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THE ARCTIC  
UNIVERSITY  
OF NORWAY

Faculty of Social Sciences, Humanities and Education

# Political Accountability in Modern Liberal Democracies

*A Sociological Case Study of Iceland and the Panama Papers*

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## PREFACE

The thesis you are about to read, is the culmination of two years of simultaneous academic exhilaration and exhaustion. At times I have been whole-heartedly engrossed in the inner workings of my research project, at others, I could hardly stand to think about it. Completing it, is one of the biggest achievements and greatest reliefs of my academic journey, and I would now like to direct my sincerest thanks to those who have accompanied me along the way.

Firstly, to my very supportive and extremely knowledgeable supervisor Gunnar Aakvaag; I could not have done this without your amazing enthusiasm for sociology and genuine interest in my project. Thank you for getting me excited about my thesis when I was less inspired, and thank you for the great advice and for all the good conversations. The structure of this preface is for you.

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## ABSTRACT

On the 3<sup>rd</sup> of April 2016, the offshore secrets of the world's political and financial elites were made public, as a year-long investigation of one of the biggest data leak in history came to fruition. The so-called Panama Papers contained the names of heads of governments, celebrities, criminals and CEO's; and heavily represented in the leaked files, were the names of high-ranking Icelandic politicians and elected officials. This master's thesis is a sociological case study of Iceland and the Panama Papers, focusing on the political accountability process sparked by the huge data leak. Using a single-case, process-tracing approach, in congruence with an explorative design and a grounded theory approach to theory development, this thesis seeks to develop a conceptual framework for assessing the relative success of political accountability processes. Analysing the empirical case of Iceland and the Panama Papers through this framework, this thesis will argue that successful political accountability can be achieved in modern liberal democracies, despite the challenges of globalisation and digitalisation. By incorporating the global reach of a new type of activists, and integrating the technologically resourceful journalist collective into the accountability process, political accountability processes can catch up to the globalised elites and overcome the challenge of information overload.



# Table of Contents

1. Introduction: Why this thesis?.....	1
1.1 Thesis topics and their topicality.....	2
1.2 Research questions .....	3
1.3 Academic contributions of the thesis .....	6
1.4 Structure of the thesis .....	7
2. Methods: Case study, document analysis and theory development .....	9
2.1 Case and case studies .....	9
2.1.1 Process tracing.....	12
2.2 Empirical work and document analysis .....	14
2.3 Grounded theory approach to theory development .....	17
2.4 Method of analysis .....	21
2.5 Summary .....	23
3. Theory: Defining the concepts and conceptualising the chain of events .....	24
3.1 Definitions of concepts.....	24
3.2 Models of the accountability process .....	28
3.2.1 Political Elites .....	29
3.2.2 Activists.....	30
3.2.3 Journalist Collectives .....	31
3.2.4 The Media .....	33
3.2.5 Citizens.....	34
3.3 Summary .....	36
4. Background: Setting the stage for the Panama Papers .....	37
4.1 Background .....	37
4.2 The leak itself .....	39
4.3 The release: Iceland and the Panama Papers.....	40

4.4 Iceland reacts to the Panama Papers.....	43
5. Empirical Data: Examining the social actors of the case .....	46
5.1 The Elites.....	46
5.2 The Activists .....	50
5.3 The Journalist Collective.....	53
5.4 The Media .....	56
5.5 The Citizens.....	59
5.6 Consequences .....	61
5.7 Summary .....	65
6. Analysis and discussion: Evaluation and lessons learned .....	66
6.1 A successful instance of political accountability?.....	67
6.1.1 The Elites.....	67
6.1.2 The Activists .....	68
6.1.3 The Journalist Collective.....	69
6.1.4 The Media .....	70
6.1.5 The Citizens.....	71
6.1.6 Consequences .....	72
6.1.7 A tempered success, but success none the less .....	73
6.2 Lessons from the empirical case .....	74
6.2.1 Globalisation: Runaway political elites and the offshore world .....	75
6.2.2 Digitalisation: Information overload and digital security .....	76
6.2.3 The activists: Catching up to globalisation and the elites .....	78
6.2.4 The journalist collective: Handling digitalisation and the data.....	79
7. Conclusion: Findings, the research process, and final remarks .....	81
7.1 The research questions .....	81
7.2 My findings .....	82



7.2.1 The descriptive research question .....	82
7.2.2 The evaluative research question .....	83
7.2.3 The constructive research question .....	85
7.2.4 The overarching research question.....	86
7.3 Reflections on the research process .....	86
7.4 Final remarks .....	87
List of references: .....	89



# 1. Introduction: Why *this* thesis?

On the 3<sup>rd</sup> of April in 2016, the story of the Panama Papers hit the headlines around the globe. The Panama Papers revealed how the rich and powerful of the world used the networks of the offshore world to hide assets and avoid financial scrutiny. The information came from an anonymous source known only as “john doe”, who over the course of a year, leaked enormous amounts of data to journalists at the *Süddeutsche Zeitung* (Fahri, 2016; Obermayer and Obermaier, 2016, pp.1-5). The release of the information contained within the Panama Papers, brought to light the fact that several members of the world’s political elite used the offshore world as a refuge from national tax authorities, and, in some cases, the not-so-long arm of the law. In Iceland, it was discovered that several high ranking elected officials and politicians had used shell companies registered in tax havens, and had failed to acknowledge that fact to the correct supervisory bodies. The data which the Panama Papers relied on, came from the Panama-based law firm Mossack Fonseca, a law firm specialising in providing their clients with off-the-shelf shell companies registered in various tax havens (ibid, pp.253-264). Shell companies are ready-made vessels to place assets in, and are often used to hide both the assets and the ownership of the company, from national tax authorities in the owners’ home countries. The offshore networks that aid the rich and powerful are part of two forces that present a significant challenge to the modern liberal democracy, namely globalisation and digitalisation.

These two forces or processes, globalisation and digitalisation, challenge modern liberal democracies, as democratic institutions are still firmly anchored within the boundaries of the sovereign nation state, and for democratic processes to take place outside of its confines, it would infringe on another nation state’s sovereignty. This is one of the reasons why tax havens, and the offshore companies registered there, are highly sought after, because of the difficulty a national institution, such as the tax authority of Iceland, will encounter when trying to investigate a citizen’s offshore dealings. Digitalisation plays a large part in the offshore worlds networks, enabling immediate communication across continents, as well as the tight digital security that is the foundation of their secretive business model. Digitalisation is a dual-edged sword however, on the one hand enabling digital security which aids secrecy and confidentiality, but on the other, it is also leading to an oversaturation of information, or information overload. In other words, digitalisation is making it easier to shield information

from interested parties, but is also providing too much information, both scenarios making the accountability processes conducted by nationally situated institutions more challenging. One of the cornerstones of a well-functioning democracy is that the political elites, who are given the power to govern and guide society, are made to feel, and held, accountable for their actions. Without oversight and a means to make the political elites responsive to the will of the citizens, the political elite are free to act according to their own self-interests and against the common good. In this thesis I will endeavour to examine and understand how modern liberal democracies could overcome such challenges, and successfully hold political elites accountable for their globally and digitally concealed actions.

## **1.1 Thesis topics and their topicality**

Liberal democracy has historically proved itself to be a superior form of governance, and has enjoyed a steady growth and spread since the second world war (Giddens, 2006, p.854). However, in recent years, liberal democracy and traditional liberal democratic values have come under severe pressure. For the last decade or so, Freedom House reports a stable decline in the spread and practices of democracy, and even states which have long been a part of the democratic tradition, can be seen to infringe on the civil, political and human rights and liberties of their citizens (Abramowitz, 2018). With democracy under pressure and a sense of doom and gloom in the reports on the possibilities of successful democratic processes, this thesis wishes to make a contribution to ongoing debates on the state of democracy. The Panama papers set questions of accountability on the agenda and made the process of accountability a contemporary issue for those concerned with the state of the modern liberal democracy.

Accountability has in recent decades become an all-purpose catchphrase used by politicians, journalists and scholars to describe good governance. The term brings to mind a plethora of related notions such as responsibility, reliability, trustworthiness and conscientiousness, and these are terms often used in congruence with accountability (Bovens, 2010). Accountability is one of the main topics of this thesis and a highly relevant topic considering the challenges facing liberal democracy and accountability processes. As stated above, one of the many challenges facing modern accountability processes is an information deficit, or in other words, the inability to gain access to information which makes transparent the actions of the political elites of modern liberal democracies. To keep the political elites responsive to their publics, and held responsible for the actions they take on their citizens' behalf, transparency is perhaps required before one could address accountability. Transparency does not necessarily lead to

accountability, but it is necessary for an account of the political elite's actions to exist, before they can be held accountable for these actions. The leaked information contained in the Panama papers represent such an account, and is understood here as the act of transparency required to set in motion the accountability process that this thesis will examine.

This thesis is a case study which deals with the possibilities of successful accountability processes in modern liberal democracies in the face of the challenges presented by globalisation and digitalisation, using Iceland and the Panama papers as its case. The thesis will shift the focus to positive democratic outcomes in a time where democracy, its institutions and its values are under pressure from many fronts. The empirical case chosen for this thesis is seemingly such a success, and studying such a success can provide useful insights into how successful accountability processes can be achieved and learned from. Finally, this thesis seeks to develop a theoretical framework informed by theory and the empirical case to understand, illustrate and evaluate the accountability process that took place in Iceland in the wake of the Panama papers. The goals of this thesis are, in other words, to examine and better understand if, how, and why, a successful political accountability processes could be achieved, and secondly, how modern accountability processes, that are anchored in the territorially bounded sovereign nation state, can compete with the globally mobile political elites that it seeks to hold accountable. The research questions formulated to address the topics discussed above, will be presented next, and will further delineate and specify the focus of this thesis.

## **1.2 Research questions**

The topics outlined above are quite broad, and to specify the research goals of this thesis more precisely, the following paragraphs present the research questions I will be working from. The topics this thesis will focus on, were chosen based on being elements of the same issue, namely how to achieve successful accountability processes in modern liberal democracies, in the face of globalisation and digitalisation. The outlined topics above, are those that I understand as relevant to gain a broader understanding of the empirical case as well, and to further examine the accountability process that took place in Iceland after the release of the Panama Papers. I have formulated a main research question that includes the elements that this thesis seeks to address and it will be the overarching research question, unifying the parts of the chosen topics into a cohesive research goal. The main research question is as follows:

## **Using the release of the Panama Papers in Iceland as my case, is it still possible in the age of globalisation and digitalisation for contemporary liberal democracies to hold political elites accountable?**

The question contains many individual aspects that require more specific research questions, or sub-questions, to address. To answer the main research question, I have composed three sub-questions, each divided into a separate category. This categorisation is inspired by Kalleberg's categorisation of types of research questions (Kalleberg, 1996). These three categories are firstly, the *descriptive* questions, aiming to answer what happened, how and why. Secondly, there are the *evaluative* questions, aiming to, as the name would suggest, evaluate the phenomenon or chain of events and assessing it against a determined standard. Thirdly, the *constructive* questions, which are concerned with what can be learned from the knowledge produced by the descriptive and evaluative research questions. (ibid).

In accordance with this categorisation, to begin addressing the main research question of this thesis, it is necessary to include a descriptive account of the case itself; the context of Iceland, the Panama Papers, and the events that took place in Iceland after the information in the Panama Papers was released. This *descriptive* question seeks to answer the simpler question of "what happened?" but also aims to examine how and why the events in Iceland, prior to, during and after the release of the information contained within the Panama Papers, took place. The descriptive research question for this thesis is as follows:

### **What happened in Iceland in the years 2016-2017 prior to, during and after the release of the Panama Papers?**

This sub-question will, in addition to what it states, encompass the chain of events of the data leak and the work on the information before its release, the Icelandic (and global) news media's take on the information revealed and the central social actors' actions and the Icelandic citizens' reaction. What this question will provide in terms of knowledge, is the empirical data required to address the evaluative and constructive research questions, but it will also provide the more analytical and explanatory information dealing with how and why the Panama Papers impacted a political accountability process in Iceland after their release, and allow an in-depth examination of the case and the social actors involved.

The next category of research sub-question is the *evaluative* question, which will deal with assessing the outcome of the accountability process that took place in the empirical case. The evaluative research question is as follows:



**Measured against a standard for political accountability processes in modern liberal democracies, how successful was the Icelandic case in holding the political elites accountable?**

To answer such a question, an important part of this thesis will be to find a way to evaluate the relative success or failure of the accountability process that took place in Iceland against a determined standard. Finding a standard to evaluate the case against, and which could encompass all of the various elements of the case, would be challenging, and thus, this thesis opts for constructing a standard from within the case itself. As such, the descriptive research question is key to addressing the evaluative question, as it provides for an in-depth understanding of the case, allowing the chain of events to be simplified, and provide a foundation for developing such standard to evaluate the events of the case against. Informed by the empirical data and drawing inspiration from different concepts and theories, I will construct two theoretical models of democratic accountability in modern liberal democracies. I opted for conceptualising two models, each illustrating the opposite extreme in terms of possible accountability outcomes, a successful accountability process and a failed one respectively. These two models will provide the standard which the accountability process of the empirical case will be measured against, and through this evaluation the relative success/failure of the accountability process can be determined. By providing the empirical data to construct a framework through which to conduct the analysis, the descriptive research question is essential to address the evaluative research question, and similarly both the constructive and the evaluative questions are intrinsically linked with the constructive research question.

The third and last category of research questions is *constructive* research questions. The constructive sub-question for this thesis will be concerned with what can be learned from empirical case, especially in terms how the accountability process in Iceland dealt with the challenges of globalisation and digitalisation facing modern representative democracies. The constructive research question is as follows:

**What can be learned from the Icelandic case, about holding political elites accountable in modern liberal democracies?**

As stated above, both the descriptive and the evaluative research questions are key to address the constructive research question, as an in-depth analysis of the accountability process is required to locate the central actors in the process, their roles, and how, ultimately, the outcome of the process was achieved. Once this is known, the lessons that can be drawn from the

empirical case will become clearer. Knowing what the challenges to the success of an accountability process are and what the details of the chain of events in the accountability process in the empirical case were, the lessons can be contextualised and related to relevant contemporary sociological and theoretical debates.

### **1.3 Academic contributions of the thesis**

This thesis is a contribution to four ongoing sociological and theoretical debates and their related academic fields. Firstly, this thesis engages with debates on liberal democracy and democratic theory from a sociological perspective. Sociology has a broader approach to democracy than political sciences, and does not only consider the formal democratic and political institutions, such as governments, parliaments, courts, and the bureaucratic administration of democracy; but includes the media, civil society, citizens and other social actors within the analysis of democratic societies (Habermas, 1996). The thesis seeks to engage with debates on the democratic processes in liberal democratic societies, especially as it relates to the challenges facing modern liberal democracies today. This thesis views social institutions as the foundation in which democracy is embedded and as such focuses on the institutional context of democratic processes (Engelstad, et. al., 2017). The thesis will therefore look at the role of different social actors, and the institutions they represent, within democratic processes, such as the political accountability process which took place in the empirical case.

Secondly, this thesis seeks to engage with a dialogue on the state of contemporary social life, often referred to as a diagnosis of the present or a diagnosis of the times. The premise of this is that sociological debates on any given field are only as relevant as the grasp they have on contemporary society, and as such, many sociologists are concerned with the present and the “spirit” of the present. Examining and attempting to understand phenomena, events, institutions as society is changing and adapting to new challenges is central to diagnosing the present, and this thesis is similarly engaged. The events that took place in Iceland in connection to the release of the Panama papers are thus seen in connection with identifying tendencies of the times, where a contemporary phenomenon inform sociological and theoretical debates within intersecting fields of knowledge (Aakvaag, 2008, pp. 258-294 and Hammersøjj, 2014). Thirdly, the thesis will tie in with ongoing sociological debates that relate to the focus on negative versus positive outcomes. This debate centres around perspectives, in the sense that sociology has, more often than not, been concerned with societal problems and failures rather than successes. The perspective that this thesis will engage with, is that of a focus on the successful, on the solutions

and on the positive outcomes, how they are made possible and how they can be improved. That does not, however, imply ignoring failures, faults and challenges, but rather presenting constructive and alternative routes by which these can be avoided and overcome using successful instances as examples from which lessons can be drawn. That perspective is what some call positive sociology, and others refer to as sociology of success, which, as the name suggest, is a focus on processes, structures and relations in contemporary societies that achieve successful outcomes and examining how this success is made possible (Aakvaag, 2013 and Hall & Lamont, 2009).

## 1.4 Structure of the thesis

The introduction above aims to describe the subject matter, topics, relevance and the academic contributions that this thesis will address, and to present the overall research goal and corresponding research questions of this thesis. The *second* chapter of this thesis will discuss the research methods employed to answer the research questions and examine the merits of these choices. The chapter on methods will discuss the methods of case study and document analysis, the grounded theory approach to theory development and the theoretical models, as well as the overall explorative design of the thesis and inductive research logic at its base. The method chapter is tied to all three categories of research questions as it explains how they were addressed and relate to one another. The *third* chapter will address the theoretical framework which the thesis rests on and will discuss the definitions of core concepts as well as explain the two theoretical models. This chapter is concerned with the descriptive and the evaluative questions, in terms of understanding the empirical case, essentialising and thereby conceptualising a standard of the accountability process, to which the empirical case will be held up against.

The *fourth* chapter will provide a short background on the national context and a brief overview of the empirical case, serving as a steppingstone to the *fifth* chapter, which will deal with the empirical case and the social actors of the accountability process in greater detail. It will be structure similarly to the two theoretical models, and will examine each of the social actors of the accountability process as they are represented in the empirical case. Chapter four and five are both concerned with answering the descriptive research question and exploring the case in-depth to provide the knowledge required to address the evaluative and constructive research questions respectively. Chapter *six* will be the analysis and discussion of the empirical findings based primarily on the two theoretical models as well as related topics and theories that concern

these. The focus of this chapter will be on the evaluative and the constructive research questions, where the empirical case will be assessed against the standard which the theoretical models depict, and the lessons learned from the empirical case will be reviewed based on this assessment. In the *seventh* and last chapter, the conclusions drawn from the study will be presented after a brief summary of the research process and the findings. The chapter will address the overall research question and the three sub-questions in turn and orientate the answers within their broader sociological and theoretical contexts.

## 2. Methods: Case study, document analysis and theory development

In this chapter I will present and explain the choices I have made in terms of research methods during the work on this thesis, as well as reflect on the merits of these. This thesis is a piece of qualitative empirical research. The two main methods this thesis employs are case study and document analysis. The theoretical work also has its own methods and methodology attached. The structure of this chapter will be as follows: firstly, the case study approach and what this method entails will be presented, before going into details on the more specific method of process-tracing. Secondly, the methods of selection and the sampling of documents for the analysis of the case will be discussed, focusing on the primary and secondary literature used and why. Thirdly, the methods and methodology of the theoretical work are explained further, focusing on how the two theoretical models were conceptualised and what they represent. Fourthly, the methods of analysis will be addressed, with attention on the comparison of the theoretical models to the empirical case. Lastly, there will be a short summary of this chapter and a discussion of the overall fruitfulness of the chosen method and the underlying methodology.

### 2.1 Case and case studies

My initial research interests when embarking on this study, were centred around data leaks, protests and democracy, however; as the story of the Panama papers hit the news around the world, the interplay between these stood out as part of a process of political accountability. This process was what I wanted to research. To capture all the elements of such a process, the thesis would necessarily need a research design capable of encompassing “the whole picture”. A method which would allow for a holistic approach to the empirical data, focusing on all the separate elements of the process, but at the same time an exploration of the depths and details of the same data. This way of researching the process was also partly what had me interested in researching it in the first place; within the context it took place in; in Iceland. The holistic way in which I desired to investigate the accountability process that took place, would have to include the context it took place in. In other words, the study had a process, a chain of events to research, and a context within which to study it.

The method this study opted for was a case study, focusing on the single case of Iceland and the Panama Papers. A number of avenues could have been chosen, other methods and approaches equally suited for the study, but many of the methods considered would be either too expensive, (such as traveling to Iceland and interviewing key social actors and organisations) or too time consuming (a comparative design,  $n = >1$  case studies or similar research designs aimed at generalisation) for a thesis of this size. The reason I chose not to conduct a field study was a combination of the two, as well as the limited size of study a thesis is suited for. Many of these options would address the possibility for generalisation, which a single-case case study is often criticised for not being able to accommodate (Mjøset, 2006, p. 735). The single-case case study has limited avenues leading to generalisation of the knowledge it produces, however choosing the method of a case study was what lent itself best to answer the research questions, within the scope ‘available’ for this study. The case study approach was also well suited to grasp the larger picture, or the several variables present in the interplay between a complex process and a specific context, which this thesis is concerned with. The research questions presented above are aimed towards understanding, exploration, and the opportunity to theorise and explain the empirical findings, suggesting an explorative approach with and underlying inductive research logic (Bryman, 2012, p. 24). To lift the analysis of the case onto a broader theoretical level, this thesis aims towards middle-range theory development using a grounded theory approach and a typology of concepts, in an attempt to explain related sociological topics of the single case (Mjøset, 2006). This holistic approach was what I concluded to be the most fitting method to answer the main research question.

This thesis is a case study, and that is the method used for the bulk of the research. Before going on to describe the specifics of how a case study approach was applied for this thesis, I will first outline the definitions of a case and a case study this thesis will use. A case is the unit of analysis in a case study, and before approaching any research the ‘case’ or ‘cases’ must be chosen and defined – both in terms of its contextual conditions and in terms of the spatial and temporal borders (Yin, 2012, p.145). The case is usually a bounded entity, be it a person, organisation, location or phenomenon, however the boundaries between the case and its context may often be blurred (ibid). As defined by Yin (2009) a case study is “[...] *An empirical inquiry about a contemporary phenomenon (e.g., a “case”), set within its real-world context – especially when the boundaries between the phenomenon and context are not clearly evident.*” (Yin, 2009, p. 18). The process of accountability that took place in Iceland was the case I wanted to study, and Iceland the context. Separating the two seemed to me to amount to a diminishing of the unique



qualities of both and the pull the case had as an example of an extraordinary contemporary event. Choosing a case is one of the more monumental decisions when a case study is to be undertaken, as case study research focuses on the intricacies and essence of the case being studied (Bryman, 2012, p. 66). Defining the limits of the case, the case's spatial and temporal borders as Yin (2012) states, and consequently what the scope of the thesis would be, was the next step after selecting the case. The defining of the borders of the case is in and of itself an act of conceptualising it, and similarly a theoretical simplifying of the phenomena under investigation (Vennesson, 2008, p. 227).

