonymous donations
- II. To introduce reporting obligations for donations exceeding the threshold
- III. To provide guidance on reporting and valuation of contributions to parties
- IV. To introduce more frequent reporting available to the public
- V. To expand political parties reporting obligations to include own activity and property on all levels of government
- VI. To make donations and the identity of the donor publically available above a certain threshold
- VII. To ensure independent and consistent auditing

- VIII. To ensure independent and consistent monitoring
- IX. To introduce sanctions on the yet-to-be-established rules on political financing

(GRECO 43, 2009. p. 16-17)

Compliance Report on Sweden

In GRECO's compliance report on Sweden in 2014, GRECO reported on the progress which had been made with regards to the third interim evaluation report, and evaluated the eventual progress which had been made.

Follow-up on the recommendations

GRECO reported that all of the seven recommendations which were given to Sweden have, to some extent, been implemented; four of which were implemented partly, and three satisfactorily⁹ (GRECO 66, 2014. p. 3-8). GRECO notes that legislative reforms relating to the transparency of party funding “were initially not considered necessary by the authorities while stressing the longstanding tradition of self regulation involving the major political parties in Sweden” (GRECO 66, 2014. p. 8), but that this position had changed since. GRECO even goes as far as pointing to a paradigm shift in the previous traditions of self regulation in the country (GRECO 66, 2014. p. 3). Although all steps towards the goal-transparency were not taken, GRECO recognizes the strides Sweden has made in this policy area, as well as the limits which the Swedish constitution poses to change the system. Although there is public support for anonymous donations being banned, for example, the constitution does not allow for such bans to take place (GRECO 66, 2014. p. 5). “For that reason, a general ban does not form part of the new legislation” (Ibid.), but complementary laws have been put in place in its stead, disqualifying parties from receiving public funding if they receive such anonymous donations.

What has changed

Sweden has increased both its level of transparency and its regulations. GRECO described the change in the Swedish system as a paradigm shift from a longstanding tradition of self regulation to regulation and transparency. Since 2009, Sweden introduced a number of laws regarding both transparency and regulation.

Sweden greatly improved transparency in its system by implementing laws regarding accounting and reporting of incomes and donations, replacing the former agreements which were made by the parliament parties. In implementing laws rather than agreements, Sweden has taken steps toward a system of independent monitoring of accounting by the parties, and, perhaps most

⁹ I. Partly, II. Satisfactorily, III. Partly, IV. Satisfactorily, V. Partly, VI. Partly, VII. Satisfactorily.

importantly, introduced sanctions for parties which do not follow the standards. Regarding regulations, parties which receive anonymous donations are no longer eligible to receive public funding in the Swedish system. Whilst this is not a clear cut regulation per se, it is a form of deterrent which strongly discourages parties from accepting anonymous donations, as a large part of most parties economies is derived from public funding. Additionally, although not brought up by the report from GRECO, Sweden also put a ban on transnational donations altogether (van Klingeren et. al. p. 44-45).

In summary, independent auditing and monitoring were set up, along with sanctions for the parties that did not follow the new accounting laws in the form of fines up to 100 000 SEK (GRECO 66, 2014. p. 7). Accounting and availability for such reporting to the public were vastly improved, and bans were introduced for anonymous donors (above the threshold of 22 000 SEK) (GRECO 66, 2014. p. 5) and foreign donations.

Compliance Report on Denmark

Follow-up on the recommendations

GRECO reported that only “very marginal progress has been achieved by Denmark” (GRECO 65, 2014. p. 6), going so far as to call it “‘globally unsatisfactory’, and that tangible progress is still to be achieved” (Ibid.). For the most part, the Danish system looks exactly the same as it did in 2009. There are still no regulations whatsoever, and the transparency levels have stayed the same. The one change which Denmark has put forth is that Denmark has established a committee to review the system, of which no progress has been made as of when the GRECO report was published in 2014. GRECO admits to concern over the lack of information on the committees deliberation, or any other actions taken by Denmark (GRECO 65, 2014. p. 5)

What has changed

Denmark has established a committee to review the system in March of 2014, but no further progress has been made. Although GRECO welcomes the established committee, they do find it problematic that no change has been made and that none of the recommendations have been implemented even partially (GRECO 65, 2014. p. 5). Denmark has in other words not moved in terms of limits and bans nor in transparency whatsoever since 2009. Looking back at figure 2, Denmark would be situated in the same place which they were during the interim evaluation GRECO 43.

