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## **Building on Iceland’s ‘Good Reputation’: Icesave, Crisis and Affective National Identities**

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### **Abstract**

The paper claims that crisis is a fruitful way to analyse the interrelationship of local and global, neoliberalism and the nation-state, which scholars have explored for the past few years. During the Icelandic financial crash of 2008, the failed Internet bank Icesave became a source of intense disputes between the British and Icelandic governments. My paper uses Icelandic discussions of the bankrupt bank to explore how individuals negotiate their imagination of the global and the national and how national identity can be reaffirmed in the context of crisis. The discussion shows that the Icesave debate is based on reification of national communities as well as critical reflection on increased power of transnational institutions and global elites. The paper, furthermore, emphasises how crisis itself can be seen as constituting a field within which to exercise power, as well as a prism to investigate and understand national identities in a globalised world.

**Keywords:** Crisis, nationalism, globalisation, Icesave, Iceland

## Introduction

Voting on the second referendum in relation to the Icesave agreement between Britain and Iceland in April 2011, I went to one of the local primary schools in my hometown accompanied by my husband and three small children. Spring was in the air, which made the task of voting on this difficult consequence of Iceland's economic crash of 2008 somewhat less depressing. As is customary, people were dressed up in order to honour their rights to vote as Icelandic citizens, creating a festive atmosphere. Those voting in this school were all from my neighbourhood; some I had not seen for a while so we lingered in the car park to catch up on events. 'It seems like we are always voting on something', many said cheerfully but ironically, referring to the recent governmental elections and voting on the former Icesave referendum, which was rejected by a 93% majority. But I sensed that the mood was different now. During the first Icesave referendum, there had been a firm belief that the agreement was unacceptable and even offensive. But now, people were not as convinced as to the best way to move forward and many expressed subtle frustration at the never-ending Icesave crisis story. Entering the school and meeting others smiling and dressed in their best clothing, it was easy to feel a strong sense of community, a sense of belonging. 'What are we voting for now?' my kids asked excitedly when we walked in, emphasising the frequency of times we had gone there to vote. They held my hand, likely sensing the festive yet serious atmosphere, and I had no idea how to explain what the referendum was about. My thoughts were on how the act of voting itself created a lingering sense of togetherness and intimacy – a sense of being part of the Icelandic state and having a voice as its subject.

Icesave, a branch of the Icelandic bank Landsbankinn in the UK and Holland, was at the centre of Iceland's financial collapse in 2008. It became instantly bankrupt with the fall of Iceland's three main banks, Landsbankinn, Glitnir and Kaupthing bank. Intense disputes between the British and Icelandic governments, centred on who should be financially responsible for the losses, continued for years to come. Anger and frustration rose high in both countries; the clash, by some accounts, echoed the disputes between Iceland and the UK of the 1950s and the 1970s referred to as the 'Cod Wars'. Social memory of past disputes was, thus, mobilised between the countries and the dispute contextualised by some Icelanders in light of Britain's imperial past. Despite involving fiscal debt on Iceland, the dispute about Icesave cannot be simplified as only revolving around money. It constituted an engagement with the larger global world where the 'global' has become a part of most people's imagined world (Moore 2004: 74) and a site of new

imaginings of the past and present mobilising people in particular ways (Appadurai 1996: 5–7). Globalisation has affected the nation-state in multiple and contradictory ways (Sharma & Gupta 2006: 6). National sovereignty is often seen as being compromised by globalisation due to factors such as the growth of international treaties and institutions. Yet simultaneously nationalism has flourished, with anti-immigration sentiments on the rise in large parts of Europe (Gupta 2004: 279), the nation still being important for the way in which individuals see themselves in relation to others (Ginsburg et al. 2002). One important feature of globalisation, neoliberalism, has intensified markers of culture, rather than diminishing, reifying and commodifying culture as was earlier thought to be the case (Moore 2004: 78).

My discussion in this paper explores how the imagination of the global and the national is negotiated in the context of a crisis. The disputes about Icesave in Iceland provide insights into the meaning of ‘the’ national in relation to a brave new global neoliberal world, as well as how the seemingly depersonalised and technical issues of the financial sector are embedded within affective emotions. Anthropologists have long emphasised that economic issues are embedded in identity, power and nationalist sentiments (Ho 2009; Schwegler 2009) and thus are affective issues. The seemingly inevitable financial crises that periodically emerge should not necessarily be seen as a crisis of capitalism per se; as such crises have often been interpreted, but as important and productive events that have paved the way for various neoliberal reforms (Harvey 2005; Klein 2007). A crisis should thus not only be seen as descriptive of existing conditions, but the idea of crisis itself seen to constitute a field within which to exercise power. Anthropologists focusing on policy have criticised the conventional wisdom which is predicated upon the belief that policy is produced by rational actors who make informed, rational decisions based upon fully informed choices. On the contrary, the competing interpretation is that of actors who are viewed as moving between different local, national and international contexts, where rationality is not given (Shore & Wright 2011: 6). These theoretical perspectives draw attention to what policies mean in a particular context and the oftentimes contradictory and complex social effects they produce (Li 2005; Shore & Wright 2011: 8). I see crisis as a particular field of engagement, and thus stress the importance of looking at what ‘crisis’ does. Questions need to be raised that enquire as to how crisis – or the idea of crisis – produces different affects, identities and spaces; how does the notion of crisis engage with particular historical memories and past practices? How is crisis an ‘exercise of power’? The crisis in Iceland is thus not simply an event that Icelanders reacted to but, as I will

argue, a field of engagement that can be acted upon and manipulated to achieve various political ends.