The empirical case of this thesis, as explained above, is the case of Iceland and the Panama Papers, focusing the accountability process which occurred after the leak's release. Defining the beginning of this process as the moment the activist John Doe approached journalists with the offer to leak data seemed a natural starting point to me. This was, as I conceived it, what set events in motion. The actual date of when the exchange between John Doe and the journalists at the *Süddeutsche Zeitung* began is believed to be between the end of 2014 and the beginning of 2015, but in order to protect their source, the journalists have remained vague about this information. Where events could be said to have ended was a more difficult evaluation to make, as in writing moment events that can be traced back to the leaked documents known as the Panama Papers can still be said to be unfolding. I therefore deemed it necessary to define an "unnatural" end to the process, for the sake of limiting the scope of the study as well as the amount of empirical data that would become a part of it. Choosing a moment to conclude the process was difficult considering the ramifications it would have in the long term (which would be highly interesting to investigate further), still, I alighted on the expedited parliamentary election in Iceland on 29<sup>th</sup> October 2016, as elections are often the end of the more formalised or conventional institutional accountability processes.

Ending and beginning in the two moments in time that I have described above was what I considered, whilst working on the thesis, as the time-line of the case, and the process and chain of events that I was examining resided within that time frame. The spatial borders of this case were more easily defined than the temporal, but not without their own theoretical challenges. The process, from what I already knew of the case, was partly a global one, taking place in many locations simultaneously. Considering that the process of accountability is intrinsically linked to the institutions of representative democracy, which in turn are anchored firmly within the sovereign, territorially bounded nation state made it clear to me that the process itself would have to be considered within the same context; that of the nation state. I did define Iceland as

the context of the case for this reason, but also in order to capture within the thesis some of the extraordinary events that took place there after the release of the Panama Papers. Due to my own familiarity with the context, me being half-Icelandic, the choice was further simplified, given the efficiency by which I could familiarise myself with the context and the fact that any language barriers would be minimal.

### 2.1.1 Process tracing

The process of accountability I wanted to study stood out as interesting as to how it played out within the context of a modern liberal democracy such as Iceland. In addition to that specific context being familiar, what made the Panama Papers in the context of Iceland present as a good case, were the extraordinary events of the accountability process, and in fact the process itself, taking place within this context. The fact that the accountability process sparked by the Panama paper's revelations took place in Iceland and seemed at first glance to be so spectacularly successful, was to me a unique glimpse into how a modern liberal democracy could overcome contemporary concerns despite of a current "crisis of democracy". Having chosen this topic for my thesis presented some immediate challenges. As my research questions would suggest, I wanted to examine a process imbedded in a specific context to gain a better understanding of the chain of events that could lead to a successful political accountability outcome. As well as understanding the process, my aim was also to construct a causal 'narrative' of, and conceptualise, the process itself. The holistic understanding of the case required to answer my main research question, was what crystalized the decision to use a case study approach, and to use the method of process tracing.

Process tracing is a sub-category of the case-study approach, which focuses on tracing the chain of events of a process in order to understand the causal relationships imbedded in the process. A process, according to Pettigrew (1997) is a chain of events describing how something changes over time, but can also be understood as "[...] a category of concepts that refer to the activities of individuals or organisations." (Pettigrew, 1997, p. 338). This thesis understands a process as a chain of events, set in motion sequentially. The process is driven by the social actors and institutions involved in the events, where each actor with their own motives and intentions that stand in direct relation to one another. The social actors and their relations are, as such, what drive the process forward, and this effect can be described and conceptualised through a narrative. This thesis does not focus on causal mechanisms but uses a broader understanding of causality, seen sequential events which that lead from one social actors' actions to the next. This thesis will focus on tracing the sequence of events and examine how the events come to

take place as motivated by one social actor to the other. Process tracing can be both a single-case or comparative approach, but focuses tracing a process within a specific case. The approach is used to infer causal dynamics and understand the relationship between actors and events through a “[...] *detailed, in-case empirical analysis of how a causal process plays out in an actual case.*” (Beach, 2013, p.2). The idea of using this method is as stated to infer narrative causal relationships of a process as seen from the in-case empirical data. Examining all the elements (actors, organisations etc.) and their activities to unwrap causal relationships at play in the causal dynamic between these. Vennesson (2008) states that process tracing can have much to offer within an interpretivist perspective, allowing the researcher to not only focus on the describing causal relationships, but explaining them (Vennesson, 2008, p. 233). The method of process tracing I have chosen as an approach focuses on the importance of the descriptive aspects of case study methods, as well as narrative strategy to describe causal relationships, rather than a systematic investigation of causal mechanisms. “[...] *the goal of process tracing is ultimately to provide a narrative explanation of a causal path that leads to a specific outcome.*” (Vennesson, 2008, p. 235). In this sense, the approach to process-tracing that I chose to apply works with a broader understanding of causality, as a sequential domino effect, where the events of the process sequentially affect each other to drive the process forward.

Concerning myself with two main questions, respectively *what* happened and *how* did it happen, the process tracing I undertook focused on the events as they related to the social actors involved and how the actions of these groups influenced each in turn. In essence, what I attempted to do was to construct a narrative of the process based on the exploration of the case and theorizing the chain of events in a sequential, domino-effect scenario. To effectively describe the process, I focused on key events and actors, constructing the chain of events around these theoretical “nodes”. This simplifies the process that I investigated, interpreting and reducing the phenomena of the case in favour of order and structure over the real-world complexity and chaos. That is not to say that any empirical data was removed. The empirical data informed my conceptualisations of the events, the social actors and the relationships between them, and through constantly referring back to the empirical data I was able to construct a narrative of the chain of events. By writing a narrative of a chain of events, I could investigate how each event flowed into the next, and by conceptualising the process through a lens of narrative dynamics I was able to infer certain causal relationships. In this sense the process tracing approach I have utilised is an interpretive approach to the method and as I will

explain later in this chapter also an inductive approach to process tracing that lends itself to theory development. Before I elaborate on this however, I will go through how I selected and sorted the empirical data that I have explored and analysed in order to trace the political accountability process that took place in the case of Iceland and the Panama Papers.

## **2.2 Empirical work and document analysis**

To trace the accountability process of the case, it would first be necessary to familiarise myself with the case, focusing on the bigger picture at first, before closing in on the events and social actors involved. This period of the research will be detailed below, and is intrinsically linked to how I then selected the documents that have been my primary literature and key pieces of information and evidence in my later analysis. The approach I used to approach the empirical case was akin to a historical document analysis, focusing on both primary and secondary literature to reconstruct the chain of events of the process. (Bratberg, 2014, pp. 136-137) The first part of my research process was an exploration of the theoretical topics, and the events of the case. I undertook these simultaneously, drawing influence first from the case, then the literature on the relevant topics informed by what stood out as relevant themes of the case. This explorative method of investigation served quite well to firstly, give me a holistic picture of the case and the context, secondly to extrapolate from the case any relevant sociological themes and thirdly, to navigate the literature on the emergent topics to determine which aspects of the case that were interesting to focus on.

The approach of process tracing required a detailed review of the chain of events in the case, which in turn presents a set of challenges. The need to take into account the many events, social actors and dynamics involved meant that I could not solely rely on primary sources and literature, something that I judge to be too time-consuming. I did therefore, in the early stages of the research process, rely heavily on secondary sources. This could be construed as a weakness to the research design, as secondary literature has already undergone analysis, evaluation and interpretation by other parties (ibid, p.137). However, as a holistic perspective of the case was what I deemed more important, as the events of the case were still unfolding, the secondary literature was readily available and highly relevant. The nature of the case was such that the leak and subsequent events attracted a lot of media attention, as well as the initial leak being a “product” of investigate journalism. Thus, the main sources of secondary literature that I relied on in the first stages of my research were primarily news articles, press-releases, televised news-programs and talk shows, which provided an overview of the chain of events

and an impression of the social actors involved and their roles in the events. Nearly all of these were easily accessible online, as the news story of the Panama Papers was gaining momentum. Using the sources readily available, I quickly got an overview of the case and the chain of events leading up to and including the political accountability process taking place in Iceland. These documents also provided me with the ability to identify other “documents” that later became the few primary sources I would use in the work on this thesis. The key primary sources I employed in my research, were pieces that stood out as important elements of the process, and thus intrinsically linked to the chain of events. Identifying them through the secondary literature on the case, these key documents stood out as central both in respect to the actions and reactions they invoked in the political accountability process as well as providing further insights on the chain of events.

The first primary source I will discuss, are the collection of documents that as a whole represent the original statements of the activist and leaker of the Panama Papers, John Doe. This source of empirical data is more of a collection of disparate documents, but all of them concerning the statements and correspondences of the activist behind the Mossack Fonseca data leak (later known as the Panama Papers) referred to by him/her/themselves as John Doe. Pieces of the correspondence between the *Süddeutsche Zeitung* reporters and John Doe have been covered by various news reports and articles written in the wake of the publication of the Panama Papers. The correspondence has, to a fuller extent, been released by the journalists themselves in the book they have published concerning the work with on Panama Papers leak. John Doe has also released a manifesto, “*The Revolution will be digitized*”, which was published on the 5<sup>th</sup> of May 2016 and widely circulated by the media covering the leak and its aftermath (*Süddeutsche Zeitung*, 2016). Basing myself on the statements John Doe made was in no way a sure method of determining the motivation behind leaking the documents, but how John Doe wanted the act to be viewed was however possible to describe, as Doe refers to the risk of leaking and the consequences other whistleblowers such as Edward Snowden, Bradley Birkenfield and Antoine Deltour have faced (ibid).

In connection to the primary source that is the statements of John Doe, I have also used statements from the ICIJ, statements made by their staff members, journalists and others involved with the Panama papers project at the ICIJ (Cabra & Kissane, 2016; Cabra 2017; Obermayer & Obermayer, 2017; ICIJ<sub>2-3</sub>, n.d.). This is also a collection of disparate documents,

statements and interviews which are concerned with how the ICIJ dealt with the data they received from John Doe, how the ICIJ worked on the data and how they organized the international project as a whole. The information was found mostly through the initial publications on the ICIJ websites dedicated to the release of the Panama Papers, but was also gathered from statements and interviews by ICIJ staff members and journalists made during and after the Panama Papers were revealed to the world. As a ‘collective’ primary source this one gave me a great deal of insight into how the ICIJ was involved with the investigation of the Panama Papers, especially concerning the resources and work that went into organising the data and organising the international collaboration between the investigative journalists on the project. This primary source also provided insight into topics that I only had secondary sources for, such as collaborative journalism and data-journalism, and it was useful to get an insider perspective to further inform myself on these topics. In general, this primary source was integral to understanding how the ICIJ as a social actor was related to the accountability process I was interested in, what their roles was within that process and how they related to the other social actors of that process.

The third primary source, and the one which I have awarded the most space to in this thesis, is an episode of the Icelandic political talk-show and news-report program *Kastljós* (2016). This particular episode is an important and highly relevant primary source for three reasons. Firstly, it was central within the chain of events as the first report on the Panama Papers in their entirety that was broadcast to the Icelandic public. Secondly, it focused on the most prominent Icelandic political figures implicated by the data leak, narrating their actions as they could be gleaned from the leaked documents, as well as covering the politician’s actions and statements in response to being confronted with the information (ibid). Thirdly, this episode of *Kastljós* asserted the tone and discourse through which the issues raised by the Panama Papers leak were framed, on which subsequent reports, editorials, news articles and the Icelandic public based their discussions around. As such, it laid the groundwork for the perspective and focus of the public debate which followed the episode’s broadcast. Studying the episode and approaching it as a primary source gave me insights into many of the events of the case, but also allowed me to infer many other key aspects surrounding the case. Matters that would otherwise have required a substantial inquiry of its own to make statements about (such as the framing of the events and actors). The main feature of the episode that I paid particular interest to, was the interviews with the members of the Icelandic political elite, both recent and past statements, as well as insights into the process of researching the leaked documents and their implications



supplied by the Icelandic reporter that had worked on leak as it pertained to Iceland. Despite the fact that the episode of *Kastljós* is not a classic example of a primary source (which would for example be original interviews or field observations etc.), it was a well information which was intrinsically linked to both the chain of events of the process and the its context. As such, the episode has been a highly influential source that I have, as stated above, given a diligent treatment of in my thesis.

All the texts I have read can be considered an attempt to learn of and from the case, and as such it is the foundation of the exploratory approach that underpins this case study. The theoretical work that I will go on to discuss builds off of the empirical work, but was also in constant communication with the primary sources that I have just gone through and the empirical data they provided. There has at every turn and discovery in my work with the case been a constant referral between the empirical data and the theory development I have attempted. The analysis and research of the empirical data and the theory development that I have attempted proceeded very much in tandem, constantly referring back to one another. It is this specific detail of my method that laid the basis for my theoretical work, theory development and the modelling of the case and it is this method that I shall go on to discuss next.

## **2.3 Grounded theory approach to theory development**

This thesis a case study that utilises the method process tracing, but it is also, in an equal measure, a work of theory development that employs a grounded theory approach. In this part of the method chapter I will go through how I developed the two theoretical models that I later used to analyse the case and my findings in regard to the political accountability process. I will also go through the process of how I arrived at the concepts that are presented in the models. First, however, I will discuss my method and methodology for this theoretical work in greater detail, outlining the grounded theory approach I chose and touching on the inductive research logic behind it.

Grounded theory is an approach to theory development that can be defined as “[...] *the generation of theory out of data.*” (Bryman 2012, p. 387). The central features of this method are that the theory is developed from the data and not the other way around, and that data collection and analysis of the data are undertaken simultaneously, where the theory development and the empirical data are constantly referred back to one another (Bryman, 2012, p.568). There is some contention around what grounded theory is, whether it is a method of qualitative research in its own right or an approach to the generation of theory from data. Some

also argue that grounded theory is not so much concerned with developing theory but rather generating concepts (ibid). The term grounded theory is often used in combination with or meaning an inductive research logic, however, that is mainly in the case of understanding grounded theory as a research method in and of itself. The approach I have applied for this thesis' theoretical work adopts the definition of grounded theory as an approach to develop theory from empirical data and I have also focused on generating fruitful concepts to further the understanding of phenomena and elements from within the case. The process of generating theory from empirical data is focused around theoretically sampling data and through coding of the collected data arrive at categories that form the basis for the concepts of the theory in development. During this process the codes will inform further data collection, and the constant comparison of codes, concepts and categories to the new, theoretically sampled data (Bryman, 2012, 568-561). Towards the end of this process, when the categories are saturated, relationships between the categories are explored and emerging hypotheses can be tested (ibid). The approach I have outlined here is very similar to the approach that I applied to the theoretical work, however, I focused on the development of the concepts to then create two models of the accountability process, rather than a specified theory of accountability processes. The first step of my own project was to identify elements of the process through open coding, where codes such as politicians, activists and citizens emerged from the empirical data as significant parts of the process. I thereafter returned to the case, sampling data that could further explore these codes, comparing new information to the codes and identifying concepts to go along with them. I further examined if I could relate aspects of my empirical data to existing theories or fields on the various elements I wanted to focus on. Politicians as social actors became conceptualised as political elites through an examination of relevant literature, and the code activist gained new conceptual dimensions in connection with "hacktivism" and whistleblowing. Refining the codes into concepts and then into the categories of the social actors of an accountability process was done while continuously revisiting the empirical data to saturate the categories.

The method I applied was not as regimented or systematic as presented by Bryman (2012, p.571) and the data I relied on was, as stated above, mostly secondary sources and two main primary texts. If I had used interviews or was coding field notes, the process of coding would have been more streamlined, however, with the explorative design of my research, the categories did eventually encompass all the information that was conceptually relevant. I also supplemented the empirical data from the case with elements from existing theories and their categories and concepts, relying on previous research to add a foundation under my own

conceptualisation. When I was satisfied with the categories I had arrived at, I set about examining the relationships between them and devise a framework that would present how the categories were intertwined. The social actors that were essentialised in the categories as ideal types, were also imbued with motives and courses of action. These were inferred from the data, but many of the actions of the social actors' ideal types were also present in the empirical data. The political elites did for instance act in their own self-interest, and the activist did leak data about the political elite's actions. The relationships I went about examining were what I refer to as narrative causal relationships, concerned with how the actions of the social actors could be construed as following on from each other. These relationships are not as clear from the empirical data as the actions of social actors themselves, however, the process does have a certain linear development where one set of actions precipitates the next. Examining the actions of the social actors and the relationships between them with this linear development in mind, constructing a narrative of causal relationships became a matter of understanding the chain of events into actions and reactions by the social actors involved.

To set the accountability process in motion as such, the elites would have to act in a manner that subverts their mandate, and the activists would in turn unearth evidence of this to facilitate transparency. Those who receive the information would then investigate the elite's actions to establish what has taken place and so on. The accountability process progresses as each social actors' actions are influenced and in turn influence the social actors further down the line of the process. This chain of events that I have constructed should be viewed as a sequential representation of the accountability process, where the categories I have arrived at, the social actors, are the inhabitants, instigators and steerers of its momentum. I decided to illustrate this by constructing two models, each representing the opposite ends of the spectrum that the categories could be conceived to encompass. These two models are what I shall discuss next.

In a sense I was not planning on constructing theory, merely exploring the empirical data to inform myself of what theory might be out there that could apply to my case. I found the disparate elements I could piece together too fragmented to be fruitful tool for analysing the case and context as a holistic whole. In choosing to develop a theoretical framework of the accountability process, in order to compare the case against it in the later analysis, I made an attempt to stylise the process I wanted to study into two theoretical models. As Ringdal (2013) explains it, a “[...] *theoretical model is a depiction of a system of theoretical concepts or variables that represent a simplified or stylised picture of phenomenon in the real world.*” (Ringdal, 2013, p.55, my own translation). My models illustrate the interaction between the

categories I developed, of the relevant social actors in the accountability process, and the models are a depiction of two different outcomes of these social actors' involvement in the accountability process. The models are neither models of causal mechanisms, nor do they aim to illuminate the intent of any of the social actors, they should rather be understood as frameworks that relate the concepts I have developed to one another and as illustrations of this connection. The models are based on a simplified version of events in the process that took place in the case of Iceland and the Panama Papers, and depicts how the accountability process progresses through the actions of one social actor to the next. To make the comparison between the case and the models a question of evaluating the process' success, I decided to conceptualize the two polar opposites of the process' potential characteristics and eventual outcomes. The two models encompassed the central social actors represented by their ideal types and in the separate models I depicted the reverse outcomes, courses of action and relationships between them.

In the models illustrating a successful accountability process, the social actors encompassed in the concept of the "activists", decide to leak information, data, on the actions of the political elites. The opposite outcome model which depicts an unsuccessful accountability process, includes activists that do the exact opposite, they do not leak, or if they do, fail to elicit the reactions necessary in the following links in the chain to achieve a successful outcome. The relationships between the actors was especially important for me to illustrate effectively, and the sequential presentation of how the social actors drive the accountability process forward was the most apt to describe this. The accountability process is a cycle, as it is constantly revolving in any well-functioning liberal democracy. The linear narrative infers a beginning and an end to the specific process of the case I studied, however, the process' end and beginning were necessary conceptual decisions to narrow the scope of this thesis. The models are the culmination of the theory development I have discussed in this subchapter, and although the scope of my own thesis and my choice of studying a single case limits me from any comparative research, the models could be applied to other cases. I myself have not done this and can therefore not claim that my findings are generalisable, these models lay the foundation for further research of a more comparative nature, something I would be very interested in seeing. Within this thesis however, I have employed the two theoretical models in my analysis of the case, to better judge where on the spectrum between the opposite accountability outcomes the case would reside. The comparison between the two models and the case, as well as the analysis of my empirical findings are discussed in the following subchapter.

## 2.4 Method of analysis

This subchapter will discuss how the empirical case was analysed to answer the research questions presented above. The analysis for this thesis is based on a comparison of a single case to the two theoretical models which will be introduced in chapter three. It is the two models and the conceived spectrum created between them which forms the standard against which the case will be assessed. Embarking upon the analysis, I was mainly concerned with three core issues. Firstly, I would have to answer my descriptive research question, judging the case as a series of interconnected parts of a holistic whole, such as I discerned it through the explorative research of the case. Secondly, to answer the evaluative research question, I had to compare the empirical case with the two models, to judge the relative success/failure of the accountability process in the empirical case. The reality of the empirical case is of course much more complex than the essentialised version the models represent, and therefore I had to ascertain whether my models could handle this complexity when “re-applied” to the case. Thirdly, I was concerned with how the case tied in with larger sociological and theoretical issues, and, following along the lines of my constructive research question, what could be learned from the empirical case. By lifting the analysis up from the one case I could, to a certain extent, address whether the answers found within the case could be theorised productively to contribute to sociological and theoretical debates outside of the case’s specific context. I will now go on to examine all three of these points closer in this subchapter and, moving on from those, present a summary of the method chapter and draw attention to the key features of this thesis’ methods and methodologies.

The first part of the analysis was to answer the descriptive research questions pertaining to the specifics of the case and the case as a chain of events. Included in this was also determining the relationships between the social actors, as well as how the details of the social actors’ actions tied in with the larger whole. This research question was focused on learning the details of the case, and constructing a simplified version of events. To answer the descriptive research question, I needed a detailed understanding of the events in the case, how these events were connected, as well as how the details of each social actor’s actions fit into the larger picture of the chain of events. To do this effectively, I also had to consider the context of the case, the Icelandic society it took place in and the institutions, “characters”, norms and values at play in this society. The explorative design of the research meant that the empirical data presented itself through the act of getting to know, and learning from, the case. By sampling the empirical data from the primary sources and researching the case further based on the insight they provided, I

was gradually able to gain a clearer picture of the empirical case and construct the chain of events of the case. The chain of events further informed my examination of the case and allowed me to better understand and explain the case and the accountability process as a whole, based on its constituent parts.