Analysis and discussion

Reasons for change in Sweden

The observed change in Sweden's system ties back to the question at hand; why Sweden acted in compliance with GRECO's recommendations regarding heavier regulations to political finance laws whereas Denmark did not? What led to the difference between the countries?

Looking at the referred law-texts in GRECO's follow up report on Sweden (GRECO 66), Proposition 2013/14:70, we find the arguments of the Swedish parliament and lawmakers. The aim of proposition 2013/14:70, which is the proposition which ultimately brought the regulations to Sweden, is stated as being to "safeguard the public's insight into how parties finance their political activities and how election candidates fund their personal campaigns" (Prop. 2013/14:70. p. 9). Furthermore, it is argued in the legislative proposal Ds 2013:31 that "the intention is, among other things, that such publication [regarding party financing] should contribute to increasing the legitimacy of the political system and reducing the risks of corruption" (Ds 2013:31, p. 143).

The reasons for implementing the law as described in the proposition are reasons of legitimacy through insight and transparency. Not stated in the legislative proposal nor the proposition are reasons of bureaucratic regulations, which are introduced in the bill via bans on transnational or anonymous donations. It should be noted, however, that the limits are implemented quite carefully. Sweden has a long standing tradition of political freedom, and do not want to intrude on freedoms of political association nor freedom of opinion, which they suggest heavy limits and bans will induce (Prop. 2013/14:70. p. 96, 99). This is the reason a direct ban on anonymous donations is not put in place, but simply disqualifies public funding. Sweden has in other words implemented limits and bans to the extent which they deem they are allowed in accordance to their fundamental laws and constitution.

A majority of the parties in the Swedish parliament were in favor of introducing regulations on the system, fueled by the evaluations made by GRECO, as well as from the public discussion of the subject which sparked from the reports, as exemplified from articles from the Swedish newspaper Svenska Dagbladet (Bilkenroth, 2014) (Folke & Rickne, 2010) and Fokus (Eriksson, 2010), which all speak out against the dangers of 'hidden money' in politics. The public discourse was coupled with a political debate, Furthermore, an aspect aside from the GRECO reports and all which stemmed from it, a new competitor in the form of The Sweden Democrats (SD) had entered parliament and were gaining traction amongst voters (Politico, 2019 A). SD

were not a part of the traditional blocs in Swedish politics, and chose not to take part in the voluntary accountability which the bloc-parties had been using previously (Byström, 2014). This created a vacuum of accountability, as there was now a party with great support in the Swedish parliament which lacked in transparency. It was specifically disturbing to the public and other parties in parliament after suspicions of Russian interference in European elections (Paterson, 2014), notably by supporting right-wing parties such as Le Pen's Front National in France (Harding, 2014). The fear was that such intervention had the possibility of happening in Sweden suddenly, as the system suddenly allowed it.

Agreement which was not formalized by law failed when a new competitor (SD) gained traction, and Sweden realized that their system of voluntary transparency did not suffice. This, in conjunction with the reports and an ever-increasing demand for accountability from the public, led to Sweden deeming it necessary to follow up on GRECO's report, and apply the changes to the system which were made.

Tying back to the theoretical framework at hand, we can state that Sweden has indeed seen a transformation in its accountability systems. Sweden in 2009 relied largely on personal accountability. As personal accountability is characterized by norms and values, and self-regulation by these means, I would argue that Sweden fits this method perfectly in 2009. Norms, traditions and cultures played a huge part in Sweden's legislative reforms, or rather lack thereof, in private funding. When regulation of political financing were previously discussed in 2002, the proposals were shot down by legislators, stating "freedom of association, the prohibition of opinion registration, voting secrecy and the negative freedom of expression" (Prop. 2013/14:70. p. 11) as cornerstones in Sweden's democracy, and that they ought not to be challenged. Despite this, Sweden's system had a strong history of being open and transparent, which I would argue led to the agreement between the major blocs to disclose funding information. As laws were out of the question since they ruled against the constitution, agreements between the parties were the only solution for the parties of Sweden. Thus the country developed a highly self-regulated system (GRECO 66, 2014. p. 8), relying solely on the norm that openness ought to be sought after. As the agreement was made without accordance to laws, sanctions could not be imposed.

