

Iceland's Revolution

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The Icelanders put the bankers in jail. The Icelanders crowdsourced a new constitution. The Icelanders refused to bail out the banks. The Icelanders held a national referendum on sovereign debt. Anyone with a mild interest in current events has come across these claims, spread for years by online memes and snappy editorials.

In reality, however, the responses to the 2008–9 Icelandic banking crash were only modestly progressive and failed to bring about any kind of shift to the left. They have also been much more contested locally than most international media accounts reflect.

Iceland's famed but ambiguous policies of debt management have only been partially carried out by the country's left parties. In some cases, debt-relief policies have been outright reactionary in their upward redistribution of wealth.

Remarkably, popular sentiment against banking and indebtedness has not been channeled into building any long-term prospects for the Icelandic left. Rather, the country's establishment parties have successfully promoted their own weak measures against mortgage plight to recover from the loss of trust they suffered following the crash.

The Icelandic left is itself partly to blame for this, having failed to make homeowner and student debt a campaign issue of its own, thus leaving debtors' plight vulnerable to opportunist use by the same political forces that presided over the country's hyper-financialization and disastrous bust in the 2000s.

Iceland's principal left political party, the Left-Green Movement, enjoyed a historic electoral victory and promising ascendance to a coalition government in 2009. But the Left-Greens' failure to engage the debt question and formulate an egalitarian debt politics harmed the party and hamstrung the effort to build a strong left alternative in post-crash Iceland.

Perhaps most disastrously, its leadership not only refused to mobilize the party around the intense popular opposition to the infamous "[Icesave](#)" [accords](#) with the United Kingdom and Netherlands, but tragically came to be more closely associated, through the person of then-party chairman Steingrímur J. Sigfússon, with the Icesave fiasco than any other party in the country.

Above all, the Icelandic experience reveals the urgency of finding an egalitarian and redistributive approach to debt politics; one which can relay popular sentiment without falling into nationalism, limiting itself to superficial reform, or making the finance sector a scapegoat for the systemic failures of capitalism.

The Boom Years

During the 1930s, a durable political arrangement emerged in Iceland by which contesting social forces would rally behind three, and [eventually four, parties](#). In addition to the party of capital, the Independence Party, there would be an agrarian party, the Progressive Party, and a party for wage laborers, the People's Party, which morphed in the late 1990s into the Social Democratic Alliance.

The social-democratic People's Party, however, like its sister labor parties all over the European continent, could not prevent the emergence of a Moscow-aligned [Communist rival](#), which was founded in 1930. Repeatedly merging with dissident elements of the chronically emaciated People's Party, the Communists wielded a strong influence in Iceland compared with the Scandinavian countries through the Icelandic Socialist Party (1938–1968) and later the People's Alliance (1968–1998).

Though the country contained formidable unions and a strong communist presence, and government policies gravitated towards the Nordic welfare model, the key to understanding twentieth-century Icelandic politics is to recognize the supremacy of the conservative-liberal Independence Party.

Since the 1944 founding of the Icelandic republic, the Independence Party has ruled with a paternalistic hand and a ferocious loyalty to the country's protectionist-oriented capitalist class, while enjoying considerable support among the wider public. It has deftly navigated a corporatist political system that has remained more or less unchanged since the intense class struggles of the 1930s.

The Independence Party's grip on power was facilitated by Iceland's tradition of coalition governments supported by parliamentary majorities, which usually allowed the party to choose between the Progressives and Social Democrats as their junior partner.

During the long reign of Independence Party leader Davíð Oddsson, the party ruled in coalitions with the Social Democrats and, from 1995 to 2007, with the now-centrist Progressive Party. While the Social Democrats collaborated with Oddsson in the financialization of Iceland's economy, the prime responsibility for the excesses of the 2002–8 period lays with the Independence Party and the Progressive Party, who jointly adopted a tailored privatization program enforced through their reviled clientelist networks.

Without a doubt, the gigantic proportions of the 2008 Icelandic crash reflected the explosive growth generated within the span of less than half a decade by the newly privatized banking system.

The financialization of Iceland's economy did not take place in response to any profound, underlying crisis in other sectors; it was not a bootstrapping strategy against what Robert Brenner has called the "[long downturn](#)" of Fordism, as it was in many other Atlantic economies. To the contrary, the 1990s and 2000s saw stable growth in fishing, heavy industry, high tech, and retail, while unemployment was almost nonexistent.