The second part of the analysis was where I directly applied the two theoretical models to the case, to determine where on the conceived spectrum created between them the case could be theorised to reside. The models themselves were modelled on the conceptualisation of the chain of events of the case, and the theoretical work on the models was continuously informed by the empirical data and constantly referred back to the case. In other words, the descriptive research question and the examination I performed of the case to answer it, provided the data required to effectively construct theoretical tools to answer the evaluative research question. I adopted the chain of events as a theoretical check-list, comparing the real-life social actors and their actions against the two opposite models and the ideal types of social actors that they presented. I stated above that the complexity and nuance that the case presents, has been interpreted and simplified to create a theoretical representation of the accountability process. Because of this balance between the simplified models and the more nuanced spectrum envisioned between them, placing the case along the spectrum proved fruitful towards judging the overall success/failure of the accountability process. Answering the evaluative question, of whether the outcome of the accountability process in the empirical case was a success or not, became a matter of creating the right theoretical tool for the job, something that the explorative design for the empirical work combined with an inductive approach to theory development made that much more effective.

The third focus of the analysis was to answer the constructive research question, and apply the knowledge of the case and the general outcome of the accountability process to discuss larger sociological and theoretical implications of the findings. By this I do not imply generalising my findings outside the confines of the case for this thesis, but rather tying the knowledge up to sociological and theoretical debates. The debates I will be focusing on are ongoing sociological debates on the topics of democracy, political accountability processes and the discussion of the national versus the global. The third part of the analysis will not be concerned with *generalising across cases*, but rather a secondary analysis of the case with a broader theoretical perspective. The main question I intended to answer is what can be learned from the empirical case, and what the larger theoretical ramifications of that answer could be.

Within the confines of a single-case method of case-study, there are limitations towards generalising findings across to other units. To circumvent this limitation, this thesis will examine the empirical case against sociological and theoretical debates, and the findings will be related back to these through a theoretical discussion. By doing this, the single-case findings could be theorised within the larger context of how democracy and political accountability are interconnected. Drawing on discussions of the nation state and globalisation, the findings will be reviewed from the single-case context, with a larger one in mind. Apart from the conclusions drawn in relation to the research questions, theorising the findings in relation to these sociological and theoretical debates are arguably the most significant contribution this thesis makes to existing empirical and theoretical knowledge.

The findings and conclusions drawn from answering the three categories of research questions will be brought together in the conclusion to address the main research question. I have now described in detail the methods and methodologies I employed in my work on this thesis, and in conclusion to this chapter I will summarise the main points on the methods I have utilised, as well as discuss the merits of these.

## **2.5 Summary**

The methods that have been presented above attempt to capture the research process and approach this study has employed to address the primary and secondary research questions. When doing research, however, the process is not always as straight forward as the research methods described in textbooks and journal articles. The pitfalls of research are many and I doubt I have avoided them all, however, in the chapter above I have endeavoured to reflect on the choices of method, as well as the strengths and weaknesses of these.

To summarise the research methods: This thesis is first and foremost a single-case case study, which has specifically uses a broad-definition of process-tracing as its core method. A single case does put some constraints on generalisation. To overcome this, the thesis will conceptualise and theorise the findings using a grounded theory approach to theory development with an underlying inductive research logic. By employing an explorative research design coupled with document analysis, to gain access to contextual, rich, and in-depth data on the empirical case, the thesis allows the case to speak, grounding the theoretical framework within the context. It is this theoretical framework I will now go on to present in the next chapter, as well as the models of political accountability processes and the concepts that have informed them.

### 3. Theory: Defining the concepts and conceptualising the chain of events

In this chapter I will present the theoretical framework I will employ to analyse the empirical case introduced above. I will first introduce the main concepts and relevant theoretical perspectives on political accountability, transparency and democracy, as well as the media, data leaks and globalisation. These concepts and perspectives, as well as the data from the empirical case, will inform the two theoretical models of the accountability process that I have constructed. The models will outline the essentialised accountability processes and the ideal types of the social actors who take part in them. The first model, M1, outlines the required circumstances for successful accountability, and the second, M2, for unsuccessful accountability. This theory chapter is divided into two main parts, first the concepts which inform the models are presented, followed by the two models and theories that expand upon the ideal types of social actors. The purpose of this chapter is to establish the theoretical tools for my analysis of the empirical case, where I will compare my case against the models I have constructed. The research questions aim to understand if and how successful accountability processes can be achieved in modern liberal democracies, which is the first concept I will examine.

#### 3.1 Definitions of concepts

Before presenting the two theoretical models, which will be the foundation of the analysis conducted later in this thesis, it is necessary to first define and elaborate on the core concepts which inform the models. The concepts are arrived at through an examination of the case, as well as from a review of existing theory on the topics of this thesis. The first central topic is modern liberal democracies, as it is the context in which the accountability process of the empirical case took place. To discuss the concept of accountability and its definition, it is therefore useful to first define the context it takes place in; modern liberal democracy.

*Modern liberal democracy* is a political system and form of governance. Its legitimacy as a form of governance resides in the people, who, in larger, more complex modern societies, have conceded their political power to elected representatives who make decisions on their behalf (Schiefloe, 2003, p. 432). The modern liberal democracy operates within the scope of liberal ideology, which, to simplify, makes provisions for political, civil and human rights, liberties



and freedoms within the constitution and laws of the particular nation state. Democratic rights and liberties are essential for the legitimacy of democratic institutions, as they defend the rights of the people to freely take part in the processes of the modern liberal democratic state.

Within a representative system of liberal democracy, the elected representatives are responsible for governing on the people's behalf, and in the best interest of the majority which elected them. The mandate the elected representatives hold, is in this thesis understood as a social and moral pact or mutual understanding, through which the representatives commit to promoting and serving the interests of their citizens. The representatives, or the political elite as they will be referred to in this thesis, inhabit the highest positions within political hierarchies, and in these positions, have direct power over important decisions that affect themselves and their citizens. (Mills, 1956, pp. 3-29.). A tension exists between actions that promote the interests of the citizens and the self-interest of the (individual) members of the political elite, and the elites can, in effect of their elevated positions become distanced from public opinion (ibid). The social and moral pact with the citizens implores the political elite to disregard their own self-interests and act on behalf of the common good, whereas their position in power could allow them to protect their own interests instead. The political elite should also not act in detriment to the mandate they have been given, nor be seen to reside above the laws, rules and moral obligations that their society is governed by. It is therefore necessary, in any modern liberal democracy, to have a failsafe in place, a check-and-balance over the power of the political elite, to ensure that the citizens are being legitimately and democratically represented. The process by which the political elite are kept responsive to the will of the people, is what in this thesis is referred to as accountability, and is the purpose of accountability processes within modern liberal democracies.

In the literature on *political accountability*, there is an observable consensus that accountability is a necessary and intrinsic part of democratic functioning (Fukuyama, 2014, p. 1326). There are however, as Bovens (2010) points out, many different definitions and meanings attributed to the concept of accountability. According to Schlosberg (2013) '*In short, accountability is the means by which power is restrained and publicly monitored. It ensures that abuses of power are checked and its scope limited to the pursuit of collective goals based on some measure of public consent or democratic mandate.*' (Schlosberg, 2013, p. 1). At the core, political accountability can be understood as a set of formal mechanisms embedded within the political system of modern liberal democracies (Moncrieffe, 1998). This is understood best in terms of a social and moral pact between the public and the state, where the state is accountable to the

public through *'periodic elections, the extension and exercise of political and civil rights, the input of opposition groups, instituted redress for maladministration and access to information, which facilitates transparency'* (ibid). The understanding of political accountability as a set of institutionalised or 'formal' mechanisms cemented within the structures of the democratic state is, if not a simplified view, a view that allows us to only see accountability within the confines of formal political functioning.

Avenues of accountability that can then remain unexplored are the processes and relations of accountability outside of "real" politics. This thesis, proposes that the definitions of political accountability and accountability processes can be broadened to include social actors and institutions outside of real politics. In other words, this study views the depoliticising of the social actors doing accountability work and accountability relations outside of institutionalised political accountability processes, as a loss of a vital conceptual dimension, where political accountability becomes only a narrow set of institutional mechanisms. Including social institutions, organisations and other social actors and their interactions within the definition of political accountability, will allow an understanding of political accountability as a more dynamic and interactive process, where the accountability work is conducted by social actors who in relation to one another do accountability work outside of institutionalised mechanisms of accountability (Joshi & Houtzager, 2012).

To clarify, this thesis regards accountability as the means by which the political elites of a nation state are kept responsive to the will of the citizens and responsible for their actions. An accountability process is the process by which the political elite is confronted by evidence or suspicions of defying or superseding their mandate, by social actors involved in accountability work with either gathering, processing, investigating, or publishing information on the political elite's actions. It is at this point in the accountability process that the citizens exercise their civil and political rights and demand accountability on the part of the elites. The focus of the accountability process is to extract an account or, in other words, elicit transparency. The secondary purpose of the accountability process is to hold the political elite responsible, whereby the elites are confronted with their legal or moral trespasses and the consequences of these. The consequences should here be understood as an outcome of the accountability process, but they are not determinant of the success/failure of the process, the accountability process is in and of itself a consequence of the political elite's violation of the pact between representatives and citizens.

The consequences or final outcomes of political accountability processes do not equate to the success/failure of the process, but what does put a constraint on and limits the possibility of a political accountability process is the national context which the process takes place in. The accountability process is in many ways confined within the nationally anchored institutions of modern liberal democracy, and in this day and age that fact is increasingly problematic. The challenges facing political accountability processes, and by extension modern liberal democracies, are globalisation and digitalisation.

*Globalisation* is a contested concept, and there are various definitions of what it entails. This study leans on a transformationalist perspective globalisation. The transformationalists hold that there is such a process as globalisation taking place, but it is a multi-directional, “[...] *dynamic and open process that is subject to influence and change.*” (Giddens, 2006, p.62). As far as the nation state is concerned, the transformationalists see a reconstitution and restructuring of power, as national governments respond to the increased interconnectedness of the national and global. The challenge globalisation presents, is in other words a diminishing control over national economy, trade, citizens and other issues of national policy, as these are increasingly interdependent on their global counterparts (ibid). The interconnectedness of the national and the global has also affected the efficiency of national accountability processes, as I have discussed in the introduction of this thesis. The political elite are, due to their position at the top of national hierarchies of power, but also as influential and often wealthy individuals, more globally mobile than the nationally anchored, institutions of the accountability processes that seek to oversee them. The question of how to successfully hold the globally mobile political elite accountable, becomes a question of how can the national accountability process catch up.

*Digitalisation* is another challenge facing the modern liberal democracy and accountability processes, and is linked to globalisation processes. Digitalisation as a concept describes the process by which digital technologies are proliferating, and the change affected by this increased adoption of digital technology on human activities and social life (European Commission, 2015, p. 3). Digitalisation has to be seen in connection with digitisation, a term meaning ‘to make digital’. Digitisation refers to the ever-increasing rates by which information is created or transformed into a digital format. More and more information is made digital every day, and the share volume of information accessible through digital information technologies is almost incomprehensible. A report from the IDC (International Data Corporation) projects that by 2025 the annual rate of data creation will hit 16.3 Zettabytes, or 16 trillion Gigabytes (Reizel, Gantz & Rydning, 2017). This thesis is mainly concerned with the negative

consequences of digitalisation, and how digitalisation can stand in the way of accountability processes in modern liberal democracies. The by-products of digitalisation which are proving the most challenging to the nation state are information overload in terms of the quantity and proliferation of data and information, and secondly the privacy and security that digital technologies can provide today (Greiling & Spraul, 2010). Obtaining data from a source that will not willingly supply it becomes nearly impossible if their digital security is tight enough. The information that is sought after can also be buried under enormous amounts of data, which requires advanced technologies and copious resources and time to operationalise. Information overload implies, in other words, that the supply of information overwhelms the capacity to process it (Eppler & Mengis, 2004). Within the empirical case, both of these digitalisation “by-products” are at play, and work to the political elite’s benefit in shielding information about their private accounts from those who would hold them accountable for tax-evasion or simple hypocrisy. Of these negative effects, two stand out as central to limiting the possibilities for successful accountability processes, namely information overload and ‘digital security’. Information overload describes a trend linked to digitalisation processes and digitisation,

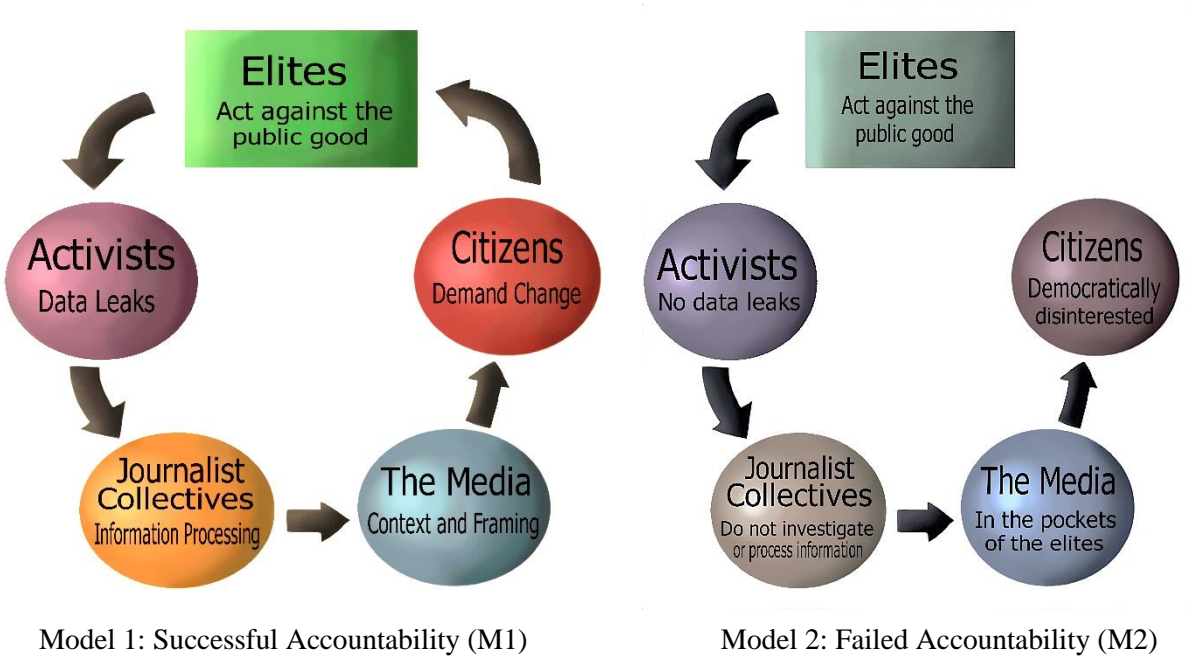
The concepts presented above form the background for the analysis in this thesis, and are, along with the empirical data, the inspiration for the models. The ideal types of social actors are also inspired by more specific theory and literature, which will be addressed in each subchapter.

### **3.2 Models of the accountability process**

To answer the evaluative research question presented earlier, this chapter will outline the two theoretical models which will embody the standard for political accountability processes which the empirical case will be measured against. The models are informed by the concepts outlined in the first part of the theory chapter, and also draw inspiration from the empirical case of Iceland and the Panama papers. The two models are ‘simplified’ chains of events, illustrating a successful and an unsuccessful accountability process respectively. The models thus reflect two opposite sides of a conceived spectrum of accountability processes, where an empirical accountability process could be ‘plotted’ according to level of success.

The models present the social actors involved in the accountability process, and describe the relationship between them. These models represent the social actors as their ideal types (Weber, 1949, pp. 90-96) and are both essentialised versions of empirical social actors, their roles and relations, as well as a conceptual understanding of these based in social theory. The social actors of the models are extrapolated from the literature and from reviewing the empirical case, and

are understood as vital elements to accountability processes in modern liberal democracies in the age of globalisation and digitalisation. In the following paragraphs I will present the actors in the order in which they feature in in the models, beginning with the elites and ending with the citizens. I will also describe the roles each involved party fulfils, within a successful and a failed accountability chain respectively.



### 3.2.1 Political Elites

The term political elite defines a group of people who hold elevated positions of power within the political hierarchy of a society (Mills, 1956, pp.3-5). The political elites are elected by the public to represent them and act on their behalf and as such hold a position of power and influence in society. They are in the capacity of this elevated position also held to certain standards for acceptable behaviours. Acting outside of their purview, in contradiction with their mandate or stated normative and ethical values of their societies, is viewed as acting either unlawfully or morally reproachfully (Djerf-Pierre, Ekstrøm & Johansson, 2013). Should an elected politician be considered as acting in a way that does not reflect the public’s best interests, it will constitute a breach of their contract with the people. According to Allern and Pollack (2012) the most common reasons for political scandal is the unearthing of specific acts which could be seen as norm violations, double-standards or hypocrisy and occasionally the more serious acts of illegal activities. When politicians fail to behave as their citizens

representatives and this is discovered, it will lay a solid foundation for a scandal, and an accountability process to be set in motion (ibid). Changes and challenges which modern liberal democracies face due to globalisation and digitalisation processes, have opened up new avenues for political elites to avoid accountability entanglements.

The premise of the two models I have constructed is that the behaviour of the political elites can be seen as more, or considerably less, “representative” of the people that they represent. Acting against the public’s interests is, within both models, characterised as anything from workplace bullying and extramarital affairs to nepotism, tax-evasion, corruption and even murder. It is natural to start an accountability chain with those who are to be held accountable for their actions, however, the actions themselves are, to a certain degree, less relevant than the fact that the political elite inhabit a position of power from which to take these actions. The context of the act also plays a part in determining whether an accountability process is set in motion or not. What constitutes a morally reproachful act within the American political context might have no impact on an Icelandic politician’s career and vice versa. As for the empirical case this thesis revolves around, the act of tax evasion, is an act that intertwines heavily with the concept of common good, and carries aspects of hypocrisy, illegal activity and norm violation, *within the context of Iceland*. The actions of political elites however, need to be discovered first, for the chain of events to fully begin and a process of accountability to get under way. That is where the activists’ role in the accountability process begins.

### 3.2.2 Activists

The social actors referred to as *activists* in the models, are those who provide the information on the political elite’s actions. The choice of the term activists, instead of the (now) more common whistleblowers, is an attempt to encapsulate a variety in both activities and intentions, although in many aspects the activists as conceived in the models are very similar to whistleblowers. The term *whistleblower* refers specifically to an insider, who has or had access to an organisation’s information detailing some wrong-doing (Olesen, 2018). The whistleblower leaks the information to a third party, not to cause the organisation harm, but to correct their behaviour (ibid). Activism on the other hand has a broader scope and includes various activism activities, but core to the concept is contestation, advocacy and conflict (Ganesh & Zoller, 2012). The ideal type of activists as conceived for the models does distinguish in terms of how the information was accessed, but focuses on the act of leaking as

a means of correcting wrongs, and telling the truth (Olesen, 2018). The act of leaking is here understood as an act of transparency, and activists leak despite a great risk to themselves, in order to bring about social change. After acquiring sensitive data or information the activists either release it to the public themselves or pass it on to a third party who releases it for them. If caught, the activists risk severe consequences to themselves, as can be seen from the cases of previous data leaks (Tate, 2013; Bowers, 2016<sub>2</sub>). Within the model for a successful accountability process, the activists view the benefit of releasing the information as outweighing the risks related to releasing said information. To take such a risk, the activist must necessarily be guided by strong convictions, not only about the importance of the information and the need for transparency, but about the plausibility of the desired outcome of releasing the information, namely a successful accountability process and change. Within the successful model, the activists play a crucial role for achieving a successful accountability outcome, namely discovering the presence of elite wrongdoing and leaking said information to a third party.

In the model for a failed accountability process, there are some varying degrees of failure, but all culminating in the information about the elites' wrong-doing not reaching an interested, and "accountability-minded" third party. Put concisely; the elites' actions remain buried. Reasons for failing to unearth the proof and information of norm violations or illegal activities committed by the elites could be many, and I will discuss them briefly in turn. Firstly, the risks to leaking mentioned above might be considered too severe by the would-be activist, and they decide to not act. Secondly, the sensitive material might be too well concealed or too securely stored for any aspiring activist to get their hands on. Thirdly, the lack of a safe, or value-aligned third party might make the activist reconsider leaking the material with considerations of the little impact it would make. By this I refer to the activist deeming possible outlets they might consider, as either insufficient, biased or complicit and therefore would diminish their goal for someone to be held accountable. The activist seeks to leak the data to a third party they perceive as qualified, but more importantly willing and able to work towards the same goal as the activists, namely transparency and ultimately accountability. That brings us to the third social actor in the accountability chain.

### **3.2.3 Journalist Collectives**

The third social actor I have included in my models is what I have called "Journalist Collectives" but refers to any form of cooperative resource-pooling and collaboration between journalists or other independent investigatory actors who receive the leaked data or information.

As a social actor in the accountability process the journalist collective further investigates the leaked information and more importantly, processes the data so as to make any further use of it, investigative or otherwise, easier and more comprehensive (Sambrook, 2017). To successfully do both, requires vast amounts of resources; resources that the media, in its more traditional forms, does not have access to. The journalist collective does in a sense fill a vacuum, in the area between the activists and the mainstream media. They possess the resources to coordinate and conduct investigative journalism across borders when the data they receive demands it (Sambrook, 2017). In the setting of a failed accountability process the journalist collective is either not involved or does not receive the data for processing and further investigation. It might also, on the other hand, take no interest in undertaking that work on the specific accountability issue the data concerns. In both instances the accountability chain stops there, because mainstream media and individual newsrooms lack the resources to handle the amounts of data provided by the activists. This is increasingly the case for the information accountability processes are concerned with, as processes of digitalisation and globalisation makes that data challenging to manage and obtain. This is especially true concerning the case of this thesis, where the data leak in question deals with the globally spanning networks of the offshore world.

As posited earlier in this chapter, accountability processes are marked by their increasing complexity and the size of the data leaks which, more frequently, initiate these processes, have grown relative to this. Furthering this discussion, these collectives can be understood as a necessary evolution of media practices as a response to the more resource-intensive data driven journalism that processing large data leaks demands. This also relates to the second part of the challenges facing modern liberal democracies, which is linked to increased digitalisation, often manifesting through two contradictory results, information overload and increased digital security. In the case of information overload, the journalist collective's resources allow them to process and organise the vast amounts of data they receive and access the small fractions of it which might be relevant to their investigation. The challenges concerning increased digital security, and especially overcoming it, is primarily the concern of the activists attempting to obtain the information, and in the case of the journalist collective, technology allowing for increased security of data and communication is a benefit to their work. In the empirical case, the journalist collective utilised these new technologies to communicate across borders and exchange information securely. To summarise, in the model of a successful chain of accountability, the role of the journalist collective is to process, assemble and organise the vast



amounts of data they receive from the activists, as well as coordinating further research and investigation of the information the data contains.