A crisis, such as the financial crisis of 2008, can be seen as an important analytical window upon a number of diverse concerns – such as the interrelationship of local and global, neoliberalism and the nation-state – which have been prominent themes in academic discussions. It is generally well accepted that global processes gain localised meaning (Appadurai 1996; Gupta & Ferguson 1997: 5), and that we have to analyse how meanings are domesticated, redeployed and resisted within particular localities (Comaroff & Comaroff 2000: 305). Several scholars have emphasised that we have to continue to create a more nuanced perspective on the interplay between what we call ‘global’ and ‘local’ (Tsing 2000; Haugerud 2003: 352), and to deepen our conceptual framework of what constitutes the often celebrated ‘local’ (Mazzarella 2004: 352). I follow Gregory’s (2004: 284–285) suggestion that we should shift our concern from what globalisation is to what it ‘does in any given context’, thus stressing the need to look within historical and political settings of political debates and struggles that ‘have accompanied the spatialisation of global flows of capital, information and people’. Anthropologists and other critical scholars have stressed the importance of acknowledging the diverse ways in which forms of governmentality are presently executed in ways that extend beyond the confines of the nation-state (Ilean & Phillips 2006: 61), thus shifting the analysis from that of government to governance that occurs in a global context (Sharma & Gupta 2006: 22). Additionally, neoliberalism should not only be understood as a political philosophy that informs specific policies but as particular types of rationalities that impact on people’s lives in varied, and often, unequal, ways (Gledhill 2004: 342; Schwegler 2008: 686). Gregory (2004: 284) emphasises ‘political and neoliberal forces associated with “globalisation”’ in terms of their effects of people’s livelihoods across the globe.

The discussion here begins by explaining the main methodological issues and then providing the background for the Icesave dispute. The focus then shifts towards the analysis of the issues that were seen by the Icelanders at stake in this dispute and what it says, using the case of Iceland, about how the global and local are understood differently from the viewpoint of crisis and, as phrased by Aradhana Sharma and Akhil Gupta (2006: 25), how national space is transnationally defined. I furthermore show that the crisis was important in reifying ideas of the Icelandic notion as a meaningful construction, reflecting how financial matters are a part of an affective world.

## Methods and Framing

My interest with the Icesave debate rests primarily on what it says about Icelandic perceptions of global relations in the context of crisis and national identity. The analysis presented here is based on data derived from media analysis, interviews and fieldwork within my own society. As an Icelandic anthropologist, living and working in Iceland during the time of the economic collapse, I was an intimate participant in these events, both as an objective researcher as well as a subjective participant following media, engaging in family and workplace discussions, as well as voting on the Icesave referenda. The formal interviews collected data on people's experiences and perceptions of the economic boom years and the economic collapse which shortly followed, with a specific focus on how people understood the Icesave affair. When I brought up Icesave during the course of these interviews, the research participants would smile tolerantly or show some other signs of being very tired of discussing the matter, even though they generally expressed strong opinions. These formal interviews were conducted with a total of 11 Icelandic men and 20 Icelandic women working in the financial sector, majority of whom were in their 30s and 40s.<sup>1</sup> Most of the research participants had relatively good positions at Icelandic banks in middle management or as investors, even though a few had lost these positions in the wake of the economic crash.

The tiredness of the particular subject is not surprising; Icesave is probably one of the most reported and debated issues in Iceland for decades, in addition to creating a great sense of insecurity in regard to the future quality of life in Iceland. The existing secondary textual material is thus enormous. Texts addressing Icesave, for example, reflect the alarming discovery on the part of most people in Iceland that the existence of these Icesave accounts created a huge potential debt for the nation. Another common theme raised was the discussions regarding the two referenda on agreements that the Icelandic Government reached with the British and the Dutch governments in regard to repayment of the Icesave losses. Both agreements were rejected in a national referendum and the issue referred to an EFTA Court (The Court of Justice of the European Free Trade Association) for adjudication. Data collection centred on articles in one of Iceland's main newspapers from 2008 to 2010, as well as blog discussions. This period spanned the year of the economic crash until the first referendum. There was also collection of different media discussions about the referendum in 2010 and in 2011.<sup>2</sup> Brydon (2006: 239) has claimed that in Iceland there is not always as much of a gap in the perspectives set forward in the media and by the public as in

larger countries due to Iceland's small population and relatively high participation in public debates. Media representations thus provide windows into the 'conversations Icelanders have with one another', even though it still has to be considered that the different media are still often associated with different political viewpoints and thus stay silent on some issues while highlighting others. The readership of newspapers in Iceland is one of the highest in Europe (Menntamálaráðuneytið 2005: 27) and in 2007, 84% of Icelandic homes had internet access and 95% in 2013 (Statistic Iceland 2013) where many read newspapers via the internet as well as actively taking part in blog discussions. While the Internet is often seen as a site without spatial boundaries (Anahita 2006: 143), in the context of a small language group such as Icelandic, this means that the boundaries are drawn around those who read and speak Icelandic and thus encapsulate these blog discussions in a way that would not occur with a major international language.

Based on a primary analysis of textual material written during this period and the initial findings that emerged from the initial interviews, I decided to further delimit the analysis of textual materials to articles or blog comments that made reference to colonialism or Iceland as a dependency. Blog discussions about different issues have become extremely important in Iceland, in terms of both discussing particular issues and following up on events. Iceland was a Danish dependency until 1944, and this interest in references to colonialism was evoked when observing that these historical references were being made in both texts and everyday speech in Icelandic society. These references to colonialism were used to locate articles and blog pages that did not necessarily make any explicit reference to colonialism as such but were analysed in this vein to gain wider perspectives on the issues discussed. While Icesave accounts were opened and lost in both Britain and the Netherlands, my discussion limits itself mostly to discussions about Britain in order to narrow the discussion further.