The combination of accountability becoming more of a concern in both the academic and public sphere (Errkilä, 2007. p. 1), GRECO's reporting, and also the introduction of a third actor in the parliament by SD, led to what I would call a crisis in accountability in that it was no longer sufficient. This lack of sufficiency led Sweden to take steps to institutionalize transparency in the system, thus introducing the method of deliberation. I argue that the 'crisis' sparked a debate in Sweden which led to distrust which mere deliberation could not attain, however. The lack of accountability which was perceived from personal accountability by the public, the politicians and GRECO led to Sweden feeling the need to complement deliberation with bureaucratic

accountability in the form of limits and bans. Although they were not abundant in their bans, only implementing bans on foreign donations and (in a practical sense) on anonymous donations over the threshold, they were significant, and represented a paradigm shift in Swedish policy.

Following Errkilä's reasoning on traditional and new forms of accountability, it is from the Swedish case clear that personal accountability was no longer on par with what was expected in 2014 (Errkilä, 2007. p. 10). A change in accountability was indeed needed in the Swedish case to reflect a transition in political discourse.

Reasons for non-change in Denmark

The context is a bit different in Denmark. Although, as my most-similar method shows, they are very similar to Sweden in many aspects, they had the key difference of an implemented system of transparency, relying on law rather than agreements.

Although they received plenty of critique from GRECO that their system was not up to par, Denmark turned to its long standing traditions of political freedoms to justify that there were no needs to change the system. Transparency International, which also conducted studies on the Danish party-system, stated that corruption is considered a non-issue due to the strong culture of government and its integrity. "Corruption is not considered a major problem in Denmark, and it is therefore not a topic that takes up much in the public debate" (Transparency International, p. 6).

Much like Sweden, Denmark also saw the rise of a right-wing populist party in the form of The Danish People's Party (DF) (Danish Institute for Parties and Democracy, 2015) during roughly the same time that Sweden saw the rise of SD (Politico, 2019 B). The key difference between the two parties, however, was that the latter had the option, and did in fact, opt out of systems of accountability. This was only made possible as there were no laws in place, but only agreements. In Denmark, however, laws required the new party DF to abide by the existing rules of accountability. The rule of law prevented a discussion of potential corruption or lack of accountability in Denmark. The same fear of interference from a new threat in the form of Russia thus never reached the public debate, and was not something which was thought possible with the level of transparency in the system.

It was due to Denmark having an existing high transparency put in place by law which led Denmark to not deem it necessary to revitalize their system. The laws put in place, when coupled with the strong culture of government and integrity, and Denmark's high value of individual rights, made heavier regulations seem unnecessary. Unlike Sweden, which resolved to a more traditional system of personal accountability stemming from agreements between the major bloc

as far back as 1998 (Riksdagen, 2002), Denmark had continually updated their funding policies, and more importantly, used a method of deliberation put in place by law instead (GRECO 43, 2009. p. 6, 12). As Denmark had kept their legislation updated, the transition, as Errkilä describes it, to a new form of accountability was seamless and natural for the country. There came no point in which the public nor the parties felt a strong need to discuss or change the system due to the high deliberation, despite pushback from GRECO. The Danish, in short, had trust in their system of transparency because it adequately satisfied the accountability needs of the country. There was no need for heavier regulations as such debates did not exist, and such debates did not exist due to deliberation.

