

The "Iceland Did it Right" Myth

by John Spritzler

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Some people say there's no need to have an [egalitarian](#) revolution to have no rich and no poor; we just need to do what Iceland did when the government there imprisoned some bankers after the 2008 financial collapse. If this were true, however, then the working class people in Iceland would be happy with the way things are now. But they're not!

Before looking at what happened in Iceland after the government imprisoned some bankers for their criminality in the 2008 banking disaster--something no other government did--let's consider why the government of Iceland imprisoned those bankers.



This short [video](#), titled "Special Report: Iceland: Bankers Behind Bars," has footage (go to time point 2:55) showing how extremely angry and militantly rebellious Iceland's working class was in 2008 when the bank disaster struck them. Without doubt the rulers of Iceland felt that they ran the risk of a real revolution happening unless they did something sufficiently dramatic to head it off, and imprisoning some bankers is apparently what the rulers thought was necessary. Of note, this video also shows that the imprisoned bankers received what could, in fairness, be called a mere "slap on the wrist" compared to, say, what often is done to

working class Americans merely [accused](#) of stealing a [backpack](#) rather than actually stealing multi-millions of dollars, but let that go.

Why Are Iceland's Workers STILL Angry?

The workers in Iceland are still angry and rebellious because despite the fact that some bankers had to serve a bit of prison time, working class people in Iceland still live in a dictatorship of the rich (albeit with the trappings of a democracy) and hence still suffer from class inequality-- some rich and some poor. Here are some details that illustrate this.

An Iceland newspaper, *The Reykjavik Grapevine*, reports the following:

[Iceland's Labour Leaders Gearing Up For Class War](#) (November 28, 2018)

Three labour leaders sat down with Icelandic public broadcasting to discuss their aims, and what step they are willing to take to achieve them. While they would like to raise the minimum wage, Icelandic employers have pushed back against the idea, prompting these labour leaders to explore their options.

'Kveikur, an investigative news programme on Icelandic public broadcasting, met with [Sólveig Anna Jónsdóttir](#), the chair of the labour union Efling; [Ragnar Þór Ingólfsson](#), the chair of the labour union VR; and [Drífa Snædal](#), the president of the Confederation of Icelandic Labour Unions...

“It is in itself impossible to understand that we have to respond to some of the rhetoric that has been going on over the past months and year, in relation to the demands that we have,” Ragnar said. “And it is very clear, to my mind, that we are in a kind of war, that the labour movement is in,” with Sólveig adding, “Class war!”

“A class war, you could call it that,” Ragnar agreed. “With certain special interests in this country.”...

Sólveig believes that the income inequality in Iceland is both severe and obvious, saying, “I think a person would have to be in some kind of denial of reality if they don’t want to confront the fact that in Iceland there is a great deal of class difference.””...

“What does it cost to live in Iceland?,” he asked rhetorically. “What does it cost to live with dignity on a day-worker salary? And when we calculate the costs, we have to account for the cost of housing as well. And that’s the amount, 425,000, that it costs to live.”...

Housing plays a big role in these negotiations. As Ragnar pointed out, the current minimum wage of 300,000 ISK comes to about 248,000 ISK after taxes. At the same time, the average two-bedroom apartment rents for 250,000 ISK.

[Vast Majority Of Icelanders Ready To Go On Strike \(December 4, 2018\)](#)

74% of Icelanders say that the conditions in the labour market justify the use of the strike in order to improve the quality of life for all workers, a new [poll](#) from Market and Media Research (MMR) shows...

Unsurprisingly, the management class were the only professions of whom the majority were opposed to a strike, at 63%, but in terms of income level, even those earning more than one million ISK per month were in support, at 66%.

[Economic Inequality In Iceland Rising \(October 21, 2016\)](#)

Economic inequality, ASÍ contends, hit its high point in 2008, declined after the economic collapse, but has been steadily rising again over the past three years.

For example: just 20% of Icelanders comprise half of the disposable income in Iceland. More striking, the richest 10% in Iceland own two-thirds of all the assets in the country.

The major contributing factors have included the ways in which the current ruling coalition of the Progressive Party and the Independence Party have changed tax laws. The tax burden on the middle class has increased over the past four years, while taxes on the highest income earners have lowered. Fees levied on Iceland's fishing companies were also lowered, and the so-called "debt correction" benefited high income earners most of all.

"Unfortunately, we see indications in our recent findings that we haven't done a good job in distributing well-being to everyone," Henny Hinz, an economist for ASÍ, told reporters. "This evidence that inequality has been on the rise again, and the assets of the highest income earners has recovered far beyond other groups."