### **The Icelandic Economic Miracle and the Fall**

In 2006 the Icelandic economy was running like an unstoppable train in spite of warnings voiced by certain individuals and institutions (Wade 2009). Sigurjón Árnason, the CEO of Landsbankinn, proudly explained in a business paper interview the marketing of Landsbankinn's new Internet bank. Árnason describes the bank, Icesave, as strongly associated with Iceland. This association, Árnason explains, builds on the 'good' reputation Iceland has internationally. Convincingly, he

elaborates, ‘We tried to pull out all the positive aspects that Iceland is associated with. The British have a certain image of Iceland, ‘that the country is fresh, cold, cool and with a distinctive nature’ (Bergsveinsson 2006: 2).

Two years later in October 2008, the announcement on national television by the Prime Minister of Iceland, Geir Haarde, about the putting of emergency laws into place due to the imminent crash of Iceland’s banking system, was a surprise and shock to most in Iceland. Or as Ragnhildur, a woman in her mid-30s who worked in a large Icelandic bank, told me during an interview: ‘when Geir Haarde asked God to bless Iceland [at the end of his speech], we there, I guess ... we were 20 ... 30 in front of the television at work [in the bank] and we just stared. [...] And when it was over, everyone was silent’. She repeats, almost whispering as if the memory is painful. ‘Everything just went really silent’. There had been warning signs, such as an International Monetary Fund (IMF) country report in 2006 and warnings by foreign and Icelandic economists. However, other reports and analysts rejected these claims and insisted that the fundamentals of the Icelandic economy were sound, as evidenced in a joint report in 2006 by an American and Icelandic economist (Wade 2009: 7, 21).

Economist Már W. Mixa (2009: 292) has labelled the period the ‘Manic Millennium’ to capture the sense in Iceland that the new millennium would be the beginning of something new and great for Iceland. His concept overlaps effectively with Comaroff and Comaroff’s (2000) labelling of Millennial Capitalists, which they identify as capitalism’s second coming with ‘messianic’ dimensions, presenting itself as a ‘gospel of salvation’. In Iceland, the ‘gospel of salvation’ was manifest in the influence of neoliberal philosophy and policies in the transformation of Iceland into an international centre of finance. This gospel and its prophets attempted to mobilise the intrinsic core of the Icelandic people as ‘energetic’, and drew upon nationalistic rhetoric in their media discourses. In fact, some saw the Icelandic people as moving beyond other Nordic countries, as reflected by the suggestion of the Chamber of Commerce (in a report of its vision for Iceland in 2015) that ‘Iceland stop comparing itself to the Nordic countries because after all we are superior to them in most areas’ (The Icelandic Chambers of Commerce 2006: 22).

These narratives are only comprehensible when contextualised within the larger historical narratives of Icelandic national identity. Iceland was a Danish dependency until 1944. This meant that when nationalistic sentiments were being formed Iceland was also struggling to gain recognition and independence as a nation-state. During the late nineteenth and early twentieth

centuries, Icelandic intellectuals tried to affirm Icelandic membership within the ranks of the ‘civilised’ western nations, and to separate themselves from other subjugated people (Loftsdóttir 2013). During the Manic Millennium years, discourses about Icelanders’ presumed uniqueness were mobilised by actors in diverse spheres of Icelandic society. These discourses also existed in relation to the success of Icelandic literature in other countries – which were explained internally in the same way as the financial success – and in relation to international engagements by the Ministry of Foreign Affairs. Elected officials of different political parties took an active part in these efforts, and these discourses were highlighted in the media (Loftsdóttir 2010). These emphases in popular and official discourse on entrepreneurship and independence – seen as inherently Icelandic characteristics – correlated with the neoliberal emphasis of workers as flexible and independent. The emphasis on culture as a fixed entity also resonated well with the reification of Icelandic culture (Loftsdóttir 2010). It is difficult to state the extent to which these nationalistic feelings were manipulated by Icelandic businessmen who took control of the banks, companies and the media in Iceland. There was something in these global neoliberal ideas of the individual subject that was particularly appealing when interpreted within a nationalistic framework in Iceland. The links between neoliberal ideas of ‘flexible’ individuals and affective nationalist self-images explain how the Icelandic nation could be mobilised so strongly in support of the economic adventure, and indicates how globalised neoliberal ideas of individuals became articulated in local contexts.

Along with the mobilisation of the Icelandic nation in supporting the economic adventure as some sort of a natural success story of Iceland, the Icelandic Government and their institutions seemed to have failed at regulating this economic adventure (Special Investigation Commission (SIC) 2010a).<sup>3</sup> When the investment bank Lehman Brothers went under in September 2008, global credit markets and most worldwide lending froze (Harvey 2010: 2). Even though probably pushed over the edge by the global economic crisis, the collapse of the three largest banks in Iceland was primarily as a result of their expansion and size (Flannery 2009: 171; SIC 2010b: 1). The largest shareholders of the banks were the banks’ largest debtors, in addition to the banks having invested their funds in shares in themselves (Flannery 2009: 4). In the case of Landsbankinn, the combined debt of the main and controlling owner of the bank (and also the chairman of the board and his son and affiliated companies) was higher than the bank’s equity (SIC 2010b: 3). As the SIC, formed by the Icelandic parliament after the crash pointed out, even when it was evident that the banking

system was becoming too big relative to the size of the Icelandic economy, the Icelandic Government tried to ensure that the banks would continue to grow and that their headquarters would remain in Iceland (SIC 2010a: 2). This systematic incompetence even continued after the Emergency Act was adopted by the Icelandic Government on 6th October 2008. The Commission stated in its report on the fall of the banks that the act was adopted only after ‘unacceptable procedures’ by the Icelandic authorities to ‘protect the financial system of the country and other fundamental interest of state and the nation’ (p. 14). The Commission concludes that by that point it would have been too late anyway (p. 15). Their conclusion is nevertheless interesting:

These methods [to protect the system and other fundamental interests] were not in keeping with the manner in which nations with developed financial markets and administrations operate in general. (SIC 2010b: 14)