### 3.2.4 The Media

The fourth actor presented in the models above is the media. The media, as understood within the framework of the models, includes international, national and local newspapers, television and radio stations. In other words, the media as understood in its traditional sense. The media plays a crucial role in any democracy, and within the context of modern liberal democracies it operates in many ways as the fourth estate of government. As the model for successful accountability illustrates, the media can be understood as a collaborator with or beneficiary of the work performed by the journalist collective in handling the data leaked by the activists. The media then is made aware of or receive the leaked information to publish the stories it contains. In the successful model of an accountability process, the media is responsible for publishing, framing and staging the information in cooperation with the journalist collective who begin to direct the narrative of the stories in the leaked information. Acting as the link between the information source, the investigative journalists and the public, the media also plays a role in facilitating public debate and providing a forum for the public and the politicians to engage with each other.

For a successful accountability outcome to be achieved, the media must embody a typical liberal democratic ideal in the classical sense, which I understand as the media being independent and free, having protection under freedom of speech, as well as providing source protection. They have to be free and willing to not only publish the content of the leaked information, but also do what Djerf-Pierre et.al (2013) refer to as *accountability work*, by confronting the elites with their findings and frame the story in the terminology of an accountability process. In doing so they provide for a public forum where commentators, elites, experts and the public are guided towards a debate of the accountability issues pertaining to the leaked information. Making this information public is only part of their role, as the media also provide the necessary function of making the information accessible through a narrative that inspires such debates.

In the model of a failed accountability process, these democratic functions will not be filled, and exemplifies the opposite “ideal type” to the fourth estate. As M2 states, the media is in the pockets of the elites, and in this model, the elites control the media either through ownership, other financial incentives or by political means, such as abolishing freedom of press and persecution of journalists who further “elite-negative” narratives. The accountability process is

thereby further halted by the media, who is either in cahoots with the elites or intimidated by them, both resulting in a resounding silence about the norm or law violations of the political elites. In both models the accountability process plays out as a series of social relationships where each actor has a role to fill in its own right, and towards the other actors within the chain of accountability. The media is in this sense perhaps the most vital intersection between the different actors and as such has a strong bearing on the outcome of any accountability process.

### 3.2.5 Citizens

The fifth and last social actor included in the models are the citizens, the public of voters, whose elected representatives, the political elites, have failed them. The citizens have voted and chosen their representatives based on policy stances, promises and perceived moral character, and in the belief that their representatives will act in their best interests. In many democratic countries, and especially within Scandinavian liberal democracies, this system of governance has enjoyed the confidence of its citizenry, a trust that in recent years has been declining (Abramowitz, 2018). What makes the citizens interesting, within my constructed models, is when the formal mechanisms for accountability embedded within the system are not sufficient, in their eyes, to ensure that their interests are being honoured.

The citizens have many ways of influencing the accountability process, other than voting, and within the model for successful accountability, they can employ various means to demand and influence change. A conceptual framework for understanding the strategies available to the citizens, is through *exit*, *voice* and *loyalty*, a framework developed by Hirschman for understanding consumers (Dowding, John, Mergoupis & Van Vugt, 2000). As citizens, the exit strategy of leaving the ‘consumer relationship’ is not an option, but they can use voice, and specifically *collective voice* to demand change (ibid). In M1, the citizens are informed of the elites’ norm or law violations through the media, and reactions to this information are reported on as well. Engaging with the public forum for debate around accountability issues, using voice strategies, the citizens influence the narrative of the accountability process and direct it towards the accountable parties. The voiced reactions to the leaked information and the demands that someone should be held accountable is picked up on by the media and published for the elites’ consumption and consideration. In this manner, the citizens make use of the media as a mediator of sorts, between themselves and their elected representatives. This is however only one of several action-avenues open to the citizenry. Another way for the citizens to demand change and accountability, as conceived M1, is through engaging with the elites directly, collectively using the public forums available to them through demonstrations and protest. In liberal

democracies there is a long tradition of an active and collectively organised citizenry, or a civil society, who are democratically competent and experienced. The citizens gather in masses outside parliamentary buildings and other official public and demand re-election, sacking or official investigations of the accountable parties. The premise for such drastic actions is a citizenry that are politically engaged and view the actions of the elites as a severe betrayal of their democratic rights and values.

In the context of a failed accountability process, the citizens are the exact opposite of the active, engaged and informed citizens that are described above. The citizens in M2 could be conceived as having some of these qualities, however, one would exclude the other, and the outcome would be the same failed accountability process. By this I am suggesting that the citizens could be both active and engaged to a certain degree, however they would be uninformed. This means that within the second model, the citizens are literally not informed of the state of their democracy. In other words, the media does not report on the wrongdoing of the elites, no data is leaked and the information is kept from the citizens, who remain unaware of any misconduct. Another instance of failure in M2, is that the citizens are democratically disinterested, in the sense that the published information and leaked data does not elicit a reaction from the citizens, at least not one which would motivate them to protest or demand change. This also speaks of a lack of civil and political involvement, where the actions of the elites are met with indifference and dispassion by the citizens, or choose loyalty and be contentedly malcontent (Dowding, et.al., 2000).

Another site for failure that should be considered, is pervasive distrust in the political system and with democratic procedures on the citizens' part. This is a phenomenon that is seems prevalent in modern democracies, and does in part explain a good chunk of voter apathy and democratic disinterest on the part of citizens. When citizens believe that they cannot affect any real change, that no one will be held accountable and that their contribution to democratic processes means less to nothing, they have no incentive to act, or even react (ibid). In M1 on the other hand, the citizens act under the firm belief that their actions matter, that they can bring about change and hold the elites accountable. The citizens believe that the system inherently works, but that it is a continual process where democracy must be guarded, renewed and restored. This belief is what the first model really signifies. The model for a successful accountability process does not end, it is a loop, and ongoing process that should it stop, it would fail.

### 3.3 Summary

In this chapter I have examined the core theoretical concepts as they relate to the topics of this thesis and the two theoretical models which will provide the standard for accountability process to answer the evaluative research question. The two theoretical models, and the chain of events they represent, are informed by the concepts and inspired by social actor-specific theories and the empirical case. In the analysis in the following chapters, the models will be the foremost tool to examine and make sense of the empirical case. The models will be key to addressing the evaluative research question concerning the relative success of the accountability process in the wake of the Panama Paper's release. Before addressing the evaluative question, the next two chapters will present the empirical data which forms the basis of the two models, and has influenced the theoretical understanding of the research topics this thesis is concerned with.

## 4. Background: Setting the stage for the Panama Papers

This chapter will give brief backdrop for the events of the empirical case and lay out the chain of events prior to, during and after the release of the Panama Papers. I have chosen to include this chapter because of the complex nature of the leak and events surrounding it, and giving a brief overview of the case of Iceland and the Panama-papers will further the understanding of my analysis. This chapter will firstly provide a short background, or backdrop, for the empirical case concerning Iceland and what I consider key aspects of Iceland's recent history. It will also briefly discuss how various threads tying to the financial crisis of 2008 can be understood as related to revelations within the Panama Papers leak. Secondly, the chapter will examine the various "stages" of the Panama Papers leak, alternating between describing the leak in general and the leak as it relates to Iceland. Thirdly, it will examine the events in Iceland in the wake of the release of the Panama Papers, ending the account with the expedited October 2016 parliamentary elections.

### 4.1 Background

Iceland is a small island nation in the North Atlantic Ocean, with a population of 330 000 people. It is the youngest sovereign state of the Nordic countries, but one of the oldest democracies in the region with its parliament, Althingi, dating back to 930 AD (SNL, n.d.). As a modern society, Iceland is often classified alongside other Nordic countries as an example of the Nordic model, or Nordic social democracy. The Nordic Model is a set of characteristics of the organisation of society, but also the values of, and attitude towards society. In public debate the Nordic welfare- and labour model is often referred to in the singular, but it is often more appropriate to speak of a family of Nordic models, both with common features and nation-specific characteristics (Dølvik, 2013, p. 12). For my purposes, an overview of the defining features of the Nordic model will suffice to describe the Icelandic societal organization, which shares many of the characteristics of the "ideal" type that is the Nordic model in singular. The Nordic countries are characterised by their small, open economies, well-developed welfare states and organized labour markets with strong trade unions. One of the reasons that the Nordic model has received so much attention is the marriage of the ideals and values of equality, social solidarity and security, with economic growth and efficiency. Dølvik et.al (2015) say that the

debate about the success of the Nordic model has given rise to a new set of explanations, embracing the notions of trust, social capital and social investments as central to discussions on the models. They emphasize that ‘trust is not only a result, but also an explanation of the social outcomes achieved in the Nordic countries (ibid, p.9).

The Icelandic economy has historically been heavily reliant on the agricultural and fishing sectors, exports of fish representing the largest GDP contributor (SNL, n.d.). In the late 1980s up until the early 2000s, Iceland went through a period of drastic economic, industrial and policy reform. Through coordinated efforts towards innovation, growth and efficiency, policy was implemented to deregulate and privatize the banking sector and other previously government owned institutions and businesses. The three largest banks, Kaupthing, Landsbankinn and Glitnir, as well as other banks and firms, all went public by 2003, following a privatization process that began in 1992 (Sigurjonsson, 2011. P. 28). Private and foreign investors flocked to, and this spurred a period of aggressive global expansion, opening affiliates in Britain, the Netherlands, Belgium and Luxemburg to name a few places. The stock market and the banking sector experienced exponential growth in the late 90s and early 2000s, and their bankers, stock brokers and businessmen hailed as heroes of Iceland, their “financial Vikings” (ibid). The banks were highly leveraged, borrowing huge amounts of money to reinvest. From 2000 to 2007 the bank’s assets grew from 100% of Iceland’s GDP to approximately 900% (Benediktsdóttir, Eggertsson & Þórarinnsson, 2017) . It has been estimated that by the time the bubble burst in 2008 the banks had accumulated € 1,7 billion in debts between them (ibid). The atmosphere in Iceland in the years before the crash could be compared to the gold rush, people sold their houses and livelihoods to partake of the spoils and invest. Some of the bankers took home salaries of €1 million a month. Reykjavik became a city for jetsetters and extravagant spenders, and the common man also got to take part. Annual growth was up, the wages were up, and loans were cheap and risk was low. Many bonds were woven and friendships made in this period, and the rich met the powerful and became the powerful, and all of them were friends. Boardrooms and political meeting-rooms became revolving doors of friends and family of the political and financial elites in Iceland, and it was in these boardrooms and meeting rooms that the Icelandic economy was steered towards bankruptcy (Chartier, 2010, p 99-103).

In the years leading up to the 2008 financial crisis, Iceland underwent many changes in its financial policies, and implemented many steps towards privatization. Many sectors were privatized, including the banks. The Icelandic banks and their financiers went on a massive

international expansion “raid” and for several years lent, invested and borrowed vast amounts of money. The traders, bankers and stock brokers were proudly called Iceland’s financial Vikings, and the financial growth they provided seemed to be limitless (Chartier, 2010, pp. 118-121). However, after a particularly difficult year and with the housing price slump in the US being the straw that broke the camel’s back, Kaupthing, Landsbankinn and Glitnir all collapsed and went into bankruptcy within 3 days of each other in October 2008 (Benediktsdóttir, Eggertsson & Þórarinnsson, 2017). A large part of the problem was that the bank’s dealings, their investing and loaning operations, along with the regulations of these, were handled internationally or within the European Area. This was a problem because the oversight and control bodies, and the lender of last resort, were all nationally situated (Hustad, 2012, p. 112). Holding assets of almost 900 % of the national GDP, the Icelandic Bank (the national bank) had no way of fulfilling their role as lender of last resort. The bubble in Iceland burst violently, and the small nation was in shock.

The IMF were invited to step in and new banks were opened to handle the domestic accounts and needs, but the international affiliates of the banks were shut down and withdrawals and dealings halted. In other words, Iceland drew a line between “Wall Street” and “Main Street”, protecting regular people, so they still had jobs to go to, got their salary and could pay taxes (Hustad, 2012, p. 118). The price for the Icelandic state and its people was high, and the resulting loss of trust in the political and financial system is something that Iceland is still recovering from. Iceland introduced strict capital controls and other regulations, in accordance with advice from the IMF (ibid, p. 112). These regulations have been in effect since the financial crisis, but Iceland has, since 2015, been working towards gradually lessening the capital controls and returning their economy back to where it was before “the bubble”. It is in this same period, when Iceland seems to have left the cloud of the financial crisis behind, that another storm starts brewing on the horizon.

## 4.2 The leak itself

At some point in 2014-2015 Bastian Obermayer, a reporter at the German newspaper *Süddeutsche Zeitung*, received an interesting inquiry. ‘*Hello. This is John Doe. Interested in data?*’ (Farhi, 2016; Obermaier, Obermayer, Wormer, & Jaschensky, 2016). Obermayer replied that he was very interested and upon asking “John Doe” why he was giving them data, “Doe” responded that “*I want to make these crimes public.*” (ibid) This sparked a more than a yearlong investigation of the biggest data leak to date and news stories that would rattle the world. Over

the course of months after first contacting the German newspaper, John Doe leaked over 2,6 terabytes of data to SZ (Obermaier et.al., 2016). Doe's only conditions were that they should never meet and only communicate through encrypted files because his/her/their life was in danger (ibid). At the time of writing John Doe's identity is still unknown. The data John Doe leaked to SZ consisted of approximately 11.5 million documents from the Panamanian law firm Mossack Fonseca (ibid). These documents included around 4.8 million emails, 3 million database formats, 2.1 million PDF, 1.1 million images and 320 thousand text files (ibid). The leaked data includes documents that go as far back as 1977 up until the end of 2015 revealing the shuffling of billion and billions of dollars through shell-companies set up by Mossack Fonseca in tax havens (ibid).

A brief look at the data revealed that SZ had found the largest treasure trove of information to date on the world of off-shore business dealings. The Süddeutsche Zeitung soon realised that they did not have the resources to go through all the data alone, let alone write all the newsworthy stories that the data leak possibly contained. They turned to the International Consortium for Investigative Journalists (ICIJ) and their media partners (ibid). The ICIJ is a project under the US based non-profit Center for Public Integrity (CPI) and has worked on similar projects such as the Offshore Leaks 2013 (260GB), Luxemburg Leaks 2014 (4GB) and Swiss Leaks 2015 (3.3GB) (Farhi, 2016). The Panama Papers leak is one of the largest international journalism collaborations that the ICIJ have handled yet. For over a year, the ICIJ team worked with almost 400 journalists from about 100 media organisations in over 80 different countries. Amongst the media partners are The Guardian, BBC, Le Monde, The Washington Post and other well-established media organisations. There were also many smaller media organisations, as well as independent investigative journalists (Obermayer, et.al. 2016; ICIJ<sub>2</sub>, 2016). During that year, they processed the data, organised it into a searchable database, and coordinated the various investigative teams researching the information and working on the stories that the data contained. In 2016, after working in secret on the project for over a year, they were finally ready to publish the controversial stories the information had yielded.

### **4.3 The release: Iceland and the Panama Papers**

On the 3<sup>rd</sup> of April 2016, the secrets of the off-shore dealings of Mossack Fonseca and their clients went public. The eyes of the world turned to Iceland and Russia where the current heads of state and many of the countries rich and powerful had been tied to the Panama Papers. In Iceland, instead of the scheduled program, a special issue of the television news magazine,



current affairs program and talk show *Kastljós*, aired at 6pm on the national television channel RÚV (*Kastljós*, 2016). *Kastljós* presented the Icelandic people with the details of the data leak and how the journalists involved had investigated the documents. Lastly, to the shame, anger and disbelief of their audiences, how no less than three members of the Icelandic government, the Alþingi, and several members of the City Council of Reykjavik had been tied to secret off-shore companies and holdings registered in tax havens. The episode stated that this was the reason media outlets worldwide were covering the story of the small island nation which featured so prominently in the data leaked from the Panamanian law firm.

The host of *Kastljós*, Helgi Seljan, opens gravely: “*Good evening, and welcome to Kastljós, which tonight is being sent outside of its normal broadcasting hours, but there is a reason for this.*” (ibid, my translation). He goes on to explain that Icelandic ties to the offshore world discovered in the Panama Papers, are the reason why the international media’s attention is focused on Iceland that evening. The special edition of the TV show was created in collaboration with Reykjavik Media, the only Icelandic media partner to the ICIJ and *Süddeutsche Zeitung*. Reykjavik Media’s founder, investigative journalist Jóhannes Kr. Kristjánsson, and his journalist colleague Aðalsteinn Kjartansson were the only Icelandic journalists working directly with the ICIJ and were thus privy to the leaked documents (ICIJ<sub>2</sub>). In the *Kastljós* episode Kristjánsson takes the Icelandic viewers through how Icelandic politicians and elected officials have hidden the ownership of shell companies and their holdings from the Icelandic public and from the financial registries that they should have apprised their assets to. Starting with the most prominent Icelandic name in the leak, Kristjánsson directs the viewers’ attention to Sigmundur David Gunnlaugsson (*Kastljós*, 2016).

In 2014, Icelandic Prime Minister Sigmundur David Gunnlaugsson stood in front of the Icelandic Parliament answering questions from Helgi Hjörvar, Director of Tax Investigations, who had been offered to buy leaked documents from a certain Panamanian law firm. The Swedish tax authorities had bought the information packet, and Hjörvar urged the Parliament to do the same. He firmly stated that: “*We Icelanders must buy this information. Information about corruption, tax evasion and all kinds of misconduct that has been carried out offshore*” (*Kastljós*, 2016). Gunnlaugsson answered with saying that he trusted the Tax Director to evaluate that matter, and added that every avenue must be explored to investigate tax evasion and corruption, as it is very expensive for society (ibid). In the *Kastljós* episode, Kristjánsson points out the fact that the Prime Minister failed to mention to the Parliament that the information they were considering purchasing could contain data linking him and two other

members of his cabinet to off-shore companies registered in tax-havens. In the Panama Papers, journalists found that the Finance Minister Bjarni Benediktsson and the Minister of the Interior Olöf Nordal have ties to shell-companies in tax-havens. The investigation into the leak also uncovered that several other elected officials, members of the City Council of Reykjavik, former top bankers, one high-ranking government advisor and some of Iceland's wealthiest men and women could be tied to off-shore dealings through Mossack Fonseca's internal documents. All in all, the Panama Papers contained over 600 Icelandic names, tied to over 800 shell-companies. For a country of roughly 330 000 inhabitants, this was a shockingly large number (Kastljós, 2016; Obermaier & Obermayer, 2016).

The Icelandic bank, Landsbankinn, was, through their branch in Luxemburg, one of Mossack Fonseca's most regular clients. According to the data, the branch set up over 440 companies off-shore, and is on the top-ten list, when it comes to setting up shell-companies through Mossack Fonseca. Only six banks surpass them, out of 370 international banks mentioned in the documents (Kastljós, 2016). On the list of Mossack Fonseca's clients the investigative journalists found 11 former and current heads of state, not including Gunnlaugsson. Amongst them only four were heads of European countries, Gunnlaugsson being one of the two currently serving heads of state alongside Petro Poroshenko, widely considered one of the world's wealthiest heads of state (ibid). The director of ICIJ, Gerard Ryle explains how revealing the data truly is. He says that the data does not only show one or two former and current world leaders, but dozens. If one includes their families, close friends and "cronies" there are hundreds. This paints a very comprehensive picture of the rich and powerful who use the off-shore world "*to protect their secrets.*" (ibid). The Panama Papers lay bare Gunnlaugsson's connection to a shell-company, Wintris Inc, set up in the British Virgin Isles in 2007. Internal documents show that the company was set up via an attorney, who requested that the shell company from Mossack Fonseca using the Luxemburg branch of Landsbankinn as an intermediary (Obermaier & Obermayer, 2016). Gunnlaugsson had not disclosed his ownership of or the "sale" (1USD) of said company, when he was elected to sit in the Icelandic Parliament, nor did he do so when he was elected prime minister in 2009 (ibid).

The Kastljós episode also features the, now famous, interview Gunnlaugsson gave to a Swedish reporter with SVT's *Uppdrag Granskning*, where Gunnlaugsson is led to believe they will be discussing Iceland's recovery after the 2009 financial crisis. The Swedish journalist broaches the subject of taxes and tax morality in Iceland, and asks Gunnlaugsson what he thinks of people and companies hiding assets in tax havens, to which Gunnlaugsson replies: "*In Iceland [...]*

*society is seen as a big project, that everybody has to take part in. So, when somebody is cheating the rest of society, it is taken very seriously in Iceland.*” (Kastljós, 2016). When confronted about his own company, Wintris Inc, and his signature on documents tied to the shell company, he accuses the interviewer of tricking him, stands up and leaves the interview. Kristjánsson aptly points out that a prime minister needs to be able to answer such questions, and that the interview does make Gunnlaugsson look pretty bad (ibid). This was similarly the case for the other politicians and elected officials named in the episode. They had denied any ties to the off-shore world either through public statements or interviews, and had all abstained from disclosing their shell-companies from financial interest registries (ibid).

#### **4.4 Iceland reacts to the Panama Papers**

Political life in Iceland had been fraught with tension for over a year, with high distrust in the coalition government led by Gunnlaugsson, and earlier corruption allegations and political scandals (not all related to him). A poll conducted on the 20<sup>th</sup> of January 2016 showed that 70% of the Icelandic population did not support the current government. The reactions to the release of the Panama papers were immediate. Thousands of Icelanders took to social media to share their outrage after the broadcast of Kastljós about the offshore holdings of their elected officials on the evening of the 3<sup>rd</sup> April (Iceland monitor, 2016; Jæja & Skiltakarlarinnir, 2016). Their demands were clear, the PM had to go, and the coalition government with him. Protests for the following day were organised via social media, and on the Facebook page of ‘Jæja’, a protest group that since 2014 have organised over twenty larger protests (Jæja n.d.). An online petition demanding the prime minister’s resignation amassed over 28 000 signatures, many of them following the revelations of the Panama Papers (The Telegraph, 2016). Almost 11 000 Icelanders signed up to go to the protest organised for the 4<sup>th</sup> of April outside the Parliament building, on Jæja and Skiltakarlarinnir’s Facebook page for the event (Jæja & Skiltakarlarinnir, 2016). Over 7000 others ticked that they were interested in the event (ibid). The tally for final turnout for the protest varies from 10-20 000 people, which is one of the largest protests in Icelandic history (Hilmarsdóttir, 2016). The protest was held at Austurvellir, the square in front of the parliament building in Reykjavik, where the parliament had just reconvened after their Easter break (Hafstað, 2016). The protesters had signs and banners mocking the hypocrisy of their politicians, demanding the resignation of the PM and the coalition government and immediate elections. Banging on drums, pots and pans and chanting their dismay, the protesters aimed to disrupt the Parliament session, and make their voices heard. The protesters also threw eggs, bananas and yoghurt at the parliament building. Although the protest was loud and messy,

the protesters outraged and determined and the event causing a general disruption in the city centre, the protest remained peaceful with minor police involvement in terms of crowd control (ibid).

