

Chapter 6. The Icelandic financial crisis and adaptation strategies by Poles in Iceland

Małgorzata Budyta-Budzyńska

*Iceland seems like an experiment on human subjects.
Place 300 thousand of them on an island and see what
happens. In many respects Iceland is a strange place, but
what happens there on a small scale reflects
the action of social forces of global significance.*
(Magnason 2010, p. 145)

News from Iceland reported in the Polish press up to October of 2008 was scant and scarce. Whatever appeared was placed within the context of the economic miracle which the island had been enjoying in recent years, of the European Economic Area, to which Iceland belongs, and following 2006 – had to do with the opening of Iceland's labour market to Polish citizens, which resulted in the arrival to that country of a relatively numerous Polish emigration. Up to the fall of 2008, Iceland was described as an earthly paradise, a land of prosperity and very high standards of living¹.

¹ This was hardly the case always – up to the mid-1940s Iceland was a very poor country, which gained in wealth and significance only during World War II, when it became “America’s largest aircraft carrier” and a midway point for convoys crossing the Atlantic, as well as a significant exporter of fish to world markets. After the war, Iceland continued to enjoy a healthy growth due to a good market for fish, but the real boom took place in the 1990s. Iceland became one of the world’s fastest growing economies, with an annual GNP growth rate of 5-6 percent, and a stock market among the world’s most profitable: at its peak in 2007, the ICEX market index reached 9000 points, while four years earlier it was at a level of about 1000 (after the economic meltdown the index reached a low of 14 points, according to Magnason 2010, p. 147). The level of unemployment on the island was at 1 percent, something unseen elsewhere in Europe. At that time a group of young enterprising Icelanders appeared, who were able to operate on global capital markets, making big money quickly and efficiently. Iceland came to be seen as a land

The situation underwent a dramatic change in October of 2008, although certain symptoms of the impending breakdown had already been noticed earlier by foreign analysts (in 2005 and 2006, by the agencies Moody's and Standard and Poor's). Beginning from October of 2008 reports from Iceland have become more abundant in the international media, and they read as successive episodes of a political thriller – the plot turns around often and in unexpected ways, the characters are haughty and totally unpredictable, and all takes place within the context of top-level politics and big money, only corpses are lacking.

As news from Iceland became dominated by the Icelandic financial crisis, sporadic reports appeared in Poland on how Poles were coping with the increasingly difficult Icelandic labour market². In April 2010, the world followed the eruption of the Eyjafloell volcano in Iceland, which effectively paralyzed for a week about one half of the world's air transport.

In the present chapter, I analyze the adaptation strategies by Polish immigrants during the Icelandic financial crisis. Adaptation strategies followed during a financial crisis in the host country may be taken as an indicator of how well the immigrant has learned to deal with a foreign social environment and a foreign labour market. The crisis makes things more difficult for everyone, but it has a special impact on immigrants, by increasing the competition for employment, causing reduction of state subsidies, including aid programs for immigrants; the majority, which in earlier times was acceptive of the newcomers, tends to become more unfriendly. How do immigrants deal with such a situation? Do they return to their home country? Or move elsewhere? Try to survive on unemployment or welfare benefits? With some effort, manage to cope with the new situation? Or do they adapt rather well? Are they dealing with the same

of brilliant cosmopolitan investors who always succeed: e.g. the wealthiest businessman from Iceland bought a brewery in Russia, made investments in cellular phone networks in the Czech Republic and Bulgaria, and he played a part in a debut on the cellular phone market in Poland (Play).

² It must be added that in September of 2010, Icelandic music was the leading theme of the Sacrum and Profanum Festival held in Cracow. In October of the same year, a several-day Icelandic festival took place in Warsaw, with movie and visual arts presentations, and meetings with Icelandic authors. A surge of interest in Scandinavian literature, especially crime stories, has led to several translations of Icelandic literature being published in recent years.

type of problems as the majority, or are problems faced by immigrants in a time of crisis totally different and particular to their situation? In the following, I will attempt to answer those questions, with reference to the particular case of Iceland. Before turning to that topic, to allow for a better understanding of the situation of Polish emigrants to Iceland, I will briefly summarize the origins and phases of the Icelandic crisis.

Origins of the financial crisis in Iceland

The Icelandic crisis is a facet of the worldwide crisis, and the problems affecting the world's economy are evident in Iceland as if under a lens, but Iceland's *kreppa* (Icelandic for "crisis") displays its own local features. There were at least the following several reasons for the financial breakdown that happened on the island.

