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Island in the storm: Iceland and the financial crisis of 2008

Review by Alix Johnson

Gambling Debt: Iceland's Rise and Fall in the Global Economy

E. Paul Durrenberger and Gísli Pálsson, eds.

University Press of Colorado, 2015

Gambling Debt, the product of an interdisciplinary workshop on what the authors term Iceland's "financial meltdown," is an arresting place-based portrait of the financial crisis of 2008. Editors E. Paul Durrenberger and Gísli Pálsson, both eminent anthropologists of Iceland in their own right, bring together a diverse collection that ranges from economics to anthropology; education to sociology, and even a "poetic interlude." In doing so they offer a broad view of the crisis, a corrective to narrowly economic accounts. It is this wide range that makes *Gambling Debt* so lively, while also knotting (not unproductive) tensions throughout.

As was well-documented by the international media, Iceland was hit hard by the 2008 crash. Between 2002 and 2007, the market value of Icelandic stocks increased 700%, the current account deficit soared, and the total value of its three major banks reached eight times the nation's GDP: in short, the island was ripe for a crisis (Aliber 2011). That crisis came in October of 2008, so total that the government had to shut down the stock market, accept an IMF loan, and nationalize the banks. That same government was forced into resignation by mass protests that erupted the same year. Again, this much of the story has been told (sometimes sensationally) in the press. What is less widely documented – and remains undertheorized – are the social, cultural, and political factors that fed into the Icelandic crisis and its aftermath. Durrenberger and Pálsson's volume deftly traces some of these threads.

The editors' introduction tracks the roots of the crisis back to the origins of neoliberal policy in Iceland, which focused first on privatizing fish. In the 1980s, the authors argue, fishing stock were transformed

from a shared resource to private property, then to a source of speculative capital that would entrench income inequality and later seed the growing banks. In this brief history they capture the crux of the book's thesis: the 2008 crisis was both global and local; at once an outside import, and utterly home-grown. The volume's title evokes the same observation, referring both to specific risks taken by Icelandic bankers, and the more general tendency toward over-extension promoted in a liberalized economy.

The volume is comprised of four thematic sections. "Before the Beginning," situates the crisis in the context of recurring and long-brewing concerns. Loftsdóttir, an anthropologist, and Jóhannesson, a historian, both take aim at the mobilization (and manipulation) of Iceland's Viking history in the boom years, arguing that this masculinist, nationalist narrative obscured and sanctioned economic risks. Next, Jónsson, Saemundsson and Mixa offer incisive analyses of financial institutions, the former focusing on conditions for entrepreneurship and the latter on the corporate culture of investment banks. Finally, Árnason, a member of Iceland's post-crisis Special Investigation Commission, recounts a thorough ethical investigation that found no sector of society without blame. Together, these chapters establish Iceland's crisis as a cultural phenomenon: not only a matter of economic policy, but an issue of national identity, corporate practice, and individual subjectivity.

The second section, "After the Crash," explores events that unfolded in the wake of the crisis. Bernburg, a sociologist, analyzes the popular protests that ultimately forced the government to resign. Proppé charts the rise of the "Best Party," an anarcho-surrealist political collective that achieved unexpected success after the crash. Gréttarsdóttir, Ásmundsson, and Lárusson's chapter, however, cautions against self-congratulation: they argue that neoliberal logics continue to operate in Iceland, now enrolling artists in nationalist narratives not so different from those Loftsdóttir and Jóhannesson found circulating before the crash.

"The Magic of 'Virtual Fish'" is a compelling detour, taking up the privatization of fishing stock as "individual transferable quotas" or ITQs. While previously Icelandic fish had been considered common property, and fishermen bought licenses to try their luck, ITQs set a limit instead on the "total annual catch," and sell rights instead to what is essentially a guaranteed yield. The authors in this section draw (causal and figurative) connections between this policy and the financial crisis. Pinkerton and Einarsson offer an overview of the ITQ system, and argue that it consolidates capital, giving vested interests disproportionate power. Maguire follows the creation of "virtual fish" by the quotas: a figure

of future fish that can be bought, sold, and speculated on, but are no less real or impactful than their fleshy counterparts. Finally, Wilson and Gunnlaugsdóttir consider the 2008 crisis from the vantage point of Grundarfjörður, a fishing village already made precarious by ITQs. Here, they find many who see the crash as a city problem, having benefitted less from the preceding boom. This section could have been better integrated into the volume – its role is less straightforward than the other three – but it is nevertheless a welcome contribution that speaks with illuminating specificity to the local context of the crash.

The volume's final section, "The Crash and Communities," offers nuanced analyses of the aftermath of crisis on specific sectors of society: Guðbjörnsdóttir and Davidsdóttir take up the response of the school system; Skaptadóttir considers the impact on immigrants; Innes examines government-sponsored language education, and Rice tracks changes in material aid charity. While these pieces largely read as expository or documentary, Rice's chapter marks a compelling end: noting continuities between pre- and post-crisis structural poverty, he points to the limits of the term "crisis" itself. Crises of capital, he argues, in fact happen often; in our analyses as much as our political actions, we must work to shift rather than normalize this status quo.

Rice's critical opening comes back to the questions at the heart of this book: how can we understand Iceland's crisis as a moment both specific and shared? What can be generalized from the Icelandic example, and which pieces remain intractably unique? Writing against the exceptionalist narratives that flourished during the boom years – the story that Iceland is unlike anywhere else – I find the text sometimes veers too far toward the general. Neoliberalism, for example, is told as one cohesive story, acting in Iceland "as it had done around the world" (xiii). The introduction and conclusion frame Iceland as prototypical, the "canary in the global coalmine" of liberalization run amok (xiv). And yet, the chapters' rich contradictions actually work against such broad strokes. Wilson and Gunnlaugsdóttir's attention to rurality, for example, unsettles the assumed affective scope of the crisis; Gréttarsdóttir et. al.'s analysis of co-optation undermines the notion of neoliberalism as false consciousness or, as it is sometimes represented, mere greed. The volume's efforts could have been strengthened by further developing these points of discord.

As it is, however, *Gambling Debt* is an important contribution: a multi-faceted analysis of Iceland's recent financial crash, and a toolkit for social scientists considering crisis writ large. Its wide range of topics and perspectives make it accessible and applicable across scholarly fields. But the authors'

shared commitments to the Icelandic context make this volume an effective and convincing political statement of a kind not often achieved in a volume of such breadth.

References:

Aliber, Robert. 2011. Introduction in R. Aliber and G. Zoega, eds. *Preludes to the Icelandic Financial Crisis*. London: Palgrave MacMillian.

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