The protesters' demands were clear, and chief among them was the prime minister's resignation. Prime Minister Sigmundur David Gunnlaugsson was at the forefront of Icelandic and international media attention in light of the revelations of the Panama Papers, and as such, became the symbol of what was wrong with the current government in Iceland. In the wake of the Kastljós episode on the Panama Papers, Gunnlaugsson was adamant that he had done nothing illegal and that he would not resign as prime minister (Osbourne 2016). This further aggravated the public, and as stated above, over 28 000 Icelanders signed an online petition demanding his resignation. The days following the publications of the stories contained in the Panama Papers were fraught with political tension and uncertainty. Gunnlaugsson initially refusing to step down, he later released a press statement saying he would resign, a statement he then rescinded, all in a very confusing and irregular manner within the span of a few days (Jónsson G. H., 2016). Reportedly, Gunnlaugsson met with President Ólafur Ragnar Grímsson and discussed his own resignation and a vote of no confidence, without first debating the matters with his own political party, his cabinet or his coalition partners (ibid). The president supposedly advised against it, however, the meeting and what was discussed there is very much a matter of speculation, misinformation and confusion (ibid) Confusion and uncertainty are very much the appropriate words to describe the first week of April 2016 in Icelandic politics, however, the following is clear. The mounting pressure from the protesters, the opposition and from his coalition partners did, within a week of the Panama Papers' release, force Gunnlaugsson to resign (ibid). On the 7<sup>th</sup> of April, his successor, Sigurdur Ingi Jóhannsson, previously the Minister for Fisheries and Agriculture, was instated as an interim PM until the next elections. The elections were pushed forward to October 2016, with the date yet to be set. The government and the new Prime minister continued their work, but it was evident that the coalition had taken a big hit, and support for both coalition parties had dwindled significantly.

The parliamentary elections were preceded by the presidential elections, where long incumbent president Ólafur Ragnar Grímsson stood for re-election, having changed his mind about not running due to the political instability in Iceland (Helgason, 2016). The election saw the most candidates ever, amongst them former PM David Oddsson and political historian Gudni Th. Jóhannesson. President Grímsson later changed his mind again, stating that as experienced political candidates had stood forward he would be leaving the presidency in good hands, and

announced that he would not stand for re-election after all. This was coincidentally the same week his wife's family was tied to two offshore companies (Henley, 2016). The winner of the 2016 presidential election was announced the following day as Guðni Th. Jóhannesson, who had run as a politically non-affiliated candidate (Magnúsdóttir, 2016)

After the presidential election, it was time for Iceland to elect their parliament anew, and with it a new government. The expedited parliamentary elections were held on the 29<sup>th</sup> of October 2016 and saw a voter turnout of 79,2%. The winner of the election was the former coalition partner of the previous government, The Independence Party, with 29% of the votes, followed by the Left-Green Movement, with 15,9% of the votes. The election was a significant one for the previously marginal Pirate Party, who with 14,5% of the votes became the third largest political party in Parliament, going up 9,4% from the previous election (Jónsson<sup>2</sup> B.P., 2016). The parliamentary election did, in many ways, not result in the complete renewal of Icelandic politics as the tumultuous time before the election could have suggested, as, after months of deliberation and negotiations, Bjarni Benediktsson took the office of prime minister of Iceland (Sigurþórsdóttir, 2017).

It is at this point in the chain of events in Iceland, with the result of the parliamentary elections, which defines the end of the examination of the empirical case. This chapter has attempted to give a brief background of the context and the chain of events of the case, in preparation for delving deeper into the depths of the empirical data. The following chapter will examine the individuals and organisations involved in the accountability process which took place after the release of the Panama Papers. The structure of the chapter is based on the theoretical models, and will consider each social actor as represented by their real-life counterparts.

## 5. Empirical Data: Examining the social actors of the case

The following chapter will be the first part of the analysis and discussion for this thesis. In this chapter I will explore the empirical case further, briefly introducing the five social actors of the theoretical models before an in-depth review of individuals or organisations, and their actions in the empirical case. The will follow the chain of events of the accountability process as conceived in the models, starting with the political elite and ending with the citizens. The chapter will provide a brief presentation of the essentialised, ideal-type of social actors before giving a detailed description of their empirical counterparts. The purpose of this structure is to allow the simplified theoretical actor, the ideal type, to guide the consideration of the real-life actor within the context of the empirical case.

### 5.1 The Elites

I will start this chapter with the elites, and specifically the political elite. The two theoretical models of the accountability process laid out in the theory chapter above, have one thing in common, and that is that they are both “set in motion” by the elites. The elites are first and foremost the ones being held accountable for their actions, or inaction, as representatives of their citizens and their best interest (Djerf-Pierre, et.al. 2013). The role of the political elites, within modern society is to make decisions on behalf of their citizens, all the while keeping in check or at least balancing their own interests with the interests of their citizens. The elites inhabit the top of the hierarchies of social, political and financial institutions as long as they are favourably seen to succeed at this balancing act (Rasch, 2009, pp. 31-34). This especially holds true for the political elite; whose mandate most clearly states that they are to act on behalf of their electorate and guard the interests of the many. Their power is mediated by this constant tension, accountability the foremost tool to ensure that the social pact between the elites and the citizens is not broken. Accountability necessitates transparency, however, lack of transparency on the part of the political elites can also be the ‘reason’ for an accountability process: as is the case of the Icelandic political elite.

I will discuss four prominent Icelandic politicians and elected officials in relation to their connections with offshore world, as revealed by the Panama Papers. In the following paragraphs, I will examine the actions of some of the more prominent political figures in

Icelandic politics that were named in the Panama papers. Many Icelanders were implicated to off-shore dealings when the Panama papers were released, but I will concern myself with a few, central political figures in Iceland, which I will address in turn. The order is based on the prominence they held in political life in Iceland at the time of the leak, and according to how prominently they figured in the media coverage of the largest data leak in history.

The name that showed up in the leaked documents, which first turned the world's attention towards Iceland, was the only actively serving heads of state in Europe at the time whose name was found in the data. That name was: Sigmundur David Gunnlaugsson, current prime minister of Iceland. Gunnlaugsson was elected to the Icelandic parliament, Althingi, in 2009, and elected as Prime Minister in 2013, in the coalition government between his own party, The Progressive Party, and the Independent Party (Obermaier & Obermayer, 2016). Gunnlaugsson's ties to the offshore world were revealed in the special episode of *Kastljós* on the 3<sup>rd</sup> of April in 2016. The Panama Papers as presented in the episode, ascertain Gunnlaugsson's connection to a shell-company, Wintris Inc, set up in the British Virgin Isles, on Tortola, in 2007. Internal documents show that the company was set up via an attorney, who requested that the shell company from Mossack Fonseca using the Luxemburg branch of Landsbankinn as an intermediary (ibid).

According to an email sent to Mossack Fonseca, Gunnlaugsson and his partner, Anna Sigurlaug Pálsdóttir, were both to have power of attorney, and the shares of the company split in half, with 1000 shares each. In November of 2007, they were both registered as shareholders of the company, but for some reason the registration was backdated to October 7 of the same year (ibid). Wintris then opened an account in London with *Crédit Suisse* in March 2008. The company itself was "located in Tortola, in the British Virgin Islands, it's law firm Mossack Fonseca in Panama, the company's intermediary in Luxemburg and the bank account with a Swiss bank (ibid). In 2009 Gunnlaugsson stepped in as leader of the Progressive Party during a tumultuous time for Icelandic society. Later that year he was also elected to a seat in *Alþingi*, the Icelandic parliament (Obermaier & Obermayer, 2016; *Kastljós* 2016). Sometime around new year, Gunnlaugsson sold his share of Wintris to his future wife. Gunnlaugsson had been a member of Parliament since April of that year, and during that times rules were put in place by the parliament's presidential committee stating that members of parliament must list their financial interests, shares and other assets. At no point during this period did he disclose his ownership of Wintris Inc (*Kastljós*, 2016). Kristjánsson states that his partner, Pálsdóttir, could have easily disclosed his share of the company herself, "in cold, hard cash" as Gunnlaugsson had sold her his share of the company for 1 USD. The sale was dated to the last day of that year,

31<sup>st</sup> of December 2009. The next day new laws came into effect, directly concerning off-shore companies. Since the sale of the company was dated for the last day of 2009, Gunnlaugsson was not obligated to disclose his connection to the company, the company's purpose, its assets or any income it yielded (ibid).

Another politician named in the leaked internal documents is the current prime minister of Iceland, elected in 2017, Bjarni Benediktsson, who was, at the time of the leak, the minister of Finance and Economic Affairs in the coalition government. Bjarni Benediktsson was elected to the Icelandic parliament, Althingi, in 2003, and has since 2009 been the chairman of the Independence Party (Alþingi, 2018). In an interview in *Kastljós* in 2015, in connection with the Icelandic tax authorities wanting to buy leaked documents to uncover tax-evasion, he reiterated that he had never had any business ties to tax havens or shell companies registered in such places (Kastljós, 2016). What was revealed in the panama papers was that he had in fact been a registered as having power of attorney in such a company, Falson & Co, along with two others. As with the former prime minister, the current one, Bjarni, did not register his "ownership" of the company in accordance with the rules of the parliament interest registry enacted in 2009. He claims that the company was inactive, had no loans and no incomes, and that he therefor was not required to register it. The company that Bjarni claims was dismantled in 2008, was according to documents in the Panama papers leak in fact not fully dissolved until October 2012 (ibid).

The third prominent name was that of Júlíus Vífill Íngvarsson, colloquially known only as Júlíus Vífill, at that time a currently serving member of the City Council of Reykjavík. He was, along with the prime minister, one of the few elected officials who resigned, in light of the Panama Papers revelations. There were several names of members of the Reykjavík City Council revealed on the special episode of *Kastljós* as having ties to the offshore world and shell-companies in tax havens. The reason why Júlíus Vífill became a prominent name in the following news-coverage of the Panama Papers in Iceland is threefold. Firstly, he was, at that time, the most experienced city councilman, having served 14 years in total on the city council. Secondly, he was the first elected official to resign after the leaked documents were revealed, and thirdly; he was the one of the few people named in the leak, that had founded an off-shore company in recent years, in his case, in 2014 (Kastljós, 2016). Júlíus Vífill was a representative for the Progressive Party in the Reykjavík City Council, and served as their representative on the council for 14 years in total. In the special episode of *Kastljós*, it was revealed that he had established the off-shore company Silwood Foundation, registered in Panama (ibid). Silwood



Foundation was established through Mossack Fonseca in 2014, and Julius Vífill paid 200 000 ISK into the company (ibid).

What is highlighted about Silwood Foundation in the Kastljós episode is that in establishing it, there seemed to have been taken special care to hide Vífill's ownership of the company. His name and ownership of the company is hidden behind common off-shore entities, with bearers who are registered for the shares of the company (ibid). A month after establishing the company, Vífill's attorney requested, on his behalf, that a bank account should be made ready for the company from the Swiss bank Julius Bär. Júlíus Vífill signed the appropriate documents as the bearer of the share-capital and the actual owner of the company, however, his ownership of Silwood Foundation was so well concealed that the bank's employees could find no connection between him and the company, and could therefore not set up an account for the company with his signature (ibid.) It was therefore necessary to get a certificate from the so-called "shadow-owners" of the company in Panama, the bearers set up by Mossack Fonseca, so that the bank account could be set up. Júlíus Vífill did not register his company according to the rules of financial transparency, which the city councilmembers are obligated to do, and the company Silwood Foundation is nowhere to be found on the web-pages of the city councils financial interests and holdings registry (ibid). He resigned on the 5<sup>th</sup> of April, during the city council meeting that morning (Ingvarsdóttir, 2016).

The last name I am going to address, is a name that was revealed later, as reporters, journalists, and investigators continued combing through the vast data material in the weeks following the first wave of stories on the Panama Papers. Ólafur Ragnar Grímsson was elected president of Iceland in 1996, and has since served for five terms, running unopposed in two re-elections (Tryggvason, 2016). He announced in January of 2016 that he would not run for re-election and a sixth term in office. Amidst the chaos and tumultuous state of affairs after the release of the Panama Papers in April, Grímsson then changed his mind, deciding to run for re-election after all. After Grímsson's U-turn, he gave an interview to CNN, where he stated that Iceland was in need of stability and continuity in light of the political turmoil it was going through (Iceland Monitor, 2016). Upon being questioned about his own finances and that of his family, president Grímsson assured the press and the people that neither he nor his family had any connection to the offshore world and companies in tax havens and that his name or that of his family would not be found in the Panama Papers (ibid). Grímsson spoke of the leak as "a great public service" and "important wake-up call" for politicians, and reiterated that there would be no revelations about him or his family (Bowers, 2016<sub>1</sub>). A week or so later, as more and more names were

found in the leaked documents, it was revealed that Grímson's wife, Dorrit Mousaieffe, was connected to two Swiss bank accounts and an offshore company registered in a tax haven. Grímsson stayed silent on the topic when asked in the media, and has yet to comment on the revelations, that were in fact not from the Panama Papers leak, but from an earlier leak known as the HSBC leak (ibid). Grímsson later withdrew from the presidential election after new candidates emerged that he stated had the requisite political experience for the office (Henley, 2016).

I have discussed the specific details of the Panama Papers leak as it pertains to four of the most influential and prominent politicians and elected officials in Iceland, and as you may have noted, they share some similarities. To summarize, the four political figures discussed above are, amongst other Icelandic politicians and elected officials, those who have been tied to shell-companies registered in known tax-havens. Iceland has since 2009 had rules implemented for increased transparency, rules which require elected parliament members, and elected city officials to register and disclose their financial interests, including any companies that they own or have shares in. None of the politicians mentioned in the leak have registered or disclosed their connections to these tax-haven companies (Kastljós, 2016). The use of shell-companies and off-shore accounts and having said companies registered in tax-havens is not illegal, and does not in and of itself mean there has been any wrongdoing, judicially or otherwise, on the elites' part. However, the regulations for the disclosure of financial interests were not followed, something which is suggestive malfeasance on the political elite's part. Information on the actions of the elites is often hard to find, or uncover, and it was mostly due to the Panama Papers that the actions of Iceland's political elite were brought to light. Bringing us to the next actor in the accountability process: The suppliers of this information.

## **5.2 The Activists**

The social actor or group that I have named "the activists" within the theoretical models are named thus as a reflection of both their role and motivation within the accountability process. The definition of an activist is someone who campaigns to bring about social or political change, and as such activist strikes a chord with the concept of whistleblower, but goes a bit further. The whistleblower is an element of the activists' role within the theoretical model, as someone seeking to correct a wrong by providing information (transparency), often at a great personal cost (Ganesh & Zoller, 2012; Olesen, 2018). The definition of activists in the models relies on mainly two criteria, on the one hand the motivation for acting, and on the other hand, the

understood risk of taking said action. As stated in the theory chapter, the understood risk of and the motivation behind the choice to blow the whistle is central for the choice of conceptualising them as activists. The activists' role in the accountability process is to make the actions of the elites known, either to the media, or to the public in general. This requires the activists to gain access to the revelatory data, and either leak the information to a secondary source or publish the information online or otherwise.

In 2014 the newspaper *Süddeutsche Zeitung* received an interesting query from someone named John Doe, asking "*Are you interested in data?*" (Fahri, 2016). The source of these emails has remained anonymous, and is referred to only as John Doe. The initial contact was in early 2015, when journalist Bastian Obermayer with the German newspaper *Süddeutsche Zeitung* received the message from John Doe (Obermayer & Obermaier, 2016, p. viii). With a few discretional editorial changes from the journalists, to protect their source, the conversation went as follows:

John Doe: "*Hello. This is John Doe. Interested in data? I'm happy to share*"

[*Süddeutsche Zeitung*]: "*We're very interested, of course. How would we get the data?*"

[John Doe]: "*I would like to assist but there are a couple of conditions. You need to understand how dangerous and sensitive this information is. My life is in danger, if my identity is revealed. [...] We will only chat over encrypted channels. No meeting, ever. The choice of stories is obviously up to you.*"

[*Süddeutsche Zeitung*]: "*Why are you doing this?*"

[John Doe]: "*I want to make these crimes public. [...]*"

[*Süddeutsche Zeitung*]: "*How much data are we talking about?*"

[John Doe]: "*More than anything you have ever seen.*"

(Obermayer & Obermaier, 2016, pp. 2- 9, shortened and condensed by me.)

When Obermayer responded that he was very interested in data, John Doe's only conditions were that they only communicate through encrypted channels, and that there would be no face-to-face meeting. Other than that John Doe did not make SZ "agree to any conditions concerning the reporting" of the data of the panama papers (*Süddeutsche Zeitung*, 2016). The Panamanian law-firm, MossFon, claim that the leak is not internal, and that the so-called John Doe hacked them to gain access to their internal documents (BBC, 2016). The source of the leak, self-named John Doe, claimed that his/her life was in danger, and that there would never be a face-face meeting, and that any communication should be conducted through encrypted channels. (Obermayer & Obermaier, 2016, pp. 3). Obermayer, who had the initial contact with John Doe, continued to communicate with him/her over the following months after the initial contact. The

journalist and the source changed means of communicating several times to avoid the communications being intercepted. Whenever they had to change the communication-platform, they would exchange agreed-upon code-phrases and answers, to ensure that they were communication with the right person. (Fahri, 2016).

A month after the release of the Panama Papers, John Doe breaks their silence, and the source behind the leak speaks out in 1'800-word manifesto, published on the 6<sup>th</sup> of May on the webpages of the Süddeutsche Zeitung and the ICIJ (Süddeutsche Zeitung, 2016). In the manifesto, John Doe states that: "*Income inequality is one of the defining issues of our time.*" (ibid). The source of the largest data leak goes on to point to the leaked documents as having at least parts of the answers to why income inequality has only accelerated, due to "[...] *massive, pervasive corruption.*" (ibid). His statement, which was issued to the German newspaper Süddeutsche Zeitung and to the International Consortium of Investigative Journalists (ICIJ) was titled "*The Revolution Will Be Digitized*". John Doe states that it might take years to get to the bottom of the firm's illegal activities, but that action had to be taken to stop Mossack Fonseca, and claims that the documents reveal that the law-firm has repeatedly and with deliberate knowledge violated numerous laws worldwide (ibid).

In the manifesto John Doe emphasises that they have never worked or had any involvement with government or independent intelligence agencies, and that the decision to leak the documents to SZ and the ICIJ was not for any political reason but due to the content of the documents and "the share scale of the injustices they described" (ibid). Furthermore, John Doe claims that there will be numerous legal cases brought about on the basis of the leaked documents, but that the ICIJ and SZ have every right to withhold the documents from any national or international prosecutors. John Doe says they, on the other hand, would willingly aid any law enforcement to the extent that they are able (ibid). John Doe goes on from this, to make a point of how protection for whistleblowers and activists is seriously lacking, referring to the prosecution and legal repercussions for leakers and whistleblowers such as Edward Snowden, Bradley Birkenfeld and Antoine Deltour. John Doe demands that governments should provide legal protection for whistleblowers, or get information from elsewhere (ibid).

As mentioned in the introduction to this subchapter, my definition of an activist lies in the motivation behind leaking the information and the risk that it involves. These two are intrinsically linked, as the motivation for taking action in some way must outweigh the risk of doing so. It is difficult to speculate in John Doe's motivation for leaking the internal files of

Mossack Fonseca, as John Doe is, to this day, unknown. What can be derived from John Doe's statements and indeed their actions will have to suffice for "motive". Seemingly aware of the great risk they were taking, John Doe did leak the Panama Papers, and taking such a risk required a certain conviction that taking action was of great importance. Using that as a foundation, I do not see many reasons to question what John Doe states as the motivation behind the leak and the reason for their actions. As an activist, John Doe sought to make the information public, to enact political change. Whether the information would be for the public's benefit or not however, would depend on how the information was handled. This brings us to the journalist collective.

### **5.3 The Journalist Collective**

The third social actor is the journalist collective. It refers to an informal or formal organisation of journalists, or a network of journalists, collaborating across-borders to cover the same news-stories. This could be described as a method of journalistic work and not as a social actor with agency, however, it can represent as organisations and projects, which can combat the challenges of a globalised digital world. Collaborative or networked journalism is most commonly employed by investigative journalists, who, out of necessity, cooperate across borders and jurisdictions, because their stories and sources are equally mobile (Radu, 2014). Crime, corruption, financial fraud, human rights violations and shell-companies all operate globally, as do matters of war and peace, politics, finance, sports, and most of other human enterprises.

Since the 1990s this method is increasingly features as behind global breaking news and especially in recent years in cases involving data-leaks and data-driven journalism (Sambrook, 2017). The journalist collective can therefore be understood as having a vital role within the accountability processes of modern liberal democracies in the digital age and the age of large scale data-leaks. They represent the collective power of investigative journalism and facilitate cross-border collaboration, as well as 'collectively' providing the resources which are necessary to process and investigate the information within huge data-packets of leaked documents (Sambrook, 2017). Their role is not exclusively to provide the manpower required to undertake such investigative and data-driven tasks, but also include organisation, providing useful technologies, facilitating communication and coordinating the investigative efforts. Within the empirical case, the journalist collective is represented by the ICIJ, which I will now examine further.