Not surprisingly, this [strong non-finance-based profitability](#), complemented by an explosion in tourism after the crash, is the single most important — but frequently overlooked — explanation for Iceland's seemingly miraculous recovery in the seven years since the crash. This strong economic performance is also what has allowed Iceland to escape the political and economic woes surrounding sovereign debt in Europe's depressed Southern economies.

Curiously, the Icelandic left hardly ever responded to financialization under Oddsson's rule as a particularly pressing problem. For sure, the privatization of the two major state-owned banks in 2003 was recognized as partly corrupt.

But in the context of Iceland's robust economic performance during the period — viewed as proof of the virtues of the neoliberal doctrine that demanded privatization — critical voices were easily written off. Banking had a relatively benign image, and bankers were even seen as a progressive alternative to some older segments of the country's corporatist capitalist class.

The big issue dividing the Left and the Right during the 2000s was not financial regulation but energy policy and the environment. With widespread alarm over the looming destruction of Iceland's highlands, a left-liberal environmentalist movement at times employed finance- and market-friendly rhetoric against the government's considerable subsidies for global heavy-industry giants such as Alcoa and Rio Tinto.

A Movement Is Born

The crash of October 2008, coming amid a long and prosperous boom, took everyone by surprise. Geir Haarde, Oddsson's successor as Independence Party chairman and prime minister, famously uttered the words "God bless Iceland" in a televised address to the nation, immediately causing alarm in a thoroughly secular country.

It became evident that the Icelandic banking sector had, with the government's complicity, systematically concealed its vulnerabilities for years and engaged in massive fraud, the ludicrousness and magnitude of which has few parallels.

The result of this sudden, traumatic revelation was an outpouring of popular rage that had no equivalent in modern Icelandic history, save for the intense popular opposition to the country's accession to NATO in 1949. A vibrant and loosely leftist protest movement took over Austurvöllur, the parliament square in the center of Reykjavík, in the winter of 2008-9.

The vitality of the Austurvöllur movement was remarkable, especially in light of how rare criticism of the finance bonanza was while it was happening. Suddenly waking up to the woes of neoliberalism and financialization, the Austurvöllur movement's defiant weekly protests were complemented by citizen meetings calling for action and reform, the particulars of which ranged in scope from joining the EU to appointing a women's-only emergency government to founding a new republic.

Hatred of the Independence Party and of Davíð Oddsson, head of the Central Bank since 2005, was the core unifying element of this disparate movement. Convened under the slogan "Voices of the People," Austurvöllur found a spokesperson and diligent organizer in the person of troubadour Hörður Torfason, already well known as an artist and, no less, as the first prominent Icelander to come out as gay (in 1975).

Under Torfason's direction, the meetings kept a narrow focus, calling for the resignation of the government, the board of directors of the Central Bank and the Financial Services Authority, as well as the initiation of general elections. Modest and eminently achievable, Torfason's four demands stood in contrast to the energetic and at times refreshingly utopian atmosphere that settled over the city center.

In January 2009, as protests escalated rapidly, sparking clashes with riot police, the Austurvöllur movement saw what would prove its greatest victory: the resignation of the coalition government of

the Independence Party and the Social Democrats, which had been in power since 2007.

While forcing the resignation of a government that enjoyed a huge parliamentary majority rarely seen in Iceland (forty-three out of sixty-three members of parliament) was a major feat, the possibility for any kind of deeper economic regime change had already been more or less precluded by the International Monetary Fund's patronage of the Icelandic economy, which began as early as November 2008.

The Left in Government

On their face, the parliamentary elections that followed the crash were no less momentous than the crash itself. In May 2009, for the first time in the republic's history, the two parties seen to compose Iceland's electoral left managed to create a government coalition on the basis of a solid parliamentary majority.

These were the Left-Green Movement, heirs to Iceland's communist parties, who had since the late nineties emphasized feminism and environmentalism; and the Social Democratic Alliance, now led by chairperson Ingibjörg Sólrún Gísladóttir, whose image was severely tarnished by the coalition with Haarde's Independence Party.

Steingrímur J. Sigfússon, the charismatic leader of the Left-Greens, took office as finance minister while other Left-Green MPs were put in charge of important ministries like health and education. The welfare-oriented veteran MP Jóhanna Sigurðardóttir, freshly elected chairperson of the Social Democrats after Gísladóttir's departure, would lead the government as prime minister, hailed in the global press as the world's first lesbian head of government.