As mentioned earlier, anthropologists have shown how policies often lead to diverse and unexpected outcomes (Ferguson 1990; Shore & Wright 2011). The fall of the banks is certainly one of the unexpected outcomes of the increased influence of neoliberal thought in Icelandic financial policies, but it is also interesting to use this insight to analyse the decisions that were taken during the boom period. Mosse (2004: 640) asks what happens if instead of conceptualising ‘policy producing practice’, we look at how practices produce policy, where actors strive to maintain coherent ‘representations regardless of events’. In the Icelandic banking system, rules seem to have been made to fit the monstrous growth of the system, which questions the interconnectedness of the leading business people and politicians. Focusing on the diverse outcomes of policies (Shore & Wright 2011) also forces us to ask from what perspective particular decisions appear to be rational and for whom. As emphasised in an interview that I took with Harpa, an integral strategy for the reduction of personal risk on the part of the individual banker is to go with the flow because a wrong decision is just seen as ‘bad luck’ if it is consistent with what others are doing. Harpa is in her early 40s and has worked in top positions in the finance industry for a significant length of time, being responsible for investing significant sums of money. As she explains, ‘It is so much easier to do as the others because then you are not like a reflector if you take the wrong decision [ ... ] if you are alone swimming against the current then [ ... ] you need to explain your decision and can end up in a very serious situation.’<sup>4</sup> This does not explain the massive failure of decision-making within the Icelandic Governmental system and on the part of

the bank owners and directors. But it shows, however, that less senior actors put themselves at risk if they do not conform with investment decisions that others have taken. Here Harpa points out that ‘rationality’ is in fact taking irrational decisions about investment, proving that they conform with what others are doing.

### **Icesave**

The origin of the Icesave accounts can be traced to Landsbankinn buying the British Heritable Bank Ltd. in 2002 and then opening the Internet bank Icesave Easy Access as a branch of Landsbankinn in October 2006 (SIC 2010a: 7). The reason Icesave was defined as a branch instead of subsidiary was to facilitate the movement of money from one operation of the bank to another (SIC 2010a: 8–11). The Icesave accounts offered the highest interest rates when compared to other similar accounts and thus grew quickly in Britain. At the end of 2007, the deposits funded 20% of the total assets of Landsbankinn (Flannery 2009: 100). The bank was estimated to have around 300,000 customers with up to £4.8 billion in investments (Marshall & Martin 2008). Due to unrest in British financial markets, in February 2008 the British media began to raise questions about banks that were potentially at risk and which individuals should probably not trust with their savings. Aided by Iceland’s government, Landsbankinn was able to lay these concerns to rest. For example, one of the main architects of the neoliberal reforms in Iceland and leader of the Independence Party for decades, Davíð Oddson, stated in an interview with the British media:

These banks are so sound that nothing like that is likely to ever happen. And if something would happen we would never be talking about the whole amount, because it is never like that, but even so the Icelandic economy, the state being debtless, this would not be too much for the state to swallow, if it would like to swallow it. (SIC 2010a: 10)

The fact that Oddson was the director of Iceland’s Central Bank at the time obviously added to the apparent veracity of his claims, which further indicates the problematic relationship between the state and private interests. Following Karl Marx, Gregory (2004: 286) argues that we not only have to look at ‘how capital produces, but how capital itself is produced’. The Icesave accounts produced capital for a privately owned bank that was extensively aided by the Icelandic Government in attracting potential customers. As discussed by

Vaiman et al. (2011: 258), close business and political connections are a prevalent tradition in Iceland. This was compounded in the boom years by factors such as concealed ownership of co-operations to both hide the extensive cross-ownership and avoid having to pay taxes, in addition to the political elite’s involvement in how business was conducted and the rampant political nepotism characteristic of the Icelandic political and economic order.

With the advent of the emergency laws in Iceland on 6 October 2008, the Icesave accounts became a central component of the ongoing collapse and the future crisis of the Icelandic economy (see Table 1). The relationship between Iceland and Britain was already tense before the collapse due to British Government concerns regarding the Icesave deposits. Davíð Oddson did not improve the situation the day after the emergency laws were announced when he stated in an interview in the Icelandic media that

Table 1. Basic timeline of Icesave.

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2002	The Icelandic Landsbankinn buys the British Heritable Bank Ltd
October 2006	The Internet bank Icesave Easy Eaccess opens as a branch of Landsbankinn in Britain
February 2008	British media starts expressing concerns with Icesave
September 2008	Lehman Brothers declare bankruptcy
October 2008	Three largest Icelandic banks collapse, including Landsbankinn
6 October 2008	Emergency Act accepted by the Icelandic Government
8 October 2008	The British Government uses anti-terrorism laws to freeze all assets of Landsbankinn
September 2009	Icesave bill 1 accepted by the Icelandic Government but rejected by the UK
30 December 2009	Icesave bill 2 accepted by the Icelandic Government. The president of Iceland refuses to sign the law and refers it to a referendum
6 March 2010	First referendum: Icesave bill 2 rejected by the Icelandic public
16 February 2011	Icesave bill 3 accepted by the Icelandic Government
20 February 2011	The president of Iceland refuses to sign the law and refers it to a referendum
9 April 2011	Second referendum: Icesave bill 3 rejected by the Icelandic public
28 January 2013	EFTA Court clears Iceland of all charges after the Icelandic Government forwards the case to them

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‘we have decided that we are not going to pay the foreign debts of reckless people’ (The Wall Street Journal 2008), perhaps not realising that his comment would be quickly translated to other

languages. On 8 October 2008, the British Government used anti- terrorism laws (The Wall Street Journal 2008) passed in Britain after the September 11th terrorist attacks of 2001 to freeze all assets of Landsbankinn in London (Parliament of the United Kingdom 2001). Furthermore, the Prime Minister, Gordon Brown, announced that the UK Government would take legal action against the government of Iceland (Marshall & Martin 2008). For a while, the amount that Iceland was supposed to pay due to Icesave was feared to be up to 10% of Iceland's annual gross domestic production (GDP) (Ministry of Finance 2009).