What About Iceland's "Progressive" Government that Imprisoned Those Bankers?

The Wall Street Journal sheds some light on the nature of Iceland's "progressive" government with its headline:

[Labor Union Calls Off Strike At Icelandair: Iceland's Government Threatened Anti-Strike Legislation \(June 19, 2014\)](#)

REYKJAVIK—Aircraft mechanics working for [Icelandair](#) have backed down from further strikes over wages and conditions after Iceland's government threatened legislation banning industrial action at the airline to ensure the small island economy's main air link remains open.

Icelandair had to cancel flights for thousands of passengers in and out of Iceland earlier this week due to a labor stoppage staged by the mechanics' union after months of talks over pay and changes to working hours...

With labor talks deadlocked, the Icelandair workers had planned to conduct another potentially indefinite walkout before the country's Interior Minister Hanna Birna Kristjánsdóttir put forward a proposal in parliament to ban a strike. Government intervention was inevitable in

light of the public and national interest at stake, the minister argued Wednesday.

It wasn't just a threat, the government did indeed ban the pilots from striking.

[Iceland government bans Icelandair pilot strikes \(May 14, 2014\)](#)

The Icelandic Parliament has banned all industrial action by Icelandair pilots, according to an airline statement. The Icelandic Airline Pilots Association (FIA) had reportedly planned to strike for nine days between May 9 and June 3, which would have affected 600 flights and 100,000 passengers.

Aljazeera reported the next year:

[Class war comes to Iceland: Iceland's banks are recovering, but the middle class is angry and demanding change, with thousands on strike \(June 12, 2015\)](#)

REYKJAVIK, Iceland — On the morning of June 5, nearly 1,000 people gathered in front of Government House in downtown Reykjavik in silent protest against their government. In a country with only 320,000 people, a crowd of 1,000 counts as a mass political event.

This one was calm and polite — but very angry. “There’s no trust anymore,” said protester Bragi Skúlason, 57, a Lutheran chaplain at Landspítali, the largest of Iceland’s two major hospitals. “It’s gone. And politicians have to realize that.”

The organizers behind the protest were two of Iceland’s major public sector labor organizations, representing university professors and nurses, both of which have been on strike for weeks. Later this month, at least [three other unions will join the strike as well](#). Just a week earlier, Iceland [narrowly averted a strike that would have affected 40% of its labor force](#), when the government [reached a tentative agreement](#) with four other major unions.

This is the cost of Iceland's belated sprint into the world of high global capitalism. The tiny state was once isolated and poor, reliant mainly on fishing, without the genteel prosperity of Norway or Sweden. But it was nearly as egalitarian as its Nordic neighbors and politically stable.

Within a single generation, that may have all changed. The government's statistics bureau insists that Iceland [still has one of the more equal income distributions in Europe](#), but [independent economists](#) say Iceland's level of inequality is closer to that of a country like Poland. It's not just the gap between rich and poor that alarms Thorvaldur Gylfason, an economist at Reykjavik's University of Iceland; he sees a country in political turmoil, too. "In some ways, Iceland has more in common with Russia and Ukraine than Denmark and Sweden," he said.

The People of Iceland STILL Need to Win the Class War Against the Rich Who Are Not in Prison and Still in Power

Once one looks at the reality of what is going on in Iceland, it becomes clear that the myth about Iceland is just that--a myth. It is not true that after 2008 the rich were removed from power because the government in Iceland was a genuine democracy and did what the people wanted and now the people are happy in a land of genuine democracy and equality. Far from it.

The rich never were removed from power in Iceland. The corporations are, as before, owned by the few haves and treat the working class like dirt, paying absurdly low wages to many and ignoring the reasonable wishes of even the better-paid professionals. The gap between the rich and the rest of the people is still huge--*the richest 10% in Iceland own two-thirds of all the assets in the country*--and rising. The government pretends to be "of the people" but when push comes to shove it declares it illegal for workers (in particular airline pilots in one case reported above) to go on strike. The workers in Iceland are most definitely not happy, which is why the vast majority are ready to go on strike.

Until there is an egalitarian revolution that removes the rich from power (meaning it takes away from the rich their billion dollar fortunes, not merely makes a handful of bankers serve a bit of prison time) to have real, not fake democracy with no rich and no poor, then the rich will remain in power and will continue to [treat ordinary people like dirt](#) to keep them in their place at the bottom of a society based on class inequality. An egalitarian revolution is possible, because it is what most people want. To see how it is possible, please read "[How We CAN Remove the Rich from Power.](#)"