Sigurðardóttir and Sigfússon's government, enjoying a strong popular mandate at the start, quickly adapted itself to the task of instituting the International Monetary Fund's austerity program and of rebuilding the financial system. Sigfússon maintained a clear focus on reconstructing, rather than restructuring, the banking system, and complying with the watchdogs of global finance.

Simultaneously, he made huge concessions to the Social Democrats, above all by fulfilling their long-time dream of applying for full EU membership, a move that was divisive within both the Left-Greens and among the population at large. In exchange, the Left-Greens bargained for some defensive victories: modest tax hikes for the wealthy and a hold on social-safety-net cutbacks.

Both of the new ruling parties were from the outset hesitant to identify themselves too strongly with the seething popular anger against bankers and neoliberal demagogues. Instead of channeling this mood toward any reversal of the policies that led to the crash, Sigfússon's goal was to revamp the essentially neoliberalized economic system it had destroyed. Known as a firebrand orator, Sigfússon's fierceness soon turned into grumpy resentment of the media and his critics.

Never questioning the gospel of austerity, the Left-Green leadership transformed their party into the executors of what they saw as a painful but unavoidable process. The nationalization of losses resulting from private gains was proudly enforced by the Left-Greens, seemingly in the hope that voters would accept hardship as a punishment for their own complicity in the finance boom and for not having voted the Left-Greens to government earlier. This approach quickly led to disillusionment inside the party and the evaporation of its new supporters.

The government did sponsor some efforts to satisfy popular anger, one of which was to pursue the Haarde government's decision to appoint a committee of technocrats to evaluate the causes of the banking crash. The experts swiftly and efficiently prepared a behemoth nine-volume [report](#), "Antecedents and Causes of the Collapse of the Icelandic Banks in 2008 and Related Events."

The report was received well, but though damning of institutional failures and individual negligence, it was free of any kind of systemic critique. In retrospect, its primary function appears to have been to restore thoroughly unmerited trust in Iceland's regulatory institutions, and it remains unclear what changes, if any, have been made on the basis of its findings.

Another, perhaps more promising, reform effort made by the Sigfússon-Sigurðardóttir government was the initiation of a process to rewrite Iceland's constitution. Great fanfare ensued, with the spontaneous creation of grand "crowdsourcing" meetings and widespread excitement about procedural reforms to public decision making, with direct democracy, internet voting, participatory budgeting, and the like floated. The process itself, however, was deemed unlawful by the Supreme Court and was eventually suspended by parliament, where it seems now to have lost all support.

While the constitutional issue held important potential, the lack of any public outrage in the face of parliament's strangulation of the process raises doubts about the viability of making constitutional reforms central to a transformative left politics.

Another troubling question is the extent to which constitutional failures were to blame for the crash, and why this reform was made to appear so urgent in its wake. For better or for worse, this wave of enthusiasm for administrative and procedural reform did not completely die out, and would later play a role in the success of Iceland's Pirate Party.

A third effort, perhaps the most ill advised, was the launch of court proceedings against the various ministers who presided over Iceland's economy in the months before and during the crash. Marred by obvious political horse trading, the result lacked all credibility. Instead of prosecuting Haarde's entire cabinet — including its Social Democratic ministers, among whom had been the minister of commerce — the government made Haarde himself the sole defendant, giving the entire undertaking the appearance of a vindictive show trial.

Finally, with the support of French examining magistrate Eva Joly, massive court proceedings were initiated against bank chiefs suspected of fraud in the buildup to the crash. Many of the alleged crimes were reckless beyond belief, such as the fake purchase by a member of the Qatari Al-Thani family of a 5 percent share in the major bank Kaupthing, later exposed to have been organized and financed through back channels by the bank itself.

The long and arduous court proceedings, still ongoing, have recently seen scores of bankers sentenced to heavy prison terms. While celebration at the sight of handcuffed bankers is in order, the sheer absurdity of the crimes in question makes it hard to extrapolate any lessons for high-level white-collar criminal prosecution elsewhere.

Unmet Expectations

Taken together, the Icelandic state's actual reforms after the crash were limited in scope and served largely as a foil to direct attention away from the economic restoration imposed by the IMF in mostly frictionless collaboration with the government.

Sigfússon's restructuring was successful if judged solely on its own terms. Some of its measures were admittedly heretical by the standards of the global financial system, such as the imposition of capital controls, the refusal to prevent the three big banks from reaching legal bankruptcy, and the avoidance of extreme welfare cuts.

