SWEDEN: STATE SUPPORT FOR POLITICAL PARTIES

The idea of solving the financial difficulties of the political parties by State support has in recent years assumed increasing significance in several Scandinavian countries. Proposals to this effect were passed in Sweden in 1965 and in Finland in 1966. In Norway the problem is currently the subject of investigation. This survey deals with the major aspects of the problem of party finance in Sweden during the post-war period.

Outline of the Swedish Party Structure

The following basis data on the political parties in Sweden may serve as a general background. During the period five political parties have constantly been represented in the Swedish Riksdag (Parliament). Their strength in the electorate and in the Riksdag is represented on Table 1. It should be noted that the percentages refer to the election to the Lower House in 1964. For the Upper House only the current membership of the parties is indicated. Here, the County Councils and County Borough Councils serve as electors.

Table 1. Parliamentary Strength of the Swedish Parties

	Upper H seats (1	Lower He seats (19	Percenta polled (19	
Conservatives	26	 33	13.7	
Central Party	18	35	13.4	
Liberal Party	26	43	17.1	
Social Democrats	80	113	47.3	
Communists	1	8	5.2	
Others	· . · · <u> </u>	1	3.3	

On Table 2 the membership of the five major parties and the total number of votes polled in 1964 are indicated.

The Problem

Until 1966 political parties in Sweden were almost completely dependent upon members and supporters – individuals, organizations, firms – for fees, contributions and donations to provide the necessary financial resources for their activities. This situation raised two major problems. The one concerned control of sources of party finance, the other the need for financial support for the parties. Both have to be seen against the background of the general

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Table 2. Strength of National Party Organizations (1964)
(All figures indicate 000's)

	Party	Party org.	Youth org.	Women org.	Votes polled	
· ·	Conservatives	196	30	 62	583	
	Center Party	116	80	62	560	
	Liberal Party	89	12	15	721	
	Social Democrats	8681	50	66	2,007	
	Communists	23	8	— ·	222	

acceptance in a democracy of the necessary functions performed by political parties.

Both problems have assumed major importance because of the increasing costs of politics. Modern party organizations and election campaigns are expensive. Frequently, voluntary agreements have been concluded between the parties in order to keep election costs at a reasonable level, e.g. by limiting the use of posters and other printed propaganda material as well as by reducing the duration of the election campaign.

The Party Finance Commission, 1950-51

In view of the importance of the parties for the whole political system the question was raised in the late 1940s whether it would be desirable to demand regular information from the parties concerning the nature of the financial resources at their disposal. The electorate should know what kind of outside interests that might possibly exert influence over the parties – trade unions and other organizations, "big business", etc.

The issue was subjected to an investigation in the early 1950s which had to answer the question whether organizations engaged in political activity should be obliged to publish statements concerning their income and expenditure. In favour of legislation to this effect it was argued that publicity could check possible illegitimate influence from contributors and also encourage efforts towards reducing election costs generally. On the other hand, it was also maintained that such publicity would mean an infringement of the principle that no person should be forced to state his political allegiance.

The result of the investigation was negative. The difficulties in avoiding arbitrariness in defining "political activity" as well as technical problems, inter alia of establishing correct figures, proved to be decisive obstacles. The financial situation of the parties hence still remain their private business. However, the parties provided the 1950 Commission with statements of their sources of income in 1948 (election year) and in 1949, subdivided under three heads, membership fees, contributions in cash and other income. The figures revealed that party income in the election year exceeded 21 million kronor and in the following year approached 15 million kronor. Table 6, below, indicates that the present total expenditure is much higher.

State Support for Special Forms of Party Activity

A new solution to the dual problem of providing party funds and of safeguarding party independence of outside interests has been found in the form of direct support from public funds towards the financing of political parties. When the decision to this effect was made in 1965 (valid from 1966) the ground had been prepared in different ways.

Even if the State until that time had not granted any funds to support the general "opinion forming activity" of political parties, it had in several respects provided financial aid for cognate purposes. In the 1950s the Swedish Riksdag twice appropriated funds for information activity carried out by special propaganda committees in connection with national referenda. For the two referenda, concerning right-hand or left-hand traffic on the roads (1955) and alternative

proposals for a national pensions system (1957), the sums appropriated were 2,000,000 and 6,000,000 kronor, respectively.

For some years the Swedish youth organizations have received State support. The youth organizations of the "democratic" parties (all parties in the Riksdag except the Communists) have also been included among the recipients of aid from this grant. In the decree of 1964 it is provided that support may be granted to organizations which

- are built on and functioning according to generally accepted democratic principles and openly accept democracy,
- 2. are conducting educational activities aiming at creating good fellowship, and
- 3. have not less than 3,000 members in the age bracket 12-25 years.

