

Mass anti-government protests in Iceland

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Large protests have been held in Reykjavík over the past week, as anger over Iceland's ongoing economic problems mount. The demonstrations are developing in opposition to the Social Democrat-Left Green government of Johanna Sigurdardóttir, which is failing to provide support for working people hit hard by the crisis.

On Monday, between 7,000-8,000 people gathered at parliament square—over two percent of the population. The protest was held to coincide with Sigurdardóttir's opening speech of the new parliament, which returned to session last Friday. Previous days had seen smaller demonstrations, although crowds of 3,000 on Friday and 2,000 on Saturday still represent a considerable turnout for Iceland, whose population stands at just over 300,000.

The immediate trigger for the demonstrations has been a sharp rise in the number of repossessions of houses across the country. Over 1,000 forced auctions of property have taken place so far this year, with rates increasing over the summer months. In one region alone, in the southwest of the island, over 200 forced auctions have taken place since the beginning of the year.

The Social Democrat-Left Green government has done nothing to support working people facing the loss of their homes. Having accepted fully the demands of the International Monetary Fund (IMF) for economic reform in return for a \$2.1 billion loan, it has ruled out writing down household debt. In a letter, days before the latest outbreak of protests, the IMF was assured by the government that it would not raise the expectations of the population with regard to state support for their debt problems.

The IMF remains concerned about the stability of Iceland, with a recent report noting that it was one of the developed countries with the least room for manoeuvre in the event of an economic shock.

Assessing the ability of the state to assume responsibility for more debt, the study placed Iceland alongside Ireland, Greece, Portugal and Japan as the countries at greatest risk.

With the established parties all supporting the calls for deep spending cuts, opposition to the government and parliament as a whole is rising. The organisers of Monday's demonstration released a video on the internet which declared, "The banks are writing off debts for tycoons and ex-politicians but hang the families of thousands of Icelanders out to dry."

On a Facebook page used to organise the protests, the organisers added, "Let's not forget that the institution that ruined the financial system two years ago with its incompetence and corruption also ruined democracy with the voting on the high court last Tuesday."

This was in reference to the decision taken by parliament last week to prosecute former Prime Minister Geir Haarde for his role in the financial collapse of 2008. In doing so, MPs voted to allow three other leading ministers to escape any charges, a move heavily influenced by the fact that two were Social Democrats, the party which currently leads the government. Protesters see that the prosecution of Haarde will be little more than a token gesture, allowing one individual to be scapegoated for a crisis in which the ruling elite as a whole is implicated.

The vote was in connection with the so-called "Black report" which appeared earlier this year and documented the causes of the 2008 financial collapse. It uncovered a combination of negligence, fraud and outright criminality within the banks and the political elite. The report's findings resulted in the arrests of several leading bankers who could face prison terms for their role in the crisis. Haarde will be the first politician to be charged.

While the Left-Greens sought to give limited support to the protests in the immediate aftermath of the

banking collapse, they now sit in government with the Social Democrats and have loyally implemented the IMF-backed austerity measures. The only members of parliament who joined protesters on Monday were those from The Movement, which emerged as a so-called “grassroots” party to run in the 2009 elections. At that time, it made European Union membership a central plank of its campaign, a move which would do nothing to halt the austerity measures Icelanders are being forced to suffer.

The new budget being discussed in parliament will see such measures intensified, with cuts of 33 billion krónur (€213 million) planned for next year. The budget contains plans to cut financial support to hospitals and other health care centres by 40 percent. Commenting on the national impact of this move, chairwoman of the medical association of Iceland Birna Jónsdóttir stated, “So much has been cut in the past years that nothing is left; this is the big blow.”

Some local areas will face particular hardship. In the Westman islands, cuts will see the elimination of maternity facilities, while in Thingeyjar in the northeast of Iceland the existence of the local health service is at stake. A public meeting has been called by angry residents seeking to oppose the cuts. As Aldarsteinn Baldursson of the labour association Fransýn commented, “It is about life and death; you can put it that way.”

Another area targeted is the benefits system, including child benefit payments. Although the upper limit of child benefit has already been reduced by nearly half in recent months, plans in the budget point to a further reduction of 932 million krónur (€6 million). Proposed measures to force through this cut include the shortening of parental leave, and another reduction in the upper limit for monthly payments.

This will only exacerbate public hostility to the government, as many families will find it impossible to cope with the loss of income and vital public services. Unemployment is still running at nearly 8 percent and would be higher were it not for the fact that thousands of Icelanders made the decision to emigrate after the crisis hit.

With ruling circles well aware that ongoing social instability is inevitable, discussions are taking place on how austerity measures can best be imposed. Finance Minister and Left Green leader Steingrímur Sigfússon

urged politicians to “work together” to meet the difficulties Iceland faces.

Such comments point to the possibility that some form of national unity government is being considered. On Tuesday, Sigurdardóttir denied that such a solution was on the agenda, but nevertheless held meetings with opposition parties ostensibly on how best to tackle the housing crisis. She told daily *Fréttabladid*, “I was disappointed in hearing the representatives of the opposition calling this meeting a show-off that does not indicate a will to cooperate. I am being serious and I called for cooperation in sincerity.”



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