Iceland's treatment by the IMF was far from a "Greek tragedy," and it appears that Sigfússon's statesmanship and determination may have played in a role in averting such a scenario, but so did the absence of intra-European political feuds, the fact that Iceland's non-financial sector always [retained good prospects](#), and that Iceland's own mini-currency, the Króna, could withstand the massive devaluation that immediately propped up both the fishing and tourism industries.

While Iceland's unorthodox, supposedly left restructuring was praised by figures like [Paul Krugman](#), no efforts were made to strike a more favorable balance of forces between popular and capitalist interests that went beyond harm reduction.

The priority was always to get the wheels running again, not to reform the economy — let alone transform it. It is telling that while the Left-Greens had loudly protested the privatization of the

Icelandic telecom firm and the banks under Oddsson's rule, they made no attempt to reverse privatization once in power.

Perhaps most disappointingly, efforts to reform Iceland's fisheries management yielded no significant results. The controversial system, known as the quota system, is based on the annual allotment of a quota in each species by ton, a practice mandated by the state in the mid 1980s to prevent overfishing. In 1990, a momentous law was passed which made individual quota shares, previously given out at no cost, eligible for free commercial transfer.

Following this decision, quota shares became a form of capital that was bought, sold, rented, and securitized at highly profitable rates. As selling or leasing out quota to larger corporations became far more profitable for smaller players in the industry than actual fishing, the system simultaneously buttressed the formation of a new class of super-wealthy "quota kings" and destroyed the economies of multiple villages along Iceland's sparsely populated coastline.

Following decades of popular frustration with the disastrous social consequences of the quota system, it was expected that the left government would finally reform it, but these hopes were dashed as the Left-Green's minister of fishing got the process bogged down in a doomed attempt to solicit agreement from the industry itself.

Ultimately, the legacy of the Left-Green's time in government contains little more than modest victories, like slight income tax hikes and a 20 percent raise in the monthly allocation of state-offered student loans which barely kept up with inflation.

Since the Left-Greens failed to meet the high expectations they set before taking office, public discontent came to be channeled and satisfied in a number of other ways. Surprisingly, some of the most successful appeals came from the powers that had presided over the finance fiasco itself, above all the Progressive Party, whose proposed measures avoided challenging elite interests and lacked redistributive or egalitarian characteristics.

While the Progressive and conservative attacks on Sigfússon and Sigurðardóttir's administration were not compelling at first, the government's inept responses to these attacks proved fatal. When the Progressive Party began to mobilize its own grassroots network around issues of sovereign and homeowner's debt and offered what appeared to be bold and tangible action, the Left-Greens and the Social Democrats stood no chance.

The Icesave Surrender

The issue that most strongly ignited popular anger in the wake of the crash, and which became a curse on public debate in Iceland for years, was the "Icesave" affair. Icesave was the name given to the commercial bank accounts, carrying conspicuously high interest rates, offered by Landsbankinn to customers in the United Kingdom and Netherlands during the pre-crash finance bonanza.

As soon as the crash hit, it became clear that deposits were being sucked into the black hole of the Icelandic collapse. The UK and Dutch governments immediately took steps to guarantee all potential losses incurred by citizens who owned Icesave deposits, but subsequently insisted that the Icelandic government was liable. Westminster employed legislation intended to prevent the financing of terrorism to freeze Landsbankinn's assets in Britain.

Finance Minister Sigfússon, curiously eager to take political responsibility for solving the Icesave affair rather than leaving it to the Social Democrats, came under intense pressure from the IMF to accept any and all conditions imposed by the Dutch and UK governments, despite the serious legal ambiguities concerning the applicability of EU directives under conditions of a system-wide banking crash. In a catastrophic error of judgment, Sigfússon's envoys returned from 2009 negotiations with the Dutch and British with draft legislation that capitulated entirely to their demands.

Anger ensued, with fault lines drawn in ways that did not conform to the left-right spectrum of Icelandic politics. The Right mobilized nationalist sentiment to present the dispute as one of a tiny,

defenseless population against the tyranny of foreign states, harking back to Iceland's conflict with Britain in the 1960s and '70s over fishery zones.

Opposition to the Icesave accords, on anticapitalist rather than nationalist grounds, was also endorsed by independent left groups, such as the Iceland chapter of the alter-globalization network ATTAC, and a significant number of the Left-Green MPs. Left and progressive allies from around the world, ranging from [Eva Joly](#) to [Michael Hudson](#) and [Alain Lipietz](#), defended the right of the Icelandic people to refuse sole responsibility for the Icesave debts.