The amount of financial aid given to such a youth organization is calculated *inter alia* on the basis of the number of members and the number of local branches within the organization. A recipient organization has to deliver a report on its activity to the Board of Education which also exercises a certain control. This control, however, does not apply to the use of the funds granted; nothing, according to the decree, limits the right of a political youth organization to use the State support for, e.g., political information and propaganda. In as far as such organizations are in fact affiliated with political parties this may be regarded as an indirect form of financial State support for political parties, albeit modest in scope.

For the fiscal year of 1965-66 in all 3,666,000 kronor were appropriated to 41 youth organizations of different kinds. The amount given to the political youth organizations is tabulated below (Table 3):

Table 3.	State	Subbort	to Political	Youth	Organizations
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Organization	Amount		
Conservatives	105,000 kronor		
Center Party	220,000 kronor		
Liberals	84,000 kronor		
Social Democrats	200,000 kronor		

Electoral Law presupposes that the electors both at national elections to the Riksdag and at local elections are entitled, indeed are supposed, to write their own ballot papers. When elections take place, blanks have to be available for this purpose at the polling stations. In actual practice, however, the voters normally use printed ballot papers which are supplied by the political parties as a measure of service and as a part of their propaganda.

This is, in law, recognized as a useful democratic function. According to a decision by the Riksdag in 1964 the political parties which are represented in the Riksdag are entitled to be refunded by the State for their costs to produce (but not to distribute) ballot papers for elections of significance for the composition of the national Parliament, i.e. for elections to the Lower House (direct elections) and for elections to the bodies which serve as electorate for the Upper House, viz. the County Councils and the City Councils in County Boroughs. In principle, the actual costs are to be refunded; the compensation is, however, maximized at six kronor per 1,000 ballot papers. There is also a limit to the number of ballot papers for which the parties are entitled to the compensation. This must not be larger than five times the total number of registered electors for the election in the constituency concerned.

In connection with the Lower House election of 1964 the compensation to the political parties for their costs for printing ballot papers amounted to the following sums (Table 4):

The Commission on the Press

The granting of State support for the political parties may be regarded as a logical further

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Table 4. State Compensation for Ballot Printing. 1964

Party Amount					
Conservatives	138,853.60	kronor			
Center Party	134,262.68	kronor			
Liberals	123,073.28	kronor			
Social Democrats	152,860.74	kronor			
Communists	86,772	kronor			

development of the various measures outlined. The decisive step emerged, however, as a result of a different course of events, viz. an attempt to solve the rapidly increasing economic plight of the newspapers. A Royal Commission on the Press had been appointed in the fall of 1963 in order to investigate the development of the newspapers – marked by a decline of the number of newspapers and hence a reduction of the number of outlets for public opinion. The Commission published its report in March 1963. In this report, "The Economic Conditions of the Daily Newspapers" (SOU number 1965:22), the Commission proposed a State grant to support the Press amounting to 25 million kronor per year. The actual distribution of the money among the newspapers was to be put in the hands of such political parties as were represented in the Riksdag and had received seats in two consecutive elections to the Lower House.

The size of the support was to be calculated on the average number of votes polled by the parties in the last two general elections. The amount of the support should hence be related to the strength of the parties not in the Riksdag itself but among the electorate. By prescribing that the calculations of averages should be based on the results in two elections, the Commission tried to avoid that temporary changes in the political fortunes of the parties should affect their economic resources for exercising influence on public opinion by means of their newspapers.

The Commission further suggested that the funds should be administered by special press foundations owned by the parties or by other similar, separate legal persons. Concerning the distribution of the support by these foundations the only limitation proposed by the Commission was that the recipients must be publishers of printed periodicals published with not less than four issues per year.⁴

The only control measure would be an annual audit by two authorized auditors – one of whom should be appointed by the authority providing the grant (i.e. the State) and the other by the party concerned.

The proposal by the Royal Commission on the Press has to be understood against the back-ground of findings concerning the changes in the structure of the Swedish daily press during the post war period. The reduction in the number of newspapers had reached such proportions that a significant limitation of the competition in the newspaper market had taken place. Without support from public funds, the Commission concluded, it would in the long run not be possible to safeguard the competition between a great number of newspapers necessary for a comprehensive news distribution and a differentiated formation of opinions among the general public. Direct support to newspapers in an unfavourable competitive situation was thought to be the only effective form of public support. For obvious reasons the distribution of such a support could not be entrusted to a State organization. Hence, the political parties were to serve as an intermediary between the State and the newspapers in need of aid.