The ICIJ is a project under the US based non-profit Center for Public Integrity (CPI) and has worked on similar projects such as the Offshore Leaks (2013, 260GB), Luxemburg Leaks (2014, 4GB) and Swiss Leaks (2015, 3.3 GB) (Farhi, 2016). The Panama Papers leak however is the largest international journalism collaboration that they have handled yet. For over a year, the ICIJ team worked with almost 400 journalists from about 100 media organisations in over 80 different countries. Amongst the media partners are The Guardian, BBC, Le Monde, The Washington Post and other well-established media organisations. There were also many smaller media organisations, as well as independent investigative journalists (ICIJ<sub>2</sub>, 2016). In a video posted along with the overview of the Panama Papers and their content on the SZ's website Bastian Obermayer and Frederik Obermaier, amongst others, speak of how the largest international collaboration of investigative journalists went about researching the enormous data leak. Having brought the ICIJ on board, as well as having talked with The Guardian, BBC and Le Monde, they assembled the teams of investigative journalists who would be working on the project for the next year (Obermaier et al., 2016). After having looked at some of the material within the first pack of the data leak and confirmed that there was ample material to report on, the first part of the job was transform the data into a searchable database. This task was handed over to the ICIJ's Data and Research Unit (Cabra & Kissane, 2016). There were many challenges to working with a leaked data set such as the Panama Papers. The file formats were of varying types, some only scanned images and others in outdated formats, all of which had to be made securely searchable for almost 400 journalists across the globe.

The data also came in batches, 600GB here, and 100GB there, so they had to build incrementally (ibid). In an interview with the journalism tech site Source, data unit team leader Mar Cabra spoke about data journalism and the technology that allowed the ICIJ to “wrangle” the 2,6TB of data into something they could work with (ibid). Having had experience with reverse-engineering databases, processing and indexing documents and OCRing images from previous projects, they employed mostly open source software they were familiar with, only improving the process further. It took a long time to accomplish, and the employment of what Cabra describes as “an army of servers” the data unit made a searchable graph database and using another software the connections between data nodes were visualised. The ICIJ then open sourced the code for their document processing chain created by their web developer in turn (ibid). The ICIJ also needed to create a communication platform, the journalists could communicate securely with each other when working together across borders. All the software the investigative journalism teams used were adapted to be useful for all skillsets, from the

journalists with programming skills to the more traditional investigative journalists (ibid). Having all the tools at their disposal, the journalists could begin working with the material and start researching their stories.

The journalists met a few times during the investigation phase of the project, the core international team had a meeting in Washington to coordinate the massive joint effort the collaboration indeed was, and provide structure and focus for the research. The international team also had meetings in Munich, Lillehammer and London. They put together teams that focused on specific countries that were strongly represented within the dataset, such as Russia and Iceland, teams to focus on various organisations and corporation, and teams that explored other relevant themes present within the data, such as weapons and drug smuggling and money laundering (Obermaier et al., 2016). In the meetings, the journalists were informed to leave their egos at the door, as the collaboration was an exercise in radical sharing, where the scoop of the century was not the secret of one or two journalists, but that of nearly 400 (ibid). After the initial structure and focus of the investigative effort was put in place, the journalists and the teams returned to their respective countries and began their work. In June 2015, the largest international journalist collaboration to date had begun.

The process of investigating the connections in the secret world of off-shore business was tedious and the journalists had to meticulously search through the database, a database that was continuously updated as new information was leaked by John Doe. The data leaked from Mossack Fonseca was organised in folders, one folder per shell company, finally amounting in a staggering number of over 200 000 folders. Some of the folders would contain several thousand documents (Obermaier et al., 2016). To establish links between these companies, what their purpose was, who owned them and who were the “final” beneficiaries of the companies’ holdings, the journalists had to be very thorough. A search would start with a list of names of prominent figures, celebrities, politicians or business executives. The search engines would compare the lists to the 11,5 million documents within minutes, some of the names already yielding workable results. Any discovery was immediately shared on the secure platform, and journalists who were continents apart helped each other piece together vast networks of off-shore dealings that are connected to drugs or weapons trafficking, money-laundering, embezzling and tax evasion (ibid). It is important to note that owning and using shell-companies in tax havens is not in itself illegal, and the investigations into the off-shore dealings of the rich and powerful did not end when they had been connected to the leaked documents.

The next stage of the investigation into any connection to the leak was rigorous cross-checking of the findings with public records, national legislation, other databases and registries (ibid). Coordinating the investigation involved assigning teams and individual journalists to focus on either specific countries, corporations or themes, but also manage the project in terms of progress, results and deadlines. The last month or so before the findings in the Panama Papers were to be published went to confronting the rich and powerful connected to the law firm Mossack Fonseca and the off-shore world (Torset, N.S., Bjørnestad, S., Strøm, J., et.al., 2016). As April of 2016 approached, the international media community tensed at the storm they could feel approaching.

## 5.4 The Media

The media can be defined as organisations and corporations of the mass media that through the various mediums of newspapers, radio, television and the internet communicate with a large number of people (Giddens, 2006, p.286). The media as an institution inform their audiences, employing one or more of the mentioned mediums to do so. The media informs the public on current events, national or global, they inform the public on policy, political action and inaction, or of the state of the national, or global, financial, political, cultural and social institutions. As an institution of their own, the media has often been called the fourth estate (ref), the fourth power of the state, or the watch-dog keeping an eye on the parliament, government and the judicial courts. The media also sets the agenda for public debate, providing a forum and a means of communication between the public and the public's elected representatives, the political elites.

The first hint that something was brewing in Iceland was a seemingly-out-of-nowhere post on Facebook. Anna Sigurlaug Pállsdóttir, the wife of Prime Minister Gunnlaugsson, published a lengthy post on her Facebook-wall, explaining her company, Wintris Inc (Gunnarsson<sup>1</sup>, 2016). In the post, which was the start of what has later in Iceland been dubbed “Wintris-málið” (the Wintris-case), she explains the company's purpose, of holding her inheritance, why it was registered on Tortola, in the British Virgin Islands, and how her husband Gunnlaugsson was accidentally registered for half its shares (ibid., and Kastljós, 2016). This sparked a debate in the Icelandic media concerning ties between politicians and off-shore companies, the reliability of the parliamentary registry of financial interests and rules on financial transparency in general (RÚV – Wintris-málið, 2016). It was clear that a reckoning was coming, as media-outlets in Iceland hinted that several names of high-ranking politicians could soon be implicated with off-



shore dealings. One of the first Icelandic news organisation to be involved with the leaked information known as the Panama papers was Reykjavik Media, and from the beginning only two *Icelandic* journalists worked on the data concerning ties to the offshore world and Iceland: Johannes Kr. Kristjansson, journalist, investigative reporter, founder and editor-in-chief of Reykjavik Media, and his colleague Adalsteinn Kjartansson (ICIJ<sub>2</sub>, 2016). In collaboration with the state-owned television channel RÚV 1 and the journalists of Kastljós, they were the ones to break the news to the Icelandic people. When the Kastljós episode aired on Sunday the 3<sup>rd</sup> of April, it was as if Iceland was holding its breath, finally getting the full picture; fragments of which the Icelandic media had let slip during previous weeks (Kastljós, 2016).

At 6pm on Sunday the 3<sup>rd</sup> of April, a special episode of Kastljós aired on the national broadcasting station RÚV. This extraordinary broadcast, the case of the Panama Papers, the biggest leak in history, told the Icelandic public how their political elite had failed to acknowledge their connections to off-shore companies hiding millions in assets in tax-havens around the world (Kastljós, 2016). The presenter of Kastljós, Helgi Seljan, opens gravely by stating that there is a reason for the special episode sent outside of its regular schedule, and explains that the gaze of the world media would be directed towards Iceland, as their own Prime Minister has been named in the leaked documents (ibid). At the start of the episode Seljan says that despite the financial crisis, investigative commissions, politician's proclamations of more transparency, ethical rules and the financial registries for elected officials, the Icelandic political elites had still failed to own up to their connections to companies in tax havens (ibid). That is, until Kastljós, together with Johannes Kr. Kristjansson and Adalsteinn Kjartansson, asked about these companies in the weeks before the release of the Panama Papers. In the episode, the Icelandic public were first and foremost presented with the politicians and elected officials whose connection to the offshore world had been revealed in the data leak, including their prime minister, two cabinet members and several members of the Reykjavik City council (ibid).

Apart from details concerning the political elite's companies, how they were set up and how the ownership of said companies was kept hidden, one main fact is repeatedly stressed in the Kastljós episode. The politicians and elected officials had failed to register, declare, or in other ways, make public their ties to these companies (ibid). This was especially significant, because despite new rules that require members of parliament to register their financial interests, affiliation with various companies and businesses and their own financial assets, none of the exposed politicians had acknowledge these companies; companies that were registered in known tax havens (ibid). In the Kastljós episode the reporters gave the politicians they

interviewed a chance to explain why they had not declared these companies in the parliamentary or city council registries. Many of the response they received were along the lines of “the company was not active”, or that “it did not have any ongoing business dealings” and so on (ibid). The reporters point out that the registries do not differentiate between active or inactive companies, and that these same politicians had named domestically registered companies which could also be described as inactive (ibid). The point that the episode, and the experts on politics, tax law and history whose commentary added to the voices of the reporters, tried to drive home, was that though the actions of the political elite might not be illegal, they were ethical violations and a breach of the trust their positions should hold.

The first episode of *Kastljós* has been given a lot of space in previous parts of this dissertation, and has received extra attention here as well, as the first broadcast on the Panama Papers in Iceland which set the tone for the subsequent news-stories about the leak as it pertained to Iceland. The leak was big news in Iceland, especially since Iceland, a small country with just over 350 000 inhabitants, was relatively overrepresented in terms of findings from the leaked documents. Over 600 Icelandic names could be tied to over 800 shell companies registered in tax havens through the Panamanian law firm Mossack Fonseca (Kastljós, 2016). The Panama Papers received broad coverage on many different media platforms in Iceland, especially because of the protests in wake of the revelations and the public debate they sparked. The most popular media- and news-outlets in Iceland are the state-run TV station *RÚV*, the TV station *Stöð2*, the daily newspapers *Morgunblaðið* and *Fréttablaðið*, online news-sites such as *mbl.is*, *visir.is* and *dv.is*, and social media. In the days following the special episode of *Kastljós*, Icelandic media exploded with follow-up stories, articles on the specifics of the leaked information as presented in the *Kastljós* episode, and coverage of the anti-government protests at Austurvellir

The media coverage of the Panama Papers leak was focused on the prime minister, finance minister and other named politicians, but a lot of the news-coverage was aimed at informing the public about the specifics of the Panama Papers leak and the state of Icelandic politics as the situation evolved and as protests went on. Online news-sites kept up with the developments at almost hourly intervals in the first few days after the release of the Panama Papers, and the discussion forums, comment sections and chatrooms both on online news-sites and on social media were ablaze with indignation, outrage and disbelief. In short, the Panama Papers leak and the information that was revealed concerning the country’s political elite was the focus of media attention for the next weeks, as well as the protests and political consequences of these

(Hafstað, 2016; Iceland Monitor, 2016; Jónsson, G. H., 2016; Jæja & Skiltakarlarnir, 2016). The media also kept up with the Panama Papers as new names came to light, each new revelation sparking follow-up articles and news-stories. Icelandic media was not alone in reporting the Icelandic ties to the massive leak, as international media focus was directed at Iceland and the protests as events unfolded.

To summarize, the overall tone of the media coverage was set by the Kastljós episode, and the incredulity over the political elites and the indignations of yet again losing faith in the political system and its institutions, was mirrored in the subsequent news-stories from other outlets. The media in Iceland, and the Kastljós episode especially, played an important part in setting the agenda for the public debate and in informing the citizens about the state of affairs in Iceland as the Panama Papers hit the news. I will now go on to examine how the information was received by the citizens of Iceland, in the following subchapter.

## 5.5 The Citizens

The citizens are, as defined in my theory chapter, those with citizenship rights and the voters of a country. In other words, the adult population who are eligible to vote in elections and who are the foundation of the liberal democracy (Bovens, 2010). Their role within democracy is to elect their representatives, representatives who then govern on their behalf and are elected based on their views of what is in the public's best interest. When the elected representatives of the citizens are seen to act against the interests of their electorate, the citizens have several means to hold them accountable. First and foremost, politicians are held accountable through elections, where they are re-elected, or not, based on their performance and adherence to the interest of their electorate. Outside election-times, the citizens must employ other means, to let the political elite know their mind, through engaging in public forums and debates, through the media, and in more extreme cases, such as the one in question in this dissertation, through public protests and demonstration. Using the public forum to show their dissatisfaction with the elites is understood in the theoretical models as using collective voice strategies (Dowding, et.al., 2000).

As stated previously in this thesis, political life in Iceland had strained for a time before the Panama Papers were released, and support for the coalition government led by Gunnlaugsson was dwindling. Polls conducted by MMR, Media and Market Research, shows that trust in the coalition Government had been declining steadily since 2015, with only about 30% of the population supporting the two coalition parties (Iceland Magazine, 2016). At the start of 2016, the coalition parties, the Progressive Party and the Independent Party held the support of only

30% of the population, with the Pirate party enjoying 37% of the public's support (ibid). When the Panama Papers were made public, the trust in political institutions was low, and the outrage and uproar that the release of the Panama Papers caused, was in no way a surprise. The Icelandic public had had enough.

The following days saw some of the largest protests in Icelandic history. The protests outside of Alþingi, the Icelandic parliament building in the heart of Reykjavik, had been on the docket since before the *Kastljós* episode aired on the 3<sup>rd</sup> of April, and was to coincide with the first day of Parliament being back in session after their Easter break (Hilmarsdóttir, 2016). The protest on the 4<sup>th</sup> of April was organized on Facebook, as well as other social media platforms, by protest groups *Jæja* and *Skiltakarlarnir*. On the Facebook-page for the event, which was hosted under "Elections now!", the protesters stated that the coalition government consisting of the Progressive Party and the Independent party no longer had the mandate based in the population required to govern (*Jæja & Skiltakarlarnir*, 2016, my translation). The protesters point out how the government has sold off rights to national resources under value, how national businesses are sold behind closed doors and point out individual MPs that have been implicated in scandals and recent disrepute (ibid). Lastly the protesters touch upon the Panama Papers revelations about the Prime Minister and how this exemplifies the kind of broken system the coalition represents and perpetuates (ibid). On the events posted on Facebook over ten thousand said they would attend, but reports from the organizers suggest that somewhere between 15-20 000 people attended the protest (Hilmarsdóttir, 2016). The first protest in the wake of the Panama Papers revelations was the biggest protest in Icelandic history, filling the square and streets outside the parliament building at Austurvellir. The protest was, despite the number of protesters and the anger the protester displayed, considered a peaceful protest by both the police and the protesters attending. The crowd of protesters was diverse in age, many bringing their children along to be a part of the movement for a new government. The protesters demanded Gunnlaugsson's resignation, immediate elections and a stop to the secrecy and greed of their government. Their frustration with what the protesters considered an untrustworthy political elite was shown on signs, by flinging yoghurt and bananas and by shouting, banging on drums and blowing horns (ibid).

Over the next few days, with rising uncertainty over whether the Prime Minister would step down, who would take over and when new elections would be held, the protesters kept turning up at Austurvellir, outside Political Party headquarters and other government buildings (Hafstaðl, 2016). The protests continued after Gunnlaugsson stepped down, and Vice Chairman

of the Progressive Party Sigurður Ingi Jóhannsson replaced him in the Prime Minister's office. The public was not satisfied with what they saw as only minimal changes to the government, with Gunnlaugsson still being head of the Progressive Party and still a member of parliament. On the 9<sup>th</sup> of April over 14 000 people turned up to the protests at Austurvelli, demanding that elections should be held immediately, that the government should disband and that any MP linked to an offshore company should step down (Dickie, 2016; Hafstað<sub>1</sub>, 2016). The civil movement that the Panama Papers leak sparked, built on the foundation of previous movements, movements of active citizenship that have taken root in the Icelandic culture. Taking to the streets and demanding change has been an effective tool the Icelandic citizens have employed before, previously with similar force during the pots-and-pans revolution in the wake of the financial crisis of 2008 (Hafstað<sub>2</sub>, 2016). The massive and immediate mobilisation by the Icelandic citizens put pressure on the government and parliament to enact political changes, a pressure added to by national and international media interest in the outcome of the Panama Papers scandal in Iceland. This brings us to the consequences of the Panama Papers leak and what they were for Icelandic politicians, Icelandic political life in general and possible changes and consequences that might be seen further down the line.

## 5.6 Consequences

In this subchapter, I will discuss the consequences of the political accountability process that occurred in Iceland, in the wake of the Panama Papers revelations. When I say consequences, I am referring to events that are discernibly linked to the publication of information from the data leak and which were a result of the accountability process the leak was an element of. These events are mostly the immediate consequences that the political elite in Iceland faced after the citizens took to the streets and demanded change, but I will also discuss other developments in the Icelandic political system, such as parliamentary composition, political party structure and the implementation of new regulations for increased transparency. I will follow a narrative structure, starting with the release of the Panama Papers and ending in the October parliamentary election, but also muse a little on other possible consequences that might be more tangible in the future.

The Panama Papers, as they pertained to the Icelandic political elite, revealed that high-ranking politicians and elected officials had failed to disclose their corporate shareholdings and assets hidden behind complex financial structures in tax havens around the world. The first real consequences of the Panama Papers release on the 3<sup>rd</sup> of April were to be seen the very next

day, when the largest public protest in the country's history was mounted outside of the parliament building (Hilmarsdóttir, 2016). Demands of resignations, new elections and a vote of no confidence were shouted from rooftops, written on colourful signs and chanted to drumbeats. The pressure on political institutions was coming to a peak, but earlier that day Sigmundur David Gunnlaugsson had stood his ground in an interview with TV station Stöð2 saying he would not resign, despite the huge number of protestors. He did however apologise to the public for his poor performance in the now famous interview with SVT (Kastljós, 2016). On Tuesday, 5<sup>th</sup> of April Iceland did however see its first elected official tender his resignation. Júlíus Vífill Ingvarsson, Reykjavik City Council member for the Independence Party resigned at the start of a Council Committee meeting on the 5<sup>th</sup> of April (Ingvarsdóttir, 2016). The news did not come as a complete shock to his colleagues, but the abruptness of it was still a surprise (ibid).

As stated above, the days after the first Panama Papers revelations were filled with uncertainty, and this uncertainty was in some part perpetuated by the Prime Minister himself and his office. Gunnlaugsson stated on the 4<sup>th</sup> of April that he would not step down as prime minister, but the following day he posts on Facebook his intentions to dissolve parliament and call for new elections. That same day, Gunnlaugsson meets with President Grímsson to request permission to dissolve parliament, having already made ready all the necessary paperwork. Gunnlaugsson had pushed the meeting with the president up, by two hours, and the fact that his coalition partner, Bjarni Benediktsson, was not present at the meeting nor had been made aware of Gunnlaugsson's intent to dissolve parliament, gave President Grímsson no alternative but to deny the request (Jónsson G. H., 2016). Just a few hours later, it became clear that the Prime Minister's own party were not aware of his plans, but had held a meeting without him and concluded that he should step down after all (ibid). The Progressive Party would however, hold the Prime Minister seat, and the coalition with the Independence Party would stand, as the Progressive Party had chosen their vice chairperson and Minister of Fisheries and Agriculture, Sigurður Ingi Jóhannsson, as Gunnlaugsson's successor (Gunnarsson<sub>2</sub>, 2016). Gunnlaugsson was later ousted as leader of the Progressive Party at their annual party conference, losing by a few votes to the vice chairman of the party, Sigurður Ingi Jóhannsson (Stundin, 2016).

The Parliamentary election was to be held in October of 2016, but before that time, Iceland held their Presidential election. The 2016 Presidential Election in Iceland was held on the 25<sup>th</sup> of June, and the campaigning for the election was already started when the Panama Papers entered the political stage. Candidates for the presidency were surprised by Ólafur Ragnar Grímsson's

decision to run for re-election, having stated that he would be stepping down from the office. In his announcement on the 18<sup>th</sup> of April Grímsson stated that he changed his mind due to Gunnlaugsson's resignation and the massive protests after the Panama Papers were released, claiming that in this time of turbulence and uncertainty, Iceland was in need of stability and strong leadership (Helgason, 2016). Grímsson also stated that he decided to enter the race because he was urged to by many interested parties, and because the candidates that had put their name forth at that time did not enjoy broad support in the electorate. A month later, Grímsson rescinds his candidacy after two experienced and widely supported candidates emerge, namely political historian and professor Guðni Th. Jóhannesson and former Prime Minister and editor in chief of *Morgunblaðið* Davið Oddsson (Henley, 2016).

The presidential election of 2016 saw the most candidates running for the office than any other Presidential election in Icelandic history. At the most, ten candidates were in the running, but in the weeks leading up to the election nine candidates made it through; nine being the final number of official candidates on the ballot. The election was held on the 25<sup>th</sup> of June, and the next day the results were already quite clear, with Guðni Th. Jóhannesson emerging as the victor. Jóhannesson received 39.08% of the votes and became the sixth president of Iceland, and the first new president of the country for twenty years. In second place was Halla Tomasdóttir with 27.93% of the votes, Andri Snær Magnason came in third with 14.26% and in fourth, with 13.75% of the votes, was Davið Oddsson (Ómarsdóttir, 2016). The results of the 2016 presidential election in Iceland were quite telling in terms of what the citizens of Iceland wanted from a leader in the aftermath of the national scandal caused by the Panama Papers' release. The winning candidate, Jóhannesson, was unaffiliated politically, and ran on a platform which addressed responsiveness to citizen demands and a political culture of transparency and accountability. Although the results cannot be said to be directly affected by the revelations of the Panama Papers, Jóhannesson represents a clear shift away from the 'established' political scene in Iceland.

The summer of 2016 was quite exiting for Iceland, not only with the election of its first new president in 20 years, but also with the sensational performance of the Icelandic football team in the European championship. For a while the Panama Papers were forgotten as Iceland celebrated, but, at the end of August, the government had not yet announced a date for new elections, something which did not go unnoticed by the citizens of Iceland. The coalition government, which had limped on in the wake of the Panama Papers and the Gunnlaugsson's dismissal, had postponed setting a date for the expedited parliamentary elections, much to the

frustration of the Icelandic public. Gunnar Bragi Sveinsson, Minister of Fisheries and Agriculture, stated in an interview with RÚV that it would be foolish to announce the date of the elections too far ahead of time. The coalition government had been reluctant to set a date for the elections, due to several pieces of legislation they wished to pass through parliament. Announcing the date, according to Sveinsson, would provide the opposition with the means to delay and further controvert the legislature the coalition government wanted to pass (Jónsson<sub>1</sub>, 2016). Prime minister Sigurður Ingi Johannsson called a meeting of the leaders of the major political parties in Iceland on the 11<sup>th</sup> of August, after which it was announced that parliamentary elections would be held on the 29<sup>th</sup> of October 2016 (Friðriksson, 2016).