Like Sigfússon's camp inside the Left-Greens, the Social Democratic Alliance joined forces with centrist elements of the Independence Party and argued that anything short of absolute compliance with British, Dutch, and IMF demands would be a disgrace, jeopardizing Iceland's international reputation and ability to reinstate itself in the community of Western nations.

This sat well with the [left-liberal analysis](#) of the Icelandic crash and its roots, which emphasized local incompetence and corruption above all, the only solution to which would be the adoption of what Iceland's Social Democrats naively regarded as the responsible and ethical practices of the EU and its leading states.

Oblivious to the glaring thuggishness and legal ambiguity of the British demands, left-liberal sensibilities presented the payment of Icesave debts as a kind of justified war reparations. Sigfússon's camp defended the deal in even more absurd terms; most memorably Svavar Gestsson, former leader of the People's Alliance and chief negotiator of the first Icesave drafts, declared: "We are in fact carrying away the sins of the world, as was said of Jesus Christ."

Homeowners of the World, Unite

Even before the Left-Greens were split between Sigfússon's fanatical attachment to odious Icesave deals and a fierce internal opposition, a new citizens movement called InDefence had already put itself at the forefront of the anti-Icesave movement.

This energetic volunteer group gathered 75,000 signatures protesting the British government's freezing of Icelandic assets and organized a maudlin Internet meme campaign in which Icelandic families, oblivious to the racist subtext, posed for cameras holding placards with messages innocently asking whether they "[looked like terrorists](#)."

Lacking the left, egalitarian, and reform-oriented focus of the Austurvöllur protests, the InDefence group managed to transform dismay over the crash into national pride, gladly making room for supporters of the Independence Party and Progressive Party, who cherished the opportunity to divert attention from their own complicity in the banking scandals. Those within the Left-Greens who opposed the government's Icesave proposals were quickly shoved aside by Sigfússon, causing a dramatic exodus from the party's parliamentary group.

With support from [The Homes Association](#) and the republic's cunning president, Ólafur Ragnar Grímsson, in office since 1996, the InDefence group's campaign marked a decisive turning point in the development of Iceland's post-crash politics. In refusing to ratify Sigfússon's Icesave accords in January 2010 and instead subjecting them to a national referendum, Grímsson detonated a political bombshell.

The president aligned himself with popular sentiment and caused embarrassment for the leftist government amid a wave of global support for this seemingly progressive and daring affront to Iceland's foreign creditors.

Cleverly, Grímsson — a chameleon who before his presidency successively held posts in several political parties — also managed to use the Icesave affair to gloss over his own relationship with the banking elite, whose business ventures he had ceaselessly touted during the bonanza years.

While the Icelandic presidency is historically ceremonial, Grímsson had been viewed at the turn of

the millennium as the Left's ally against Oddsson's rule. Following his intervention in the Icesave affair, he immediately became reviled by his former allies and a hero of a nascent right-liberal populist movement.

The camp of Icelandic voters that remained most unimpressed with the Left-Green and Social Democratic government was composed largely of indebted homeowners, who found a voice in the Homes Association. The sharp rise in consumer prices that resulted from the Króna's collapse during the crash had an immediate and disastrous effect on mortgage holders.

Principals and monthly installments grew substantially due to the practice of [indexation](#), a peculiarity of Icelandic banking practices that was introduced as a counter-inflationary measure in the 1980s. With indexation, the principals of mortgages, student loans, and most other long-term loans in Iceland are linked to a consumer price index, placing the risks of inflation entirely on the borrower.

The few who had averted indexation by taking loans in foreign currencies — a practice of Icelandic banks later deemed partially unlawful — were in no better position. Iceland's economy encourages homeownership and measures have not been taken to make leasing and renting cheap and accessible, as they have in Sweden. As in the United States, mortgage plight is a common condition in Iceland. Correspondingly, InDefence and the Homes Association had a supporter base that defined its priorities in terms of homeownership rather than wages and welfare.

Furthermore, these new citizens movements had limited interest in the wider social justice concerns of the Left, and shamelessly exploited nationalist sentiment. The Icesave debacle and the onslaught of loud complaints from homeowners guaranteed that the response to sovereign and household debt came to be perceived as the chief shortcoming of the left government.

Even if the particular victimization of homeowners by the crash was exaggerated, the Icelandic left still needs to address indebtedness as a dimension of social struggle. Finding ways of offering class-sensitive policies that will place the issue of indebtedness alongside wages and welfare as a matter of economic justice is a challenge that remains to be met.