The conclusions were not presented by a unanimous Commission. In a separate opinion two of its members rejected the stand taken by the majority. They regarded a system of grants as unacceptable in principle and unworkable in practice and even maintained that it would have directly damaging effects.

In another separate opinion - by a member who accepted the general conclusions as to the

need of public support for the newspapers – it was suggested that it had to be seriously considered also to include other party activities aiming at moulding public opinion than the publication of newspapers.

Opinions on the Report of the Press Commission

In accordance with firmly established Swedish practice the report of the Commission was submitted to a number of authorities and organizations. The following enumeration indicates the variety of interests reflected in the opinions submitted to the Government on the findings of the Commission: The Court of Appeal for Skåne and Blekinge, the National Office for Administrative Rationalization and Economy, the Ombudsman for Freedom of Commerce, the Post Office, the Newspaper Publishers' Association, the Newspapermen's Professional Association, the Association of Journalists, the Confederation of Trade Unions, the General Confederation of Salaried Employees, the Swedish Employers' Confederation, and party youth organizations.

The principle of public aid to the press met on the whole with approval in the opinions submitted. Concerning the principles and the organization of such a support they represented, however, a variety of views. In several quarters further investigations were regarded as necessary before legislative action was taken. In some of the opinions the question was also raised whether a general party support would not provide a better solution of the problem than a specific support earmarked for the newspapers. This idea was suggested by the Confederation of Trade Unions in the following terms:

"As different political parties have different needs of support for their activities towards influencing public opinion, a direct grant to the parties would be regarded as a more fair and more rational form from the points of view represented by the parties themselves. Add to this fact that in recent years public opinion has accepted the idea that support for political parties and for political information in general is not only reconcilable with a democratic social system but even is a condition for providing a real content to political democracy."

The Government Bill on State Support of Political Parties

It is obvious that the Social Democrats, because of the growing economic difficulties of their newspapers that had so far been reluctantly relieved by the trade unions, were anxious to reach a rapid solution of the whole problem of party finance. The general reaction to the report of the Press Commission as well as Riksdag motions indicated that the basic principle involved in such a support met with wide-spread — although far from general, the Liberals were split on the issue and the Conservatives were openly hostile — acceptance. These factors may explain the rather surprising decision of the Government to introduce a bill on State support for political parties already in the late fall of 1965, without arranging any further investigations as had been requested in a Liberal motion.

Principles. The Minister of Justice, who was responsible for the drafting of the Government bill, elaborated the reasons for the proposal in rather general terms:

"Swedish democracy is a people's government through parties. Through the parties the electors influence the formulation of policy. In the Riksdag and in the local assemblies decisions are made by elected representatives of the people, nominated within the parties.

In order to enable the electors to exercise a real influence on policy it is necessary not only to maintain the unlimited freedom of the press and the right to form political parties and other organizations, whether based on idealistic motives or established to promote specific material interests. It is also necessary that these rights can be exercised in such a manner that the electors are provided with the opportunity to evaluate political events and decisions and that they can compare various competing opinions and programmes. The formation of a public opinion, differentiated in the manner that is necessary for the satisfactory functioning of democracy, cannot be effected without political parties that maintain good contact with their members and with the general public.

Information on news as well as formation of opinions take in a modern democracy place in several ways – by means of radio and television, the press and the political parties and other organizations. The political programmes in radio and television are often – especially during election campaigns – shaped by the parties themselves or else in close co-operation with the political parties. The major part of the press is closely connected with political parties.

It is natural that party members by contributions and in other ways support the activity of their own party. At the same time it is obvious that it is in the interest of society as a whole, i.e. in the interest of all and not only of those who are members of political organizations, that political parties are maintained with sufficient resources for a widespread activity towards forming public opinion. This formation of opinion becomes more and more costly for all the parties at a time when the social questions are becoming increasingly complicated and also of growing significance for the individual citizen."

The Minister of Justice thought that the traditional hesitation against the idea of State support for political parties had in later years receded and been followed by a more positive attitude. After citing various proposals and decisions related to different forms of State support for political information and propaganda activities, the Minister concluded:

"In all, the arguments weigh heavily in favour of introducing now a system for permanent State support for the regular activities of the political parties. One point of view has often been referred to in the public debate in support of such a system of State grants to political parties. By means of such a system it is possible to preclude that the parties, in order to gain an economic basis for their activity to provide information and form opinions, assume a position of dependence in relation to individual contributors. It is also maintained that State support can adjust the inequality and insufficiency of the resources at the disposal of the parties. Also, it can improve the possibilities for the parties to remain in continuous contact with the electorate."