Comparing the two countries as I have done in a most-similar fashion, the independent variable which has been identified throughout the paper is the form of accountability. The dependent variable, changing the legislation of party funding, is affected by which kind of accountability method the countries have used. What then can be said about the forms of accountability? I would argue, much like Errkilä does, that we have in fact seen a transition and an increase in accountability needs or requirements. The traditional methods of accountability are no longer sufficient in answering to the public's demands, and either need to be complemented by the new, alternative methods, or replaced altogether by them. I also draw the conclusion from my findings that Sweden, in an attempt to create legitimacy and accountability, combined bureaucratic accountability and deliberation in order to further increase legitimacy. Deliberation alone was not deemed enough in a system where mistrust had begun to establish, and thus more 'extreme' measures had to be taken to bring back legitimacy. Denmark, starting in 2009 from a situation of an attained legitimacy, did not feel the need to compensate their system with bureaucratic accountability, but chose rather to rely solely on deliberation. They had this option because their reputation in accountability was already strong. In short, starting from a weak position of accountability, as Sweden did, led to a need for heavier regulation, regarding both transparency and limits and bans, than starting from a stronger position of accountability, which Denmark did, evading all forms of limits and bans on their system.

Looking back at figure 2, we can however see that Sweden in 2015 has not attained the same transparency as Denmark. I argue that this is due to Sweden pushing a combination of bureaucratic and deliberate reforms. In using a combination of the two, they do not reach maximum transparency. As argued, relying solely on deliberation is not feasible in Sweden due to their situation, which is why they complement higher transparency with regulations. Reaching for a transparency level as high as Denmark is thus not the primary objective; the primary objective is to enforce legitimacy in the system again. One must remember that this figure was created less than a year after the reforms in Sweden. I hypothesize, however, that higher levels of transparency could be something which Sweden strives for in the future.

Conclusion

Given the differences and characteristics put forth by the model created, I argue that the two countries have been exposed to the increasing need for accountability, but have dealt with the issue by using different accountability methods, thus reaching different outcomes in regards to the change to the legislation. Denmark has satisfied the system of accountability through deliberation, meaning that their system is highly transparent. With the help of this transparency, no debate gained any notable ground in the political or public sphere. Deliberation satisfied the level of accountability which was needed in the country, thus not sparking failure in legitimacy. As no such questions or concerns were raised to the level where it could impact the legitimacy, Denmark did not feel the need to introduce regulations in the form of limits and bans in their system, despite the recommendations by GRECO. Deliberation was therefore a sufficient form of accountability for Denmark, which caused the country's legislation to stay untouched.

Sweden, on the other hand, relied on a system of personal accountability to answer the earliest concerns of accountability which were raised in the country. Personal accountability, although transparent on paper, only works if the parties actually follow the agreements. As the agreements were not set in law, they suffered in legitimacy, and questions of Sweden's system arose in the public debate. Concerns over the already questioned system were furthered not only by the analysis by GRECO, but also by the introduction of a third party, who chose not to follow the conventional norms put forth by the agreement. This caused an accountability crisis in the country, which was ultimately solved through a combination of deliberation and bureaucratic accountability. The combination arose due to the questioned legitimacy of the existing system. These were concerns which deliberation was not deemed fit to handle. The crisis had caused a public and political debate demanding regulations, and thus limits and bans were enforced, drastically changing the Swedish system and political tradition on the question of money in politics.

The accountability method therefore caused the change between the two cases in my study. On an abstract level, the conclusion would be that the choice of accountability method matters in determining legislative outcome. To draw a general conclusion from two cases on a specific policy area is however not the aim for this study. It was rather to show that Sweden's change in this period, as well as Denmark's non-change, ultimately derives from their differences in accountability method.

In terms of further research on this topic, examining the two countries and their systems beyond 2014 to see if there has been any advancements in either the public and political debate or in concrete legislation would be a topic of interest. As shown in this paper, accountability can

change dramatically over time in its meaning, practice and in its expectations. Seeing how the term and all that goes with it has developed, if at all, and seeing how Sweden and Denmark from their new standpoints deal with the issue would be interesting. Additionally, one could expand on this comparative study, adding more countries to increase the generalizability of the study. Studying the effects of the new reforms based on these findings is also an area which I open up for further debate in. It would in my opinion lead to an important debate not only on the role of money in politics, but also how effective different systems and legislation are in dealing with the issue.

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