After the crash, Icesave continued to haunt Iceland's economic recovery. It became difficult for the Icelandic Government to secure loans from other countries due to the dispute with the British and Dutch governments in relation to Icesave (Danielsson & Zoega 2009: 16). Iceland was finally forced to accept IMF assistance for US\$2.1 billion in November 2008 (International Monetary Fund 2008), which was highly contested in Iceland at the time. The authority of the Icelandic Government was therefore, to some extent, transferred from the democratically elected body to an international financial institution. This, in effect, made Iceland governed from 'afar' to use the same phrase as Ferguson's (2006: 87) discussion on how governmentality in the global south has to be understood from the practices of transnational institutions. The Icesave Bill 1 was passed by the Icelandic Government and enacted by the President of Iceland in September 2009 but rejected by the UK Government and the Netherlands. Icesave Bill 2 was passed by the Parliament but the President of Iceland referred it to a referendum on 6 March 2010 with the Icelandic public rejecting it with a strong 93% of votes cast in opposition to the deal. A third bill was also put to a referendum on 9th April 2011, but was also rejected by 59% of voters. As a result, the Icelandic Government forwarded the case to the EFTA Court for adjudication, which in January 2013 cleared Iceland of all charges.

There are many issues here at stake for different parties and the issue of Icesave became deeply politicised in Iceland across traditional political party lines, and entangled with the much disputed issue of Iceland's proposed membership of the European Union (Bergmann 2014: 12). In the early winter of 2008, serious discontent with the sitting government in the aftermath of the crash led to public mobilisation – the so-called pots and pans protest. Consequently, the Social Democratic Alliance and the Independence Party coalition stepped down (Ragnarsdóttir et al. 2012). The Left-Green party and the Social Democratic Alliance subsequently formed the next government. The latter party had been relatively new to government before the crash and had only

been in power for one year after over a decade of rule by a coalition of the Progressive Party and Independence parties. The new left-wing government was left with the task of negotiating with the British. It was probably no coincidence that all the Icesave bills were strongly opposed by the parties not in power at the time.

### **The Discussion about Icesave in Iceland**

Underlying the discussion that emerged from interview data and the analysis of media texts is the sharp contrast that was drawn between ‘the British’ and ‘the Icelanders’, engaged with as meaningful categories. As historian Hálfðanarson (2009: 160–161) pointed out in 2009, the bipolarisation of ‘us’ and ‘them’ is in line with the Icelandic tendency to interpret foreign affairs as a continuous battle with foreigners, as the battle for independence for the nation is never complete. In the interview material, the research participants would almost unanimously prioritise the shock and anger at the British use of the terrorist laws, describing it as too ‘harsh’, ‘unfair’ and ‘ridiculous’. A few of those interviewed said that in retrospect they now felt a little more sympathetic towards the British and that ‘we’ did perhaps not know the whole story behind the closing of Landsbankinn, while simultaneously stressing that the use of the terrorist laws was unjustified.

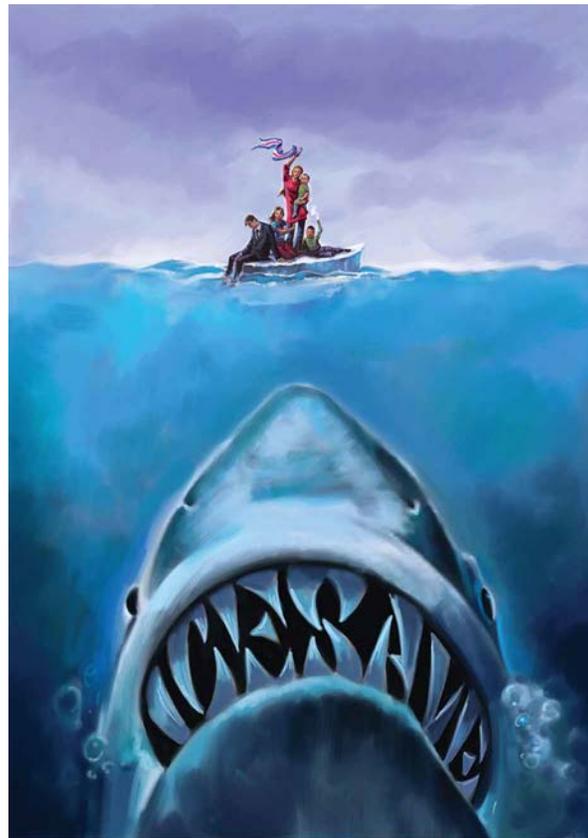
In combining the interviews with an analysis of the vast textual material collected for the research there were several themes that emerged repeatedly: (a) sense of Iceland’s smallness and thus vulnerability against more powerful nation-states, (b) fear of undermining Iceland’s sovereignty (often seen as a consequence of the first issue) as well as (c) questions regarding the status of a nation-state vs a global financial system. These themes overlapped in diverse ways, but it is useful to analyse them individually in order to attempt to untangle some of the issues that were seen to be at stake in the debate.

#### *Sense of Smallness*

The sense of Iceland being a very small country operating in a larger global context indicates how the prism of crisis creates a different imagination of engagements with global processes. While Iceland’s smallness was often used during the boom period to reflect on its presumed accomplishments internationally, it becomes a harsh signifier of powerlessness in the context of Icesave. In the interviews, the issue of smallness came up repeatedly. Aðalsteinn, who is in his early 30s and works in middle management in a relatively large bank, claims in an interview with

me that Icesave was ‘caused by the fact that [Iceland] is a small country and [Gordon Brown] could pretend to be tough’. Aðalsteinn further stated that the British ‘could use force’, probably to underline further this sense of vulnerability (Figure 1).