The 2016 parliamentary elections in Iceland were held on the 29<sup>th</sup> of October, where the citizens of Iceland would elect the 63 people to represent them in the Icelandic parliament, Allthingi. The election was expedited due to the extraordinary circumstances in the wake of the Panama Papers' release, and culminated in some historically unprecedented results. The final count for the various parties was as follows: The Independence Party 29.1% (21 MPs), The Left-Green Movement 15.8% (10 MPs), The Pirate Party 14.4% (10 MPs), The Progressive Party 11.5% (8 MPs), The Reform Party 10.4% (7 MPs), Bright Future 7.2% (4 MPs) and The Social Democratic Alliance 5.8% (3 MPs) (Jónsson<sub>2</sub> B. P., 2016). The winners of the election, the Independence Party gained two seats compared to the 2013 elections, whereas the other political parties who gained seats were the Left-Green Movement gaining three, the Pirate Party went up by seven, and the Reform Party, a new to enter parliament, also gained seven. The Progressive Party lost eleven seats in their worst election ever, Bright Future lost two seats and the Social Democratic Alliance lost six (ibid).

The 2016 parliamentary election was historic in the sense that it saw the lowest voter turnout in Iceland's recent history, with only 79.2% of the eligible electorate casting their vote. In contrast, the lowest voter turnout before the 2016 election was the election in 1933, during the great recession, where only 70.1% cast their vote (Guðmundsson, 2016). After much deliberation, and many rounds of negotiations involving almost all political parties, the Independence Party entered official talks with the Reform Party and Bright Future (again) on the 2<sup>nd</sup> of January. At the end of the negotiations a three-party coalition government between them was announced. The coalition government would be led by Bjarni Benediktsson, who assumed the office of Prime Minister of Iceland on the 11<sup>th</sup> of January 2017 (Sigurþórsdóttir, 2017).



## 5.7 Summary

In this chapter I have presented the empirical case in as much detail as the scope of this thesis will allow me. The review of the empirical case has followed the structure of the two theoretical models I presented in my theory chapter, and I have as such focused on each of the social actors of the accountability process as they are represented in the empirical case. In contrast to the social actors of the theoretical models, who are essentialised, ideal types, the social actors of the empirical case, their actions and relationships are more complex and diverse. A lot of the work has been gathering and reviewing the data, and structuring it in relation to the chain of events as it presented itself from the case. The focus of this chapter has been to unravel the chain of events of the empirical case, and to examine in-depth the various element and social actors of the accountability process which occurred in Iceland. This is partly to gain a better understanding of the case itself, to address the descriptive research question, but a detailed grasp of the empirical data is also necessary for the next part of my analysis, which will be concerned with the evaluative and constructive research questions.

## 6. Analysis and discussion: Evaluation and lessons learned

The two previous chapters have mainly dealt with answering the descriptive research question, through a thorough examination of the empirical case, and have provided the empirical data for now addressing the evaluative and the constructive research questions. The theoretical models presented in the earlier chapters, which are inspired from theory and informed by the empirical data, represent an analysis and conceptualisation of the accountability processes of the empirical case. Building on this conceptual work, the following chapter will be concerned with what the empirical case can tell us about the possibilities for political accountability in modern representative democracies and how successful accountability processes could be achieved. The purpose of this chapter is to answer the evaluative and the constructive research questions, and through the discussion, lift the empirical case on to a broader theoretical level.

In this chapter, I will firstly apply the two theoretical models directly to the empirical case, with the intension of answering the evaluative research question. This will be done by comparing each of the ‘groups of social actors’ from the empirical case, against the standard which the two models embody. Through this comparison, the case’s position on the conceived spectrum between the two theoretical models can be determined, and the relative success/failure of the political accountability process in the case of Iceland and the Panama Papers can be assessed. Having answered the descriptive research question in previous parts of this thesis, and addressed the evaluative research question in the first half of this chapter, the second half of this chapter will be devoted to discussing the overarching implications of these findings. Through a discussion of what the case of Iceland and the Panama Papers means for the possibility of successful accountability processes in modern representative democracies today, the chapter will address the constructive research question and highlight what can be learned from the Icelandic case. The discussion will firstly, deal with the challenges facing political accountability processes in modern liberal democracies, and secondly, examine how these challenges were met in the empirical case. I will summarize my analysis and review what lessons can be learned from the Icelandic case, before presenting my conclusions and answering my research questions in the final chapter of this thesis.

## 6.1 A successful instance of political accountability?

The two theoretical models are the basis for the main body of the analysis in this thesis, which will be completed in this chapter. Although the models are explained in the theory chapter, a summary will be presented before moving on to situating the empirical case on the conceived spectrum between the models. The theoretical models are to be considered tools to make sense of the overly detailed and complex reality which the empirical data represents. The social actors as they appear in the theoretical models are simplified archetypes, or ideal types, meant to illustrate certain key attributes the social actors can embody in two “extreme” accountability scenarios. The first model, M1, is a model of a successful accountability process, whereas the second model, M2 is for an unsuccessful accountability process. The two models represent the outlying extremes on a conceived spectrum for measuring the success of a political accountability process, making it easier to identify traits and characteristics of cases that fall somewhere in between. By reviewing the different ideal types of social actors in the theoretical models and comparing them to their empirical “counterparts”, the case of Iceland and the Panama Papers can be situated on the spectrum between the models. I will present a very brief overview of the social actors as they are presented in the two models, before comparing these to the social actors of the empirical case, making evaluations as to where on the spectrum between success/failure each social actor could be placed.

### 6.1.1 The Elites

The first social actor in the accountability process are the political elites, who are in positions of (political) power and by inhabiting these positions can choose to safeguard the public’s interests or their own. Within the context of the empirical case, the members of the political elite who were examined, were some of the highest ranking elected officials; the prime minister and the finance minister, a long-standing city council member, and the president. In M1 and M2, the political elites start off the accountability process in a similar fashion, by simply inhabiting the upper echelons of the political hierarchy and by having the freedom of choice between the interests of their citizens and their own self-interest. Accountability processes are a necessary and integral part of any representative democracy, and all that is required for accountability processes to be initiated, is that there is a political elite in positions of power. Accountability processes are about this power needing to be checked and balanced, to ensure that it is used to serve the common good and in the interest of the citizens. What the political elite does, is in other words almost secondary to the positions of power they inhabit when they act.

In the empirical case of Iceland, the political elite's actions were that they failed to inform the correct supervisory bodies and the public, of their (self-)interests, namely their assets in and ownerships of off-shore companies registered in tax-havens. This in turn represented a significant breach of the social and moral pact they held with their citizens, as their representatives. What the violation represented more specifically, was a breach of social democratic tax morality, and as Gunnlaugsson put it, the idea of society as a big project where *everybody* has to contribute (Kastljós, 2016). The fact that the Icelandic political elite had failed to acknowledge and disclose their personal and financial interests, implies that wherever there are people in positions of power there needs to be safeguards in place “checking” the balance of power, even in modern liberal democracies like Iceland. The political elite in the empirical case, do not then succeed or fail in terms of the accountability process, the power they have in the capacity of their elevated positions and the tension of balancing common good interests and their own, is fundamentally what instigates the accountability process. It is, however, worth noting that the political elite in Iceland were not guilty of direct criminal activity nor serious corruption, on the other hand, the actions they were to be held accountable for were personal in nature. The issue was that the separation between their “personal” financial matters and their positions within Icelandic political hierarchies was less than transparent. Their actions are here understood as “elitist”, in the sense that the political elites acting as representatives of the citizens, acted as if above the law and code governing the rest of Icelandic society. The political elite's actions were the opposite of transparent, and to hold them accountable for acting in their own self-interest, their actions would first have to be made public.

### 6.1.2 The Activists

The second group of social actors in the accountability process are the activists, who, in M1, uncover information on the actions of the political elite and relay it to a third party. The activists in M1 do this at a great personal risk, and the motivation to enact political change and to hold the elites accountable must necessarily outweigh this perceived risk. In the negative outcome, M2, the activists either do not gain access to the data, are not sufficiently motivated to take the risk of leaking the information, or are caught and silenced before they manage to relay the information. In the empirical case the actions of the Icelandic political elite were well hidden in complex global networks of international banking, subsidiaries, shell companies, tax havens and the information was buried under mountains of data. To get a hold of the information, to see the full picture, all the data concerning the political elite's actions needed to be gathered. In the case of Iceland and the Panama Papers, the activists are represented by “John Doe”, who

gained access to the data from the internal servers of the law firm Mossack Fonseca. How John Doe got a hold of the information is unknown, as he/she/they remains anonymous. Mossack Fonseca claims that John Doe did not have access to the data from within the law firm, and gained access by illegally hacking their servers (BBC, 2016).

Whether John Doe is a hacker or an insider whistleblower is difficult to say, it could, however, be assumed that some level of technical and digital competence was required, if not to access the data, then at least to relay the data anonymously over encrypted channels to a third party. John Doe took a great risk in acquiring and disseminating the data, which in addition to information on the Icelandic political elite's shell companies and assets, contained evidence of large scale tax fraud, money-laundering and weapon smuggling executed by powerful and/or dangerous individuals and criminal organisations (Obermayer and Obermaier 2016). John Doe aligns quite well with the activists as imagined in M1, where the risk of leaking is outweighed by the motivation to enact political change and holding the responsible parties accountable. John Doe did get a hold of the data and leaked it, in what we can assume was an effort to place the information at the top of the public agenda. John Doe's motivations cannot be stated with absolute certainty however, as he/she/they remain anonymous, but from reviewing the manifesto John Doe released, as well as considering their actions, assuming their motivation was to enact change is not a great leap.

### **6.1.3 The Journalist Collective**

Data leaks have only gotten larger, and to handle the vast amounts of data, the journalists writing the news-stories seek the aid of the journalist collective. The journalist collective is a 'category' of social actor that is not exactly new, but the journalist collective is becoming increasingly vital to contemporary accountability processes. The journalist collective incorporates new technologies and techniques, available to a larger collective of journalists with compounded resources, such as data journalism, data-mining and database creation. In M2, the journalist collective is either not available, does not receive the data or is simply not interested in launching a project to manage and mine the data received from the activists. In M1 the journalist collective is firstly, both available and capable of handling the data load, secondly, receives and is interested in mining the data, and thirdly has resources to delegate to manage the data, make it searchable and to research it. The journalist collective in the empirical case, is represented by the ICIJ and their media collaborators.

The ICIJ were brought in to the loop by the journalists at the *Süddeutsche Zeitung*, who had the initial contact with John Doe and received the first instalments of the data ‘extracted’ from Mossack Fonseca. The ICIJ had almost 400 journalists from various media partners researching the data and working on news-stories, but the work the ICIJ did before that could happen, in managing the data, re-formatting it and assembling it into a searchable database, was their more significant contribution to the accountability process. In many ways, the sheer complexity of the off-shore world and how assets, ownerships and registries are managed and the difficulty of tracing the companies to their ultimate beneficial owner, made the process of organizing and structuring the vast amounts of data challenging and resource intensive. Without the ICIJ’s involvement, that task would have been insurmountable for any individual newsroom. The ICIJ fits well within the parameters of M1, and is perhaps the one social actor in the empirical case that corresponds almost perfectly with their ideal type in M1.

There is, however, a reason for this. The journalist collective is a relatively ‘new’ social actor. As stated in previous chapters, the theoretical models are informed both by theory and the empirical case, and as such, the ICIJ was part of the foundation on which the ideal type ‘the journalist collective’ was built. During the work on this thesis, there has been devoted significant effort to provide contrary perspectives and nuance the assessments of the various social actors, but in the case of the ICIJ and their involvement in the accountability process this proved quite difficult. The information found when reviewing the empirical case, as well as a targeted search looking to nuance the presentation, depicts a news organisation which operates with integrity, has a lot of professional experience and enjoys the respect of the journalistic community. The ICIJ and the journalist collective in M1 are in other words very compatible, and that is a conclusion arrived at after significant effort to prove otherwise.

#### **6.1.4 The Media**

The fourth social actor in the accountability process, the media, is closely related to the journalist collective, as the journalists in the collective are also representatives of their individual newsrooms. The media however, in a much bigger capacity than the journalist collective, are the conduit between the citizens and the political elite, and are the main source of information for the citizens on how their elected representatives have honoured their mandate. In M1, the media reports on the information gathered from the data leak and places it at the top of the public agenda. The media also facilitate public debate and direct the public’s attention to the important issues contained within the information through the way the media frames the news stories. In M2 the media is not free to publish the stories they wish to, or are otherwise in the pockets

of the political elite. In this scenario, the media does not publish the information from the leaked data, does not make it “priority news” and does not frame it in a way that is conducive to public debate.

In the empirical case, the Icelandic citizens were informed of the Panama Papers, the data leak and the information it contained on Sunday evening the 3<sup>rd</sup> of April, getting the full picture of how their elected representative were linked to off-shore companies registered in tax-havens. All the information was not however, new information, but the *Kastljós* episode placed the actions of the Icelandic political elite at the top of the public agenda. The tone and the framing of the news-story on the Panama Papers and the Icelandic elite was also set by the *Kastljós* episode, where the actions of the political elite of Iceland were seen as serving their own self-interests counter to that of the people they represent (Kastljós, 2016). The Icelandic media also acted as a public forum, but it was especially social media which was used as a means for public debate and mobilizing the citizens. The Icelandic media and their coverage of the Panama Papers aligns close to M1 on the spectrum between the models. The media in Iceland were firstly, free to inform the public of the elite’s actions. Secondly, media outlets and news programs in Iceland, and especially the *Kastljós* episode, directed the public debate towards accountability issues through how they framed the information. However, the framing of the Panama Papers stories in the Icelandic media was mostly episodic in nature, rather than thematic. Episodic framing directs the attention to individuals or groups as the focus of accountability, and larger social, historical or political structural problems are thus often ignored (Iyengar, 1996). As stated above, the Icelandic media fulfilled their role quite similarly to their corresponding ideal type in M1, by providing the citizens with the relevant information and framing that information to facilitate public debate and citizen mobilisation, although the framing was more focused on individuals and less on larger structural causes of the issues.

### 6.1.5 The Citizens

The final group of social actors in the models of the accountability process, are the citizens meaning the electorate or the public of a nation state, depending on the forum. The citizens, as conceived in M1, are informed of the political elite’s actions through the media, and through the media the citizens interact and react to the information together. Social media, especially, is utilized in this interaction with the information, and in further raising awareness in the citizenry to the political elite’s actions. The citizens react to the information, and use the public forum to mobilise, either around formal accountability processes such as elections and similar political participation, or through more “informal” channels such as (peaceful) protests,

signature petitions and demonstrations, using collective voice (Dowding, et.al., 2000). In M2, the citizens either not made aware of the information about the elites' questionable actions against the common good, or are democratically disinterested and choose loyalty over voice (ibid). In extreme circumstances, totalitarian regimes for instance, the citizens are not allowed to display their displeasure with the political elites in a public forum. In this scenario, there is also a lack of the formal political accountability processes, and the public is not able to hold the political elites accountable through elections, as elections might be rigged or not held.

Within the empirical case the Icelandic citizens are not difficult to place on the spectrum between the two models. They *almost* exceed the parameters of their counterpart in the M1, with immediate, vehement and extraordinary public mobilization. The day after the first news of the Panama Papers broke on Iceland, 15-20 000 people attended a protest outside the Icelandic parliament *Althingi* in the centre of Reykjavik, using collective voice to influence change (Dowding, et.al., 2000). Mobilizing through social media, the citizens of Iceland kept protesting until new elections were held, or until the formal accountability processes took over. The participation did however vary significantly, and civic engagement fluctuated periodically from the Panama Papers' release to the time of the parliamentary elections. The results of the parliamentary elections do also speak for themselves, and shows a divided and fragmented electorate, with 'varying degrees of indignation' over the Panama Papers revelations, where quite a few citizens could be said to choose loyalty over voice (Dowding, et.al., 2000). The citizens of Iceland can still be placed very close to M1 on the spectrum between the models, fulfilling their role as envisioned in M1 and bringing the accountability process full circle.

### 6.1.6 Consequences

When the accountability process has been completed, the success or failure of it is often measured in the results it has yielded in terms of consequences for the political elite. In M2, the accountability process does not affect the political elites in any significant manner and at the most negative end of the spectrum accountability processes are nowhere near being fulfilled, let alone close to engendering consequences for the political elites. In M1 however, the political accountability process has come to full fruition, and this results in tangible consequences for the political elite. Of these consequences, the immediate consequences which the political elites face, such as formal hearings, votes of no-confidence and forced resignations, are often viewed as the 'ultimate' result, and the purpose of, the political accountability process.



In the case of Iceland, the most visible immediate consequence of the accountability process was the prime minister's resignations, as well as that of a prominent city council member. The protests and the decision to hold expedited parliamentary elections, are also among the immediate consequences of the accountability process in Iceland. The resignation and fall from grace of the prime minister was the most visible, but formal inquiries of other members of the political elite were instigated, political party hierarchies shifted, as did the electorate distribution between the political parties. However, some members of the political elite in Iceland were not publicly or formally sanctioned, and their actions were forgotten or forgiven. The results of the 2016 parliamentary elections showed a divided citizenry, voicing varying degrees of indignation over the political elite's actions.

The long-term consequences of the accountability process in Iceland are similarly a mixed basket. Bjarni Benediktsson, who became prime minister after the 2016 elections, retained his political standing despite being linked to the Panama Papers, and Sigmundur David Gunnlaugsson is back on the Icelandic political scene, albeit with a new political party (Sigurþórsdóttir, 2017 and Olgeirsson, 2017). On the other hand, there are steps being taken in Iceland, to change regulations and enact stricter guidelines to avoid similar transparency failures such as the Panama Papers revealed. The political landscape in Iceland was shaken by the release of the Panama Papers, but it is still too soon to say how the dust will finally settle, and how the political elite will fare in the future.

### **6.1.7 A tempered success, but success none the less**

The purpose of the discussion above, and the comparison of the empirical social actors to their corresponding ideal types in the theoretical models, has been to address the evaluative research question. The findings from the comparison are firstly, that the accountability process which took place in Iceland, was quite successful. Secondly, the review of the social actors who contributed to the accountability process in the empirical case, shows that they fulfilled their roles and can be placed towards the successful end of the conceived spectrum between the models. The main success of the accountability process in empirical case was the completion of the accountability cycle, where each social actor contributed to the forward momentum of process, and the chain of events progressed sequentially through the necessary steps of the process as conceived in the models. The success of the accountability process in Iceland was, in other words, a series of successes within each stage of the process. All the social actors succeeded, to a varying degree, in fulfilling their roles similarly to their ideal types in M1, contributing to the accountability effort.

The accountability process was also successful in the sense that it resulted in sanctions and tangible consequences for the political elite in Iceland. There were some very visible consequences, such as resignations and expedited elections, however, the accountability process was not as impactful as the immediate consequences would suggest. The somewhat mixed results of the accountability process' final outcomes, which the parliamentary elections are an example of, also temper the assessment of another aspect of the accountability process' success. Accountability processes, as discussed in previous chapters, can also be considered successful when the fact that they will be set in motion and fulfilled, acts as a deterrent and a strong reminder to the political elite. It reminds them that there are checks and balances in place to keep them responsive to the citizens, and hold them responsible for their actions. (Bovens, 2007, p.453). The fact that the accountability process in Iceland affected some political changes and consequences for some members of the political elite but not others, can be construed to limit the effect the process can have as a deterrent and control mechanism for the political elite's power.

The accountability process which took place in Iceland, if measured in outcomes, short-term and long-term consequences, can in other words be said to only be a moderate success, and some would argue, not much of a success at all (Kristjánsson, 2016). The accountability process itself was however, rather successful. The accountability process in Iceland managed to succeed in each step of the cycle as envisioned in the models, and despite the challenges facing accountability processes in modern liberal democracies, each of the social actors in the empirical case succeeded in fulfilling their role on driving the process forward. What follows on from a successful accountability process, or what can be learned from the empirical case, is what will be discussed next, as I address the constructive research question.

## **6.2 Lessons from the empirical case**

Having determined that the accountability process of the empirical case was a relatively successful accountability process, it is relevant to discuss the ramifications of such a success. This subchapter will focus on addressing the constructive research question, on what can be learned from the empirical case. In examining this, the question being asked is essentially "what is this a case of?". The following paragraphs will therefore deal firstly, with the challenges facing political accountability processes in modern liberal democracies, and secondly, how these challenges were overcome in the empirical case. The discussion will concern the constructive research question under the assumption that the 'lessons of the empirical case' are

how a successful accountability process can be achieved, in spite of the challenges globalisation and digitalisation present.

### **6.2.1 Globalisation: Runaway political elites and the offshore world**

Accountability processes are a staple of modern liberal democracies, and are in place as a response to the uneven distribution of power through representation. As long as there are individuals who hold elevated positions within political hierarchies, there is a possibility for them to ‘abuse’ these positions, and a need to keep them accountable if they do. That the political elites in Iceland had access to a global financial network of complex structures shrouded in secrecy (the offshore world), is one of the main challenge facing the political accountability process in the empirical case. The accountability process is based within the nation state; in parliament, the courts, the media and other national institutions, as well as in the nation state’s citizenry. These national institutions have, in general, sufficed to hold political elites accountable, however many modern liberal democracies now face challenges that are difficult for the nation-state based accountability process to overcome. There is a tension between what happens within the territories of the nation state, and what happens on the global arena, which can be construed as resulting from the processes of globalisation.

Globalisation concerns accountability processes, as the accountability process and its main institutions are nationally situated, but the political elites that would be held accountable, are not equally restricted to the nation state in their agency. In the empirical case of Iceland and the Panama Papers, the political elite had access to and employed the complex networks of the global economy of the offshore world, placing their money and their secrets in so called tax havens, fiscal paradises which span the globe. There, in countries such as Panama, the nation state which is home to the political elite in question, has no sovereignty that trumps the sovereignty of Panama, meaning that there is no easy way for them to claim any information on, or compensation for, lost tax revenue and illegal activities. What is observably happening is that the political elites act as consumers at a global level, much like financial elites and international corporations and organisations, shopping around the world for the most forgiving taxation levels and fiscal policies, and where needed, a non-disclosure policy protected under national sovereignty (Obermayer & Obermaier 2016). National treasuries and tax regulatory bodies are very limited in pursuing those who choose to invest, save or move their money through the arrangements offered by law firms, such as Mossack Fonseca, and other “expert monetary managers” in tax havens around the world.