Hence, the conclusion was that a State support, covering an essential part of the expenses of the political parties would be of the greatest importance for political life and for the working conditions of democracy. Even if the Minister hardly had discussed basic principles, he (or rather: the Government) was obviously well aware of their existence. It was especially underlined that a decision on State support, in view of its character, had to be supported by a broad popular opinion. Both the place of the whole issue of State support and the practical experience of such support for activities aimed at influencing and informing public opinion, especially if the two referenda of the 1950's were taken as indicators of the existence of such broad popular support.

The merits of a general party support in comparison with the kind of earmarked support suggested by the Press Commission were argued in the same terms as in the opinion cited above by the Confederation of Trade Unions. A general party support would give the parties liberty to choose the forms and manners for its informative and opinion forming activity that they regarded to be in their best interest. Further it would require neither public control of the activity of the parties nor any State control concerning the use of the grants.

The general solution favoured by the Government was hence thought to be in the best accordance both with the demands of democratic liberty and with administrative suitability.

The Government scheme for a general party support was based on four fundamental principles:

- grants should be given to such parties only which had a significant support in the electorate, as manifested at general elections;
- grants had to be calculated mechanically and be distributed according to fixed rules which did not admit any arbitrary discretion;
- 3. the amount of the grants should be related to the strength of the parties; and
- 4. no State control should exist of the use of the grants.

Eligibility. In the Government proposal it was underlined that "in view of the purpose of

a general party support the grants should be given only to parties carrying out continuous work to form opinion among its own members and among the general public." The condition that a party eligible for support should have a significant support among the electorate should be met by the prerequisite that in order to qualify a party should be represented in the Riksdag and have received mandate in the last election to the Lower House. As evidenced by recent experience, however, the electoral method and distribution of constituencies might enable a very small party to get some odd mandates in the Lower House on the basis of a very low total national vote. To exclude such parties from State assistance the first rule was supplemented with a further condition, viz. that the party in the latest election to the Lower House should also have polled not less than two per cent of the total number of votes in the whole country. In this way, the "hazardous effects" of the electoral system should be eliminated. This reflected a genuine anxiety to discourage the growth of small parties. The method designed for calculating the distribution of the grant among the parties was also conditioned by this fears.

The Press Commission had based the distribution system on the strength of the parties in nation-wide elections. The Government argued, however, that other considerations were valid for a general party support to the regular activities of the parties than for support to the parties for specific purposes. After discussing and ruling out the idea of putting a special premium on being an opposition party, the Minister concluded: "If we want to avoid a system of support that would invite the formation of small splinter parties or other not intended effects on the party structure, no other method of calculation than a proportional method according to uniform principles can come under consideration." This principle also ruled out "constructions which for example combine a basic sum similar for all parties which are entitled to support with an additional amount calculated according to proportional principles." This point was further elaborated by the Minister of Justice in the Riksdag debate on the bill: If the party support would invite parties to split up in several minor parties, "a regional subdivision of a more or less fictitious character could be carried out in order to ensure a larger grant for the movement as a whole. It is rather natural that the party support rules must not invite such temptations, even if the dangers for abuse at the present time do not appear as great."

The proportional calculation of the support should be built on the number of members of the parties in both Houses of the Riksdag, with a fixed sum for each seat.

The amount of the total party grant should be reconsidered every year – from a constitutional point of view a natural and necessary principle, as no annual Riksdag can in law bind a following Riksdag (although admittedly the principle is basically a fiction) – and be paid for one calendar year on the basis of the strength of the parties on the 1st of February. In this way the support would reflect the actual party strength. Seats which on that day were vacant should hence also be taken into consideration when the amount for each party was calculated.⁵

A problem of current importance concerned the application of the rules in case of a change in the party structure. This question assumed special significance in view of the efforts to establish greater unity among the opposition parties, especially between the Liberals and the Centre Party who by this time had indicated as a possible aim to merge the two parties into one single Middle Party. Hence, the Government proposal declared that "the rules concerning qualifications and calculations should not bring about the loss or reduction of the right to support in case of an amalgamation of two parties already represented in the Riksdag. In such a case it ought to be sufficient that at least one of the amalgamated parties in the election has received representation and the prescribed percentage of the total vote." Neither should the concept "party" always be given a too narrow significance. Hence, to mention one single example, a party which during the current election period is reconstituted and is given a new name should be regarded as identical, from the point of view of party support with the older party. It would satisfy the conditions of qualification if the new and the old party had more or less the same representation in the Riksdag.