Things Fall Apart

The most incredible volte face of post-crash politics came with the May 2013 parliamentary elections. The Progressive Party entered the campaign revitalized by its affiliation with the InDefence movement, vindicated by a recent [European Free Trade Association court ruling](#) on the Icesave accords, seemingly unfazed by the crash, and betting heavily on the discontent of mortgaged homeowners.

The silver bullet of the party's electoral campaign, however, was its promise of the so-called "correction," a proposal to refund increases in indexed mortgage principals resulting from the inflation spike. Speaking directly to disaffected homeowners, the plan would be financed by levies on foreign claimants to the remains of the collapsed banks once the IMF-authorized capital controls were eased, scheduled to take place in the upcoming electoral term.

Getting the message across despite his loopy and awkward persona, Progressive chairman Sigmundur Davíð Gunnlaugsson relentlessly pushed the correction as a dominant campaign issue. Ultimately, the bet paid off, and Gunnlaugsson successfully placed himself and the Progressive Party's seemingly bold ideas at the center of the 2013 contest.

During the campaign, the Left-Greens and the Social Democratic Alliance were visibly weakened. The Social Democrats, now led by the hopelessly bland MP Árni Páll Árnason, were harmed by misguided policies such as advocacy for EU membership at a time when the EU was less popular than ever in Iceland.

Furthermore, the left parties' legitimate criticisms of the correction — above all the nauseating fact that it would primarily benefit already affluent mortgage holders — offered little to voters in the absence of alternative, egalitarian approaches to much-needed debt relief for working- and

middle-class Icelanders.

Implicitly acknowledging the damage done by the austerity he implemented and the reviled Icesave deals he advocated, Sigfússon stepped down in advance of the campaign, making room for the fresh-faced former minister of culture and education, Katrín Jakobsdóttir. When votes were counted, the results allowed the Progressives and the Independence Party to form a parliamentary majority, resuming the political trajectory established in Iceland before the crash.

The Missing Left Alternative

Even as they extinguished the last spark of the enthusiasm of the Austurvöllur movement, the 2013 elections also saw some intriguing developments. The most noteworthy of these was the success of the new Pirate Party, headed by Birgitta Jónsdóttir.

Jónsdóttir entered politics in 2009 as an MP of the Citizens' Movement, a short-lived group comprising various activists from the Austurvöllur protests. Anticipating the eventual implosion of the loosely knit coalition, Jónsdóttir laid the groundwork for an Icelandic equivalent to the Pirate Parties of Sweden and other European countries.

In a surprise win, the party secured three MPs in the 2013 elections and, in May 2014, one member of Reykjavík's fifteen-member city council. The subsequent rise of the Icelandic Pirate Party has no direct parallel in any other Western country. Polling at 36 percent, it is the country's leading party, seven points ahead of the historically dominant Independence Party.

While the Pirates have recently advocated for issues like universal basic income, the party's propensity towards a naively apolitical proceduralism, all the more worrisome given the presence of a rabid and growing right-libertarian wing within its ranks, will likely prevent it from unifying around a leftist agenda of any sort.

The astonishing popularity of the Pirate Party is in some ways comparable to that of the [Best Party](#), founded in 2009 and later transformed into the parliamentary party Bright Future. Spearheaded by comedian Jón Gnarr, who consequently became the mayor of Reykjavík, the Best Party ran victoriously for city council in the 2010 municipal election. Bright Future, now struggling after Gnarr's departure from politics, faces increasing challenges in distinguishing itself from the established parties.

With their mockery of mainstream politics and focus on cyberspace and technocratic state reforms, both Bright Future/The Best Party and the Pirate Party share some characteristics with the [Italian Five Star Movement](#).

Along with the InDefence Movement, these two parties currently stand as the principal legacy of the political rupture that began with the Austurvöllur protests in the wake of the crash. That legacy has been disappointing. The response to the 2008 crash has neither sustained mass mobilization around demands for economic redistribution nor developed a compelling political discourse acknowledging class conflict.

While people around the world will no doubt continue to project various fantasies onto the tiny island republic, the fact remains that Iceland has yet to see any surge in left mobilization comparable to that in Portugal and Greece — or even the more modest adjustments being made inside the two trans-Atlantic establishment left-liberal parties in the form of the Bernie Sanders and Jeremy Corbyn campaigns.

Until a coherent left-wing force capable of uniting those suffering from Iceland's economic inequalities emerges, that is likely to remain the case. [Iceland's Revolution After its financial crisis. Iceland put bankers in jail. But it didn't rein in capital.](#)

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