The diminished agency of the nation state is problematic in many ways, especially when it comes to maintaining a welfare state, which many nation states fund through tax revenue (Varian, 1995). This tax revenue is in many countries dwindling, largely due legal tax avoidance and illegal tax evasion, both of which featured prominently in the Panama Paper documents. In many representative democracies which provide for their citizens through the welfare state, there is a narrative connected to tax morality, which is seen as a social contract, or a social responsibility. The former Prime Minister of Iceland, David Gunnlaugsson, described it quite succinctly in the interview with SVT. *“We attach a lot of importance to everybody paying his share. [...] Society is seen as a big project that everybody needs to take part in.”* (Gunnlaugsson, in Kastljós, 2016).

The problems posed by globalisation processes in general, and tax havens specifically, are that national agency is being limited, and this limited agency again effects the possibilities for political accountability processes, which are nationally situated. In the empirical case, the Icelandic state could not find out about, nor gain access to, information on the political elite’s actions, which were concealed and protected by Panama’s national sovereignty. Tax authorities in Iceland had no way of knowing who owned or held assets in shell companies in tax havens, and no way of knowing if members of the political elite had accounted for their assets and been correctly taxed. Globalisation poses a challenge to political accountability processes in terms of transparency, where gaining access to the information proves problematic due to the national situation of the accountability process. How this challenge was overcome in the empirical case will be discussed later, but before that, the second challenge facing accountability processes will be addressed.

### **6.2.2 Digitalisation: Information overload and digital security**

Digitalisation, as stated in previous chapters, describes the proliferation and adoption of digital technologies, and akin to globalisation is a ‘diagnosis of the times’ we live in. Information and communication technologies are a part of everyday life, and the ways in which digitalisation affects human activity can present many opportunities and challenges. For the purposes of this study, digitalisation is understood as presenting modern liberal democracies with certain challenges when it comes to achieving successful accountability processes. Two of these challenges will be dealt with in the following paragraphs, and are information overload, and, in certain contexts, digital security.

Information overload relates to the overwhelming amount of information available to the social actors of the accountability process, making extraction of relevant information difficult. In the empirical case, finding the crucial and relevant information became a matter of processing and operationalising the large amounts of data. The increasing size of recent data leaks, where the amount of data has gone from kilobytes, to the Panama Papers leak that numbered in over 2 terabytes of data (Obermaier et.al. 2016). The increasing size of data leaks is a result of digitalisation, as more and more information is made digital and digital technologies permeate every industry. Out of necessity, the activists must therefore gain access to, extract and leak large amounts of data in order to make transparent all the relevant information needed for the accountability process. In other words, those who seek to then use the information, are hindered by too much data of relatively low quality (Greiling & Spraul, 2010). Information overload thus poses a challenge to accountability processes, as the surplus of information makes the work of the social actors in ‘refining’ the information time-consuming and costly.

In the accountability process as conceived in the theoretical models, activists leak the data on the political elite’s actions to a third party, usually individual journalists or newsrooms. Processing and operationalising the amount of data in recent data leaks however, can often supersede the resources of these individual media actors. Data journalism is not a new approach to investigative journalism, however the increasing amount of digital data which needs to be codified, unified in format, stored and made searchable requires resources in form of time, technologies and expertise, which smaller media actors and organisations might lack (Fink & Andersson 2015).

Dealing with digital information in large quantities is challenging, as the discussion above has pointed out. On a related note, protecting that information and storing it securely in the digital age, can be just as challenging. In the empirical case, the information on the political elite’s actions was protected from the other social actors of the accountability process mainly by the national sovereignty of Panama, as the home of the law firm Mossack Fonseca. It should be assumed however, that Mossack Fonseca also protected the information, by storing the data on their internal servers, protected by digital security measures. To gain access to the information which later became known as the Panama Papers, the activist had to somehow penetrate the internal servers of the law firm. If Mossack Fonseca are to be believed, John Doe acquired the information by hacking the firm (illegally), overpowering or circumventing their digital security (BBC, 2016). Assuming that hacking was involved in acquiring the information on the

political elite's actions, it also follows that the digital security protecting the information can be construed as a hindrance to accountability process.

The challenges discussed above are a core element of what the case of Iceland and the Panama Papers is a case of, and are intrinsic to what I propose are the main lessons which can be learnt from the case; how these challenges were overcome. In the two following sub-chapters, I will therefore examine how the accountability process of the empirical case overcame the challenges of globalisation and digitalisation, before providing a brief summary of this chapter.

### **6.2.3 The activists: Catching up to globalisation and the elites**

The political elite of Iceland represent a globalised elite, able to operate outside the “real” and digital boundaries of their nation state, whereas the accountability process struggles to keep up due to the nation state's increasingly limited agency. The challenge facing the social actors in the empirical case, who strove to hold the political elite accountable, was how to catch up with their global reach. The core of the problem was that the information on the political elite's actions, was protected under the national sovereignty of the individual tax havens they had employed. To hold the political elite accountable, their actions do first have to be made transparent. In the empirical case of Iceland and the Panama Papers, the social actors in the accountability chain managed to penetrate the offshore world's secrecy and complexity, allowing the accountability process to catch up with the globalised elite. Central to catching up with the elite and making their actions transparent, was the activist John Doe.

In 2014, John Doe began leaking the data which became the Panama Papers to journalists at the *Süddeutsche Zeitung*. The data came from Mossack Fonseca, one of the biggest international players in the industry of creating and ‘managing’ shell companies. From John Doe's manifesto, it is evident that the activist had a certain awareness of Mossack Fonseca's activities, and that of the firm's owners and clientele. According to John Doe, Mossack Fonseca was associated with large scale tax evasion, but also far more serious crimes. Doe states: *I decided to expose Mossack Fonseca because I thought its founders, employees and clients should have to answer for their roles in these crimes [...]* (*Süddeutsche Zeitung*, 2016). In other words, John Doe targeted Mossack Fonseca, as the activist suspected the firm held information which would lead to its owners and their clients being held accountable for their actions. There was a significant risk associated with leaking the documents, which John Doe points out by referring to the fate of other leakers in the manifesto (*ibid*). We can, however, assume from John Doe's actions, that this risk was outweighed by the wish to make the information from Mossack Fonseca public

and to set in motion an accountability process. By pursuing Mossack Fonseca, and the information on their activities and that of their clients, John Doe succeeded in allowing nationally situated accountability processes to catch up to the globalised political elites. What the case shows is that to overcome the challenges of globalisation in modern political accountability processes, a new type of social actors needs to be incorporated into the process. The activists enter the chain of events at an already existing stage of the accountability process, the “account-giving” or transparency stage. Here the activists play a vital role, as they can gain access to information which is out of reach of the nationally situated institutions of modern, liberal democratic nation-state. The activists as social actors in accountability process are not a new discovery, but what the empirical case demonstrates, is that they are essential to catching up to the globalised political elites.

#### **6.2.4 The journalist collective: Handling digitalisation and the data**

Political accountability processes in modern liberal democracy are, as the discussion above has shown, more and more reliant on activist and the data they leak, to make transparent the actions of the political elites. Data leaks are also, in measure with digitalisation, becoming increasingly larger, putting pressure on the political accountability process. The challenge of information overload is the ability to handle data due to the share volume of it, as well as the difficulty in operationalising the data to extract relevant information to the accountability process. The crux of the problem is that dealing with the amounts of data which are being leaked is highly resource intensive. To utilize the data from the activists, the accountability process need a ‘resourceful’ social actor which can bear the costs of handling the data and extract the critical information.

In the empirical case, the activist John Doe approached the *Süddeutsche Zeitung* with the data, but upon receiving a portion of it and learning that there was a lot more, the journalists at the newspaper got in touch with the ICIJ. The ICIJ has handled several data leaks since the project was started by the Center of Public Integrity, and through their work acquired both the technological capabilities and the expertise to process and investigate large amounts of data (Cabra 2017 and ICIJ<sub>4</sub>, 2017). Upon receiving the data, which would amount to over 2.6 terabytes, the ICIJ had to convert the data into uniform and then useable digital information. The ICIJ made the data searchable for the journalists working on the project, allowing them to follow up on names and related stories found in the data. without the resources the ICIJ provided, the data would, in other words, have become a problem of information overload for the accountability process.

The journalist collective does also in some respect address the problem of globalisation, as a large part of their role is also to facilitate cross-border co-operation between the journalists and new-rooms from different countries. Journalism is traditionally a highly competitive industry, where journalists guard their data, research and stories zealously (Sambrook, 2017). Globalisation, however, has made it increasingly difficult for journalists pursuing their stories to operate solely within the context of just one nation state, as many issues now have a global connection. The ICIJ worked with over 400 journalists on the project, with media partner from all over the globe, and encouraged the sharing of information and stories between them (Farhi, 2016). Collaborative journalism such as this manages to pool resources and investigative power, to pursue stories and information across borders.

The journalist collective does not represent a new social actor to the political accountability process, rather it is made up of 'traditional' media actors. The journalist collective is just that, a collective of journalists, who use modern digital techniques and technologies and believe in journalistically radical notion; cooperation. As a whole, the journalist collective incorporates a new and highly crucial stage to the political accountability process, concerned with processing, managing and organising data and the investigation of said data. In step with digitisation, data leaks, and other sources of information making the elites' actions transparent are growing larger and more complex. To overcome the challenge of information overload, the processing and operationalising of the data in this stage of the accountability process, which the journalist collective resources allow them to do, means that journalists can extract relevant information from the data and further investigate

### **6.2.5. Summary**

The two social actors presented above are both key to the achievement of the successful accountability process in the empirical case, and show that there are ways in which modern liberal democracies can overcome the challenges posed by globalisation and digitalisation. The accountability process in the case of Iceland and the Panama Papers would however not have been as successful had not all of the social actors contributed to the accountability work. By each fulfilling their role, the accountability process was completed, which is the foremost success of the process in the empirical case. The activists and the journalist collective are not new social actors to accountability processes, but as data leaks are more commonly a source of information when transparency is lacking, these two social actors will play a larger part in the accountability processes in modern liberal democracies. The



## 7. Conclusion: Findings, the research process, and final remarks

This thesis has dealt with the case of Iceland and the Panama papers, and how the accountability process which took place in Iceland after the Panama Papers' release can be understood and learnt from. This chapter will firstly, refer to the main research question and the three research sub-questions which are the foundation of this study. Secondly, the chapter will highlight the conclusion drawn based on the research and theoretical work on this case. Thirdly, I will give a brief summary of the key aspects of the research process, and reflect on the study as a whole. Lastly, some final remarks and ruminations on the possibilities for further research based on the knowledge produced in this thesis.

### 7.1 The research questions

This thesis is a sociological case study utilising an explorative research design underpinned by an inductive research logic. The purpose of this research project has first and foremost been to generate knowledge on, and examine, the possibilities for successful accountability processes in modern liberal democracies. Based on the case of Iceland and the Panama Papers, this thesis has endeavoured to understand and explain the accountability process of the case and provide a wider context for that knowledge. The design of this thesis is based on the set of research questions presented in the introduction, divided into one general research question and three sub-categories of research questions. The sub-questions aim at exploring and addressing different parts of the main research question and the categorisation of them is inspired by Kalleberg's (1996) categorisation of research questions, namely descriptive, evaluative and constructive questions. The main research question which this study has been conducted on:

**Using the release of the Panama Papers and Iceland as my case, is it still possible in the age of globalisation and digitalisation for contemporary liberal democracies to hold political elites accountable?**

This general research questions encapsulates the empirical case and the intertwined topics which this thesis has aimed to explore and explain. In the chapters above, I have delved into the intricacies of a modern accountability process and examined the social actors relevant to this process to answer this core, general research question. The exploration and analysis of the case is conducted through a focus addressing each element of the general research question through

the three narrower research questions. First of these research questions is the *descriptive* question:

**What happened in Iceland in the years 2016-2017 prior to, during and after the release of the Panama Papers?**

The second research question is the *evaluative* question:

**Measured against a standard for political accountability processes in liberal democracies, how successful was the Icelandic case in holding the political elites accountable?**

The third and final research question is the *constructive* question:

**What can be learned from the Icelandic case, about holding political elites accountable in modern liberal democracies?**

## 7.2 My findings

Having re-introduced the research questions this thesis has been concerned with, I will address them in turn, starting with the descriptive research question, then the evaluative, followed by the constructive and present the findings and conclusions I have drawn from them. Lastly, the conclusions to the overarching main research question will be discussed before the research process by which the conclusions were arrived at will be summarised and reflected on. (more?)

### 7.2.1 The descriptive research question

The *descriptive* research question is concerned with the chain of events of the empirical case and the social actors involved. To answer the question simply, what took place in Iceland was a political accountability process. The chain of events were the actions and reactions of the social actors of this accountability processes, both prior to, during and after release of the Panama Papers. The exploration of the empirical case shows that members of the Icelandic political elite utilised shell companies registered in tax havens, to hold and conceal considerable financial assets. The political elite then failed to make their ties to these offshore companies known, both in compulsory financial interest registries for elected representatives and to the citizens who elected them. The information on the political elite's actions was then 'retrieved' and leaked to the *Süddeutsche Zeitung*, by an activist known as John Doe. The information came from a Panama based law firm specialising in offshore dealings for the rich and powerful. The journalists at the newspaper quickly realised they would require assistance with handling the staggering 2.6 terabytes of data from John Doe, and reached out to the ICIJ to assist with

processing the data and the coordinating the investigation. They worked on the leak for over a year, before publishing their stories simultaneously in countries all over the world. In Iceland, the revelations as they related to the Icelandic political elite were aired in a special episode of the current affairs and news program, *Kastljós*, at 8pm on the national television station RÚV 1. The following day saw the largest public protest in the nation's history, as 20 000 of the small country's citizens took the streets. They massed outside the parliament building, hurling yoghurt and bananas, demanding that the prime minister and his government should resign. The protests did in the end force the prime minister out, and the government agreed to expedite new parliamentary elections.

The findings from the examination of the empirical data illuminated the chain of events which is described above, and through answering the descriptive research question, the social actors and how they influence the progression of the political accountability process was made accessible. To summarise, the review of the empirical case prompted by the descriptive research question laid bare the chain of events and the social actors of the political accountability process. Conceptualising the political accountability process as the chain of events progressed by the social actors taking part in it, allowed me to better approach the next research question, the evaluative question.

### **7.2.2 The evaluative research question**

The *evaluative* research question poses a clear line of inquiry as to whether or not the political accountability process in the empirical case was a success or not. To address this question, it is necessary to define a standard of political accountability process against which to measure the process from the case. For this, I developed two theoretical models, through a grounded theory approach with an inductive logic, drawing inspiration from the case, as well as allowing theories and concepts related to the topics to influence the models. The two models each consist of five ideal types or essentialised social actors; the political elite, the activists, the journalist collective, the media and the citizens. The terms are the same, but the models embody two polar opposite sets of ideal types, one which engenders successful political accountability and one which leads to failure. By creating two polarised theoretical models of the accountability process informed by the empirical data, I outlined what might be considered a successful accountability process and what might be deemed a failed accountability process. The two models make it possible to conceptualise a spectrum between them, where an empirical case of an accountability process might in turn be placed.

To assess whether the political accountability process of the empirical case was a successful one, the social actors in the case were each compared to their corresponding ideal types for successful and for failed accountability processes respectively. In doing the comparison between the two models and the empirical case, it became evident that the accountability process which took place in Iceland in lieu of the Panama Papers' release was a relatively successful political accountability process. The social actors in the empirical case aligned well with their successful ideal types and fulfilled their roles to advance the accountability process to the next stage. Their alignment with the successful model was however not total, and for each actor I have endeavoured to nuance the assessment in respect to where they deviate from the ideal types. Reality is arguably never as ordered and rigid as the models who attempt to capture it.

The outcomes of the political accountability process are also challenging to define and compare to the outcomes in the models. Here however, the conceived spectrum between the models is highly useful, as absolute success or failure is rare. The outcomes of the accountability process in the empirical case are a mixed bag, but overall, the assessment again leans towards the successful end of the spectrum. The accountability process did lead to tangible consequences or sanctions for the political elite, where 'forced' resignations and formal inquiries being the most visible immediate consequences. The success is negated by the fact that the accountability process produced consequences for some members of the political elite who had erred, but not all. The accountability process' long-term consequences are harder still to assess, as some might not play out fully for a while. The long-term consequences which began emerging in the empirical case, and within its defined time frame, were smaller structural changes such as shifts in political party hierarchies and changes electoral distribution between political parties.

To summarise, the key findings from answering the evaluative research question were, first and foremost, that the political accountability process which took place in Iceland was a relatively successful one. The social actors of the accountability process all fulfilled their roles close to the successful end of the spectrum. The overall outcome of the accountability process is hard to definitively determine, as the long-term consequences are still unfolding. The accountability process did result in some members of the political elite being held accountable and reaped the consequences of it.

### 7.2.3 The constructive research question

As stated, key amongst the findings from answering the evaluative research question, is the fact that the accountability process at the heart of this case study was a relatively successful one. The *constructive* research question is concerned with the larger picture of what the relevance of this finding might be, as well as what can be learned from this.

In the analysis chapter, the challenges globalisation and digitalisation pose to modern liberal democracy, and the political accountability processes anchored in its institutions, are seen to be the globally mobile political elite, who outrun the nationally situated ‘traditional’ accountability process, and digitalisation as it relates to increased digital security of information, and information overload. The analysis and discussion in the previous chapter goes on to point out to central solutions to the challenges of globalisation and digitalisation, a new, digitally mobile social actor in an existing stage of the accountability process, the activists, and an updated and evolved social actor in a new stage incorporated into the process, the journalist collective.

The activists pursue the political elites on the global arena and gain access to information on their actions which are then leaked to a third party. Thus, the activists are part of the ‘transparency stage’, where the account of the political elite’s actions is made known, but the activists also represent a new addition to the roster of social actors who are part of accountability processes. The journalist collective on the other hand is an updated version of a traditional social actor in the accountability process, the media, but through their collectively larger resources and digital expertise incorporate a new face into the accountability cycle. This stage deals with the challenge of information overload, which stems from digitalisation processes, where the traditional media actors’ capacity to process the information supplied is outmatched by the volume of data. The journalist collective is in this role essential to modern accountability processes, as their collaborative procedure and combined resources give them access to crucial technologies for mining and processing the data, and allows them to accrue the expertise to organise and operationalise it.

To summarise, the constructive question asks what the Icelandic case can teach. The conclusions I have drawn are that firstly, the case of Iceland and the Panama papers show that successful accountability processes can be achieved. Secondly, the case shows that successful accountability processes are possible *despite* the challenges of globalisation and digitalisation. To overcome these challenges the accountability process has to evolve and be updated to include a new social actor in a traditional stage of the process; the ‘new’, digitally capable and

globally mobile activists who can catch up to the political elite. It also needs to implement a new stage to the process, in response to information overload, and an evolved, more resourceful media actor. The journalist collective provides the digital expertise and resources to process and organise the ever-increasing amount of data supplied to accountability processes due to digitalisation.

#### **7.2.4 The overarching research question**

The three questions discussed above, all address a part of the overarching research question for this thesis. This thesis asked whether the case of Iceland and the Panama papers could provide insight into whether it is still possible, in an age of globalisation and digitalisation, to hold political elites accountable in the context of the modern liberal democracy. The answer to this is a combination of the three research questions.

The findings from the descriptive and the evaluative research question show that what took place in Iceland prior to, during and after the release of the Panama Papers, was a relatively successful political accountability process, which overcame the challenges of globalisation and digitalisation. To overcome the challenges facing accountability processes in modern liberal democracies, the accountability process and the social actors had to evolve and update their practices, firstly, by inclusion of the activists to catch up to the globalised political elite. Secondly, by incorporating the journalist collective in a new stage of processing and operationalising vast amounts of data to overcome the challenge of information overload. It is in other words possible, in modern liberal democracies, to hold political elites accountable, despite the challenges of globalisation and digitalisation.

### **7.3 Reflections on the research process**

In this sub-chapter I will reflect on the methods and rationale for this thesis, and explain some of the choices I have made. Firstly, this thesis is a single-case case study, utilising process-tracing methods to investigate the political accountability process which took place in Iceland in the wake of the Panama Papers. A single-case case study cannot generalise across cases, and as such the findings presented above might not hold true under similar circumstances but within a different context. The conceptual and theoretical work this thesis has undertaken, can be related to and seen as contributions to existing knowledge and input to middle-range theory on accountability, positive sociology and democracy.

Secondly, as stated previously in this thesis, it aims to contribute to debates around the study of success, or positive sociology, and the empirical case was selected based on being, seemingly, such a success. A pitfall in any research, but definitely relevant to one looking for success, is confirmation bias. I am aware that the assessment of the empirical case might seem overly optimistic or even naive, however, great effort went into producing the small pieces of nuance negating the success of each social actor.

Thirdly, one of the more central parts of this thesis has been a grounded theory approach to theory development, and the construction of the two theoretical models used in the analysis of the empirical case. One factor negating the fruitfulness of the theoretical framework is that it is so heavily influenced by the case. A factor which might have been overlooked however, in the conceptualisation of the chain of events and from that to the models, are alternative routes to the same outcome. In other words, a failure to see what is *not* there. This is a symptom mostly of this thesis relying on a single-case case study approach, and lacking a comparative element to the exploration, there are variables which the theoretical models cannot capture. It would be very interesting to see how the conceptual chain of events would acquit itself in a comparative study of accountability processes, and whether the framework the theoretical models provide for assessing accountability processes are fruitful across contexts.

## 7.4 Final remarks

The case of Iceland and the Panama Papers was a unique case to study in many ways, and I am excited about the prospect of seeing further studies investigating the relationship between data leaks and accountability, and especially on incorporating collaborative data-journalism as a stage of the political accountability process. There are many avenues of research which this thesis has left unexplored, however, following on from the discussion above, a study based on the design of this thesis, but with a comparative approach could further understanding of how successful accountability process can be achieved in modern liberal democracies in the age of globalisation and digitalisation. To study a relatively successful case such as the accountability process in Iceland, has been both uplifting and disheartening at times, as there is much potential and possibility for democratic accountability, and it is sorely needed. It is perhaps increasingly important to study successful democratic outcome, as democracy, democratic values and practices are under mounting pressure. My hope is to see more sociological research on success, especially democratic success, in the years to come.





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