Baldur, however, who I meet at a small coffee shop talks about the sense of vulnerability people in Iceland felt in the context of the anger that Icelanders experienced from the international community due to the negative international coverage of Iceland at the time. He has worked in the financial industry for decades, being in his late 40s, and thus seen its rise and fall: ‘You felt that we were extremely weak. Of course you felt it, Iceland is, you felt the smallness of the country. You know of course [ . . . ] a lot of anger beside all of the bullshit that came, there was a lot of anger through Icesave.’ One blogger uses Norway as a counterexample to emphasise the smallness of Iceland, stressing that while the Norwegians are 4.5 million people with an army:



**Figure 1.** *Illustration by artist Gunnar Karlsson, used by the camp that wanted to vote yes on Icesave. Icesave is here a shark, ready below the surface. Reproduced with the kind permission of the author.*

‘We are just a gnat nation’ (Leo 2010). Some also use Iceland to generalise about the status of small nation-states in the global neoliberal economy. For example, the following blogger argues, ‘This is how they treat small nations. With the power of their size and authority the big will oppress the little to pay more than they should’ (Halldórsdóttir 2009).

This sense of vulnerability in terms of Icesave is also expressed in the emphasis on the British as a former colonial power. Referring to the British in such a way both seeks to position them in contrast to Iceland as a former dependency – drawing even stronger attention to Iceland’s precarious position in the global economy – and underline the presumed harshness of the British due to their history as a colonial power. This blogger sees Britain’s imperial past as rendering their claims hollow and hypocritical:

I didn’t take any loan from you Darling and you do not barge into my pockets for money that you decide that I owe you. Start to think about returning the plunder in the British Museum to the rightful owners and atone for your Brit’s oppression of other peoples throughout history. (Josi 2010)

The blogger, speaking to the British Chancellor of the Exchequer Alistair Darling, implicitly contextualises the treatment of Icelanders in Britain’s past subjectification of other nations. British colonialism was a useful point of reference for those making the debate meaningful as extensions of past power relations between nation-states, which were now mobilised in the context of the economic crisis. Interviewees did not so much emphasise the connection to the British as former colonisers, but more their economic and political status in the present that allows them to ‘bully’ a smaller, less powerful nation, which was now done with greater ease due to Iceland’s vulnerable economic position. The mobilisation of the past for those interviewed was more in terms of people seeing the Icesave dispute as the result of ‘them’ not ‘forgiving us for the Cod wars’. Even though some said it somewhat jokingly, there seemed to be some sense of seriousness behind the words.

This alignment of Icelanders with colonised countries is not unique to this particular debate. When Iceland sought a seat in the UN Security Council in 2008, Iceland was portrayed by some politicians as a good example of colonised and marginalised countries due to its former status as a Danish dependency. This association was put forward at that time without any apparent critical reflection on what such an assertion might entail (Loftsdóttir 2012).

### *Undermining Icelandic Sovereignty*

Sovereignty has been an important political issue in Iceland for a long time, deeply embedded in questions regarding whether or not Iceland should become part of the European Union (Bergmann 2009). Debates about sovereignty are frequently articulated in the context of an increasingly globalised world, with questions arising concerning the role of the state (Sharma & Gupta 2006: 6). Many of the discussions in the media about Icesave revolved around the possible loss or weakening of Icelandic sovereignty or what these turn of events have to say about Iceland's status as a sovereign nation. In some cases, such discussions merge into the discourses concerning the smallness of Iceland, its lack of power in the international context, and more specifically in relation to historical events, such as the Cod Wars dispute between the UK and Iceland (see also Boyes 2009: 129–133). On a few occasions, comparisons were made with more remote historical events in which Iceland did not play a part, such as the Treaty of Versailles in 1919. In the media discussions, the Cod Wars were directly linked to the Icesave dispute as an attempt to highlight the underlying threat to Iceland's sovereignty:

We have, from October 8, 2008, dealt with even worse British aggression and intransigence than the [territorial dispute]. There is no defence that the Brits have if you look at this history, it is reminiscent of genocide or eternal denouncement from the community of nations. (Ágústsson 2010)

Such a perspective was also emphasised in the following blog which compares Iceland with Germany after the First World War, ' . . . the conduct of western nations against another sovereign nation, within Europe, has not been to this extent since the French oppressed and humiliated Germany after the First World War' (Guðjohnsen 2009). The author here seems, interestingly, to associate Icelanders with the 'loser' of the First World War, presumably acknowledging Iceland's blame while protesting the humiliation seen as imposed on the Icelandic nation.

Some comments traced the threat to sovereignty to the division of the world into citizens of nation-states and a powerful elite that floats above it:

This is nothing more than an invasion of a sovereign state in the international community. We became a part of this house of cards where the strong who own the capital usually win. We should refuse to sign this agreement, which gives away our sovereignty into the hands of the oppressor in the fine print of the agreement. The story of those who own the federal reserve, Worldbank and use the IMF as their tool of control . . . (Valur1 2010)

This view situates the Icelandic nation as the primary unit of reference but not in opposition to other nations but more as part of a collective, global community of nations with shared interests that stand in opposition to a global economic elite.

The emphasis on community of nations and Iceland having an important role within it was especially evident in the discussion regarding the referendum on Icesave in 2011. Several groups had organised to advocate either ‘no’ or ‘yes’ to the Icesave agreement, including the group *Áfram* (wanting to accept the Icesave agreement) and *Kjósum* (opposed to the agreement). Curiously, both camps expressed ideas that Icelanders should use their votes to show the rest of the world how a sovereign nation ought to behave. In many of the comments relating to voting yes and accepting the agreement, people emphasised that they wanted to vote yes not because they felt that Iceland is entitled or obligated to pay for Icesave. Rather, they seemed to see it as the best, or least risky, option, as the name or the organisational body *Áfram* (Forward) indicates. Those who advocated voting ‘no’ (and thus rejecting the agreement) also referred to the Icelandic nation and its reputation. The difference was that those who advocated rejecting the agreement claimed that Iceland should be an example for the rest of the world by not being willing to take on the debts of others. Such a viewpoint is reflected in the following text, stating that in foreign countries, ‘People cheer the actions of Icelanders in standing up to the financial sector and look at the battle of Icelanders as a role model in the battle that has now begun in Europe due to the debt crisis’ (Gunnlaugsson 2011). However, others were more sceptical, and emphasised Iceland’s smallness. This blogger ironically notes: ‘Iceland against the global financial system, come on, we will win this game! Most definitely ... yes, \*cough\*’ (Are 2010).