Administration. The administrative handling of the party support was envisaged to be a comparatively speaking simple task: "In general it is only a matter of calculating the size of the sums to be paid to the parties applying for support according to automatically operating

principles. In exceptional cases, however, it may be possible that conflicts of interpretation may arise which may be both complicated and practically significant. *Inter alia* for this reason it is not suitable to decide that the Government or any authority under the Government should handle the distribution of the party support." Instead a special and impartial board should be established for the purpose. This board should be elected by an organization connected with the Riksdag.

The task of electing members of the board was to be entrusted to the Commissioners of the Riksdag in the National Debt Office. Sufficient guarantees for an impartial and competent handling of the matter should be provided if the board, elected for six years, was composed of three members who were or had been holders of higher justiceships. No person should be eligible who held an elective office of political trust. In case of different opinions within the board the opinion should be valid which was supported by the greatest number of members, or, if by an equal number of members, by the chairman. Appeals against the decisions of the board should not be admitted.

The cost of party support. The costs for the activity of the board should be covered by the appropriation granted for the general party support. The secretarial duties were to be carried out by the National Debt Office. The honorarium for the members of the board should be decided by the Parliamentary Commissioners in the National Debt Office.

The total cost was not estimated on the basis of an investigation of the actual needs of the parties. The Government had already decided on the maximum amount that it could recommend the Riksdag to grant for the purpose. This sum, 25,000,000 kronor, happened to be identical with the total grant in support of the press that the Press Commission had proposed in its report. As this sum would also have to cover other benefits than the general party grant (cf. below) the possible maximum support could be calculated on the basis of 60,000 kronor per mandate in the whole Riksdag and calendar year.

The following table illustrates the application of this principle and of the rule that no party polling less than two per cent is entitled to the party support.

Table 5. Distribution of State Support to the Political Parties (

Parliamen- Party tary strength seats	Votes 1964	Support kronor
Conservatives 59	13.7	3,540,000
Centre Party 53	13.4	3,180,000
Liberal Party 69	17.1	4,140,000
Social Democrats 192	47.3	11,520,000
Communists 10	5.2	600,000
Bourgeois Unity 1	1.5	0
Others 0	1.8	0

Office Costs of the Riksdag Parties

The general party support was supplemented by grants towards the costs for office and secretarial assistance of the party groups in the Riksdag. The distribution of this form of party support is calculated on the basis of 4,500 kronor per member of party outside the Government party and 3,000 kronor per member of a Government party (or, as the case may be, Government parties). The difference is justified by "the special conditions under which the opposition has to carry out its work in the Riksdag", i.e. without the direct support of the national administrative machinery at the disposal of the Government.

The Total Cost of State Support for Political Parties

The total annual cost for the two forms of party support amounts in the first year of their operation to 22,980,000 kronor + 1,445,500 kronor, or in all almost 1/1000 of the total State budget.

The Significance of State Support for Party Finance

A survey of the financial conditions of the political parties during the first year of state support (1966) was carried out in 1967 by a newspaper (Dagens Nyheter) in collaboration with the five recipient parties. The survey indicated that the total costs of the national party organizations amounted to approximately 40 million kronor. However, this was not the whole bill. The costs for the regional and local organizations were not included. No exact estimate has been made of them; it seems, however, likely that they may amount to a total in the range of 20-25 million kronor. As the total membership fees of all the five parties in 1966 amounted to around 3.5 million kronor, it is abundantly clear that the state support has not made the parties independent of other outside financial support in addition to their membership fees. Demands have already been raised that the state support for political parties should be increased.

Table 6. National Party Organization Finance⁶

		Source of in	ncome (kronor)	
Party	Membership fees	State support	Other income	Total income
Conservatives	600,000	3,540,000	5,100,000	9,240,000
Centre	342,300	3,423,000	485,000	4,250,300
Liberals	202,000	4,245,000	2,479,000	6,926,000
Social Democrats	2,111,000	11,520,000	5.992.000	19,623,000
Communists	150,000	645,000	640,000	1,435,000

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NOTES

- 1 In the Social Democratic Party about 2/3 of the members are collectively affiliated through local trade unions with local labour parties.
 - ² 100 kronor = ca. \$ 19, £ 8, 80 DM or 95 NF.
- 3 Swedish referenda are purely consultative. To arrange such a referendum a special law has to be enacted by the Government and the Riksdag.

 4 This condition was in accordance with the basic definition in the Swedish Law on the
- Liberty of the Press of a periodical.
- ⁵ It may be noted here that Sweden elects members to representative assemblies on a proportional principle in multi-member constituencies. If a seat falls vacant it is then in most cases clear that the new incumbent of the seat will belong to the same party as the old.

 3 Source: Dagens Nyheter, 1/10 1967.