Here people mobilise around a common set of preexisting nationalistic themes, but which take up quite radically different positions regarding what action should be taken. Those who were interviewed also expressed concerns over the possible loss of sovereignty and anxieties for the future, but usually in relation to Iceland’s global position in general after the economic collapse.

### *Nations in a World of Global Financial System*

The third theme revolves around questions of who *can* be made responsible and the extent of Iceland’s responsibility, if any. Most of those believing that the Icesave agreements should be signed seemed to assume that the international agreements would eventually force Iceland to pay. The claims that Iceland should vote yes to the bills, and thus pay compensation to the government

of the UK, revolved around eliminating the inevitable insecurity of Iceland's position if the agreements were refused. These individuals feared that the amount paid would be much higher than specified in the initial agreement. Using a reference to a football match that cannot be avoided (*við tókum þennan leik*, 'we have to participate in this game'), a blogger going under the name Bjarni echoed in his comment to a news story the familiar sentiments that the financial burden of Icesave should not be transferred to future generations, 'Either we deal with it now or leave it for future generations! I want to deal with it now and don't want my children to inherit the debts of others' (Bjarni 2010).

For others, the key issue was that the money lost due to Icesave was the responsibility of a private bank, 'We should never accept the state's obligation for the private debt of banks.' This suggests that the issue had relevance beyond Iceland, i.e. that people as subjects of nation-states everywhere should not be made responsible for the private debts of corrupted elites. One of the voters advocating rejecting the agreement phrases it in this way:

The 'no' is unclear, but the best option on offer. The 'no' is hope and can turn into victory in a direct democracy with an internet election if we stay alert. Those who say no are protesting that the banks and stock speculators can automatically put a burden on the people that has nothing to do with the general population. That's why the foreign press is looking at the election results here, because the people in western countries are in the exact same dilemma. (Sigurrafn 2010)

The speaker here acknowledges the risk involved in rejecting the referendum but sees it as part of a larger quest for justice. The question of how taxpayers can be made responsible is also raised:

To demand that Icelandic taxpayers compensate the losses of taxpayers in other countries without any law that requires this is akin to demanding that Icelanders accept all the losses around the world because of the eruptions of Eyjafjallajökull last summer for the sole reason that Eyjafjallajökull is located in Iceland! (Edgarson, nd)

The disassociation of the Icelandic taxpayers from the individuals responsible is particularly interesting. In some cases, the importance of rejecting the referendum is contextualised not as a battle against large firms or multinational organisations but against more powerful nations, again emphasising Iceland as a small nation: 'The worst that can happen for Britain and Holland is a victory of the Icelandic nation in the role of David's victory over the scumbag Goliath. The Icelandic nation that says "Up Yours" to big nations and a corrupt Icelandic Government' (Jónsson

2010). In these words, the ‘big nations’ and the Icelandic Government are put in the same category. This emphasis on not making Icelandic taxpayers pay reflected to some extent Davíð Oddson’s famous words of not wanting to pick up the bill after ‘reckless people’ (Gunnar 2010), without individuals necessarily adhering to his views in other respects. It was ironic that these words were uttered by indisputably the most powerful person in Iceland for decades who must have been instrumental in introducing policies that opened the door to the ‘recklessness’ that engulfed the Icelandic nation.

## **Discussion**

Reading across these themes, two contrasting but nevertheless complementary categories emerge: a reinforcement of national communities in a globalised world and a view of the global economy as composed of global elites and a powerless public.

Looking first at the reinforcement of national communities, Icesave creates a platform to engage with the crisis by utilising categories that were already meaningful; mobilising the sense of ‘us the Icelanders’ and ‘them the foreigners’ as pointed out by Hálfðánarsson (2009). It also works to investigate the ‘intrinsic character of an Icelander’, creating an even stronger opportunity for understanding the crisis from a wider perspective within the prism of national identity. The reification of the nation as a legitimate and meaningful force within today’s globalised economies was particularly evident in the discussions about the referendum in 2010, where the arguments of those in favour of a ‘no’ or ‘yes’ vote were built on claims that referenced the character of the nation. Some of those who advocated voting ‘yes’ in the referendum stressed the importance of the message it would show the rest of the world, using phrases such as ‘earning the respect’ of other nations (McQueen 2011) or that not voting yes would mean it would be difficult ‘to be proud of this nation’ (Leifsson 2011). Despite polarising ideas about what actions should be taken, the focus of the discussion on national identity by both camps meant that the debates about Icesave still worked towards creating a sense of what it means to be Icelandic and engaging with the nation as an affective construction. As such, the debate about Icesave indicates how ideas of culture are reified and made meaningful within a neoliberal context. Here, the Icesave debate created a platform for the reification of Icelandic culture. It can be pointed out that the Icelandic concept *þjóðin* (nation) has a strong reference to people across different classes, and its predominance in Icelandic discourses can be seen as affirming Iceland as a classless society (Bergmann 2014;

Oddson 2010: 7).

However, Icesave also created an opportunity to speak about the issue of nations and communities in the larger world of capitalism and the increased power of transnational institutions. As such, these discussions engaged with an increased sense of the precariousness of today's globalised economies (Muehlebach 2013). The question of why a nation-state should pay for the actions of a few individuals in a private bank was an important one for everyone whether they voted yes or no. Both sides seemed to share a sense of powerlessness and of feeling injustice. However, what did not seem equally relevant was the fact that the private bank was Icelandic, the individuals responsible were Icelandic, the branch had been sold to the customers as Icelandic and was endorsed by the Icelandic Government.

In spite of harshly criticising the increased power of global multinational organisations and elites who can get away with bankrupting a nation, very few Icelanders discussed the fact that if Iceland did not pay the British taxpayers would have to foot the bill. In some ways this draws attention to the importance of the nation-state not only as an ideological construction but also as an organ-iser of relationships in a particular way. The fact that Icesave was a dispute between the governing bodies of two nation-states seemed to make it easier to forget the consequences for the British taxpayers if Iceland defaulted. As Harvey (2010: 216) has stated quite pessimistically, the capitalist class will reproduce itself requiring that people have to give 'generously of the fruits of their labour to those in power, to surrender many of their rights and their hard-won asset values'. Even though individuals were able to look past the nation-state towards a critical focus on the global economy, the issues ultimately revolved around which nation should have to bear the cost. The emphasis on nations in this case reflects how the neoliberal global economy appears, as phrased by Comaroff and Comaroff (2000: 298), to 'magnify class differences, while undercut[ing] class consciousness'. This raises questions as to why the concept of 'class' has dissolved from critical scholarly analyses (Comaroff & Comaroff 2000: 301).

It is interesting that one of the leading people who promoted 'not paying' for Icesave, Sigmundur Davíðson (who became Iceland's Prime Minister in the autumn of 2013), was quite active in advocating that the debt accumulated by individuals in Iceland during the boom years should be 'corrected' (*skuldaleiðrétting*). The result could be that Icelandic taxpayers end up paying for debts of other Icelanders who chose during the boom years to take 'risky' loans (some were misled by personnel at the banks, others perhaps not). This leads to a contradiction. In the

national context, it is not fair that individuals should be held accountable for their own debts but the 'system' is. However, in the international context other nationals (i.e. the British using the high-interest rate of Icesave) should be held accountable. In one context individuals have to be responsible for their own desire for higher interest rates and willingness to take more risk, while in the other they are not. While the British public should have exercised caution placing their investments in high-interest accounts, like those of Icesave, rather than in more traditional institutions, the Icelandic public engaged in similar lapses in judgement when taking out 'risky' loans is exonerated.

The case of Icesave also raises questions with regard to what is the local context; who are the 'locals' in this case? The term local has also referred to communities that are in some way marginalised or lack political power within the state or global context (see discussion in Nash 2002). Are Icelanders a 'local' community resisting global forces when refusing to sign the referendum? From the vantage point of the British public who lost their money in Icesave accounts, Icelanders would probably not qualify as such. For many, or most Icelanders, however, regardless of whether they see themselves in the 'for' or 'against' camps, they would perceive themselves as 'locals' against global forces. The case thus draws attention to how the 'local' and 'global' are relative from certain perspectives and vantage points, involving shifting categories that are both local and global at the same time. For the Icelanders, the British Government was part of an increasingly hostile global community.

### **Final Comments**

Icesave was a private bank's brand owned by ruthless Icelandic entrepreneurs cashing in on Iceland's 'good' international reputation, as Sigurjón Arnason the CEO of Landsbakinn put it. This characterisation of this Internet bank relies on popular reified notions of Iceland's character and purity. The economic crisis allowed people in Iceland to continue to engage with the idea of a reified nation as a meaningful category while Icesave also provided a platform from which to discuss the increased stratification and inequalities within Iceland. For some time now, 'nationalism' has largely taken over from 'class' as an object of analysis (Williams 1989:401). This raises the question of why ethnicity continues to be such a powerful source of identification when there are striking and growing disparities of global wealth (Comaroff & Comaroff 2000: 301). One has to ask how the vivid discussions surrounding Icesave worked towards enforcing a

sense of the Icelandic nation as a meaningful and affective construction, and how the emphasis on the nation diverted attention from how crises have historically often resulted in beneficial economic opportunities for financial elites (Klein 2007). This strong emphasis on the nation as a meaningful construct took place at the same time as the state was, to some extent, controlled by a transnational institution, the IMF, which directed attention from global governance and the reorganisation of Iceland's political and economic life.

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### **Notes**

1. These interviews were taken by me and Helga Björnsdóttir, adjunct at University of Iceland, who worked with me on the second part of the project.
2. For more specific information on the textual material analysed for this discussion. It is constituted by: (a) articles collected from mbl.is (online version of Morgunblaðið) shortly prior to the crash of September 2008 until the end of May 2010 (85 articles); (b) material published when Iceland's president refused to sign the Icesave law in the beginning of January 2010. This material is from 31 December 2009 to 9 March 2010 (85 news stories, 26 blog entries and 3341 comments to news stories or blogs); (c) material in connection to the referendum on 9 April 2011, collected from February 2011 until April same year. These are 52 blog pages/articles posted on the websites of the opposite websites created in relation to voting on the referendum *Kjósum* and *Advice* (opposed to the law) on one hand and *Áfram* (wanting to accept the law) on the other hand, with 151 comments.

3. In December 2008, the SIC was established by Act No. 142/2008 by the Icelandic Parliament to investigate the processes that had led to the collapse of Iceland's three main banks (Lög um rannsókn á aðdraganda og orsökum falls íslensku bankanna 2008 og tengdra atburða nr. 142/2008). The Commission's report was delivered to Alþingi on 12 April 2010.
4. Lynch (2000), possibly history's best known mutual fund manager, addresses this issue in his bestseller *One Up on Wall Street*, showing why mutual fund managers have a tendency to buy only stocks in companies that are well known and in vogue, just to make sure that if the stock market goes down, the mutual fund manager has less explaining to do and more job protection.

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