Firstly, the crisis resulted from overheating of the economy – excessive investments in the energy sector, fueled by the demand of the aluminum industry³, and in constructions. Large energy and construction projects

³ In the 1960s, aiming at diversifying the sources of national income to reduce dependence on the fishing industry, Iceland began to develop the industry of aluminum. The ISAC (Icelandic Aluminum Company) was established in 1966, as a subsidiary of a Swiss aluminum corporation, with the aim of developing the aluminum industry in Iceland. As is known, production of aluminum is the most energy-consuming industry, but in Iceland energy is nearly for free, so the plan was to import bauxite from Latin America and use it to produce aluminum in Iceland. Hydroelectric plants were built for the purpose of supplying energy to aluminum smelters, however, in 1978 the aluminum industry still accounted for only 13 percent of Iceland's exports, while the fishing industry remained dominant, providing 78 percent (Tomasson 1980, p. 35). Iceland's economy remained, therefore, highly sensitive to fluctuations in the demand for fish in foreign markets. The fuel crisis of 1973 had an exceptionally strong impact in Iceland, driving up the prices of imported goods and as an effect, fueling a high rate of inflation. In the course of 10 years, the cost of living rose 17-fold (sic!) (*ibid.*). This led to further pressure on diversification of the economy through development of the aluminum industry, with the building of further smelters and hydroelectric power stations to provide them with energy.

In the 21st century this aluminum industrialization ran against public resistance. Protests began to be held against the building of further smelters and power stations. This is treated in the book *Dreamland* by Andri Snaere Magnason, widely known in Iceland. Magnason calls Iceland a "heroin economy", being addicted to constant building of new power stations and aluminum plants, leading to environmental devastation on a huge scale. The author is not referring to already existing projects – which are not hugely profitable, but to the constant need to build new installations, be-

were financed by credits, putting the nation deeply in debt, which is currently difficult to pay off, as the supply of goods thus produced has far exceeded demand – energy and homes are hard to sell.

Secondly, the crisis resulted from the effects of neo-liberal reforms. In the beginning of the 1990s, Iceland carried out – with some delay with respect to the West, liberal reforms consisting in removing price controls, cutting subsidies for non-profitable enterprises, reducing taxes, and privatizing the post, telecommunications and the fishing industry. Fishing quotas were introduced, which were granted to individual companies and which could be freely traded, and this led to increased growth of the industry. The growth of the fishing industry pulled along the growth of other sectors, the economy took off at an unusual rate and labour began to be in short supply. Consequently, recruiting firms appeared which started to hire workers for the fishing and construction industries from abroad.

Following the year 2000, the banks were privatized, and soon it turned out that their young, American-educated managers are cramped by the island's narrow opportunities. Using advanced financial instruments and taking advantage of the speculative bubble in the US, the so-called “Vikings of finance” began to invest in the American real estate market and other risky undertakings. All backed by credits⁴, which they obtained thanks to the renown of Iceland as a land of hard-working, thrifty people. As stated by one of the critics of the new economic policy: “They built

cause it is this building process that fuels the economy, as the construction of smelters and power stations employs far more workers than their operation. (Currently 80 percent of energy produced in Iceland is consumed by the aluminum industry). It should be clearly stressed that the policy of developing the aluminum industry does not deserve a purely negative judgment, as presented by its critics. In view of Iceland's very strong economic dependence on the fishing industry, it is not difficult to understand the purpose Iceland's governments saw in diversifying the sources of income, in such a way as was seen to be possible: by taking advantage of low-cost energy.

Let us add that experiments are under way in Iceland on other sources of energy, for instance hydrogen cells. In 2003, the world's first commercial hydrogen filling station was opened there, as a first step towards hydrogen-fueled transport. Icelanders are also continuing searches for petroleum and gas deposits on the sea shelf.

⁴ They made use of so-called leveraged financing, based on the same principle as that of the simple machine. The lever allows one to raise a large weight by applying a small force, by taking advantage of the length difference between the lever's arms. Similarly, in the case of the financial leverage, the investment made is small (and usually credited), while the expected profit may be very large – but carries a high risk.

(the financial magicians, as he calls them) huge business undertakings on the basis of Iceland's long renown as a country of honest and scrupulous people. This gained them access to nearly unlimited credit from the United States, Germany, Japan and Great Britain" (Magnason 2010, p. 149)⁵.

On the internal market banks granted credits easily and eagerly, contributing to a huge growth of consumption and living beyond means. In addition, the three largest banks: Kaupthing, Landsbanki and Glitnir, which clearly found the island's financial market too small, began to expand into the UK, the Netherlands and Scandinavia, opening subsidiaries in those countries. There, they offered very high interest on deposits, which drew to them 320 thousand residents of the UK and the Netherlands (a number roughly equal to the population of Iceland). Foreign customers deposited in Icelandic banks over 5.5 thousand million dollars (*The Economist*, 7.1.2010). This money was invested in high-risk securities and real estate in markets over the world. Icelandic banks were acting like investment banks, which in many countries is either disallowed or strictly restricted: commercial banks are either disallowed, or allowed only to a limited extent, to engage in investments in such a way as is proper of investment banks⁶.

⁵ Nearly the whole public got carried away by the speculative fever. During the Icelandic festival in Warsaw in 2010, one of the guests from Iceland recalled the pre-crisis situation as abnormal – high school students in cafes and pubs, instead of talking about the subjects people of their age usually talk about in other countries, were using their laptops to monitor the indexes of international markets. The main character of the book *Women* by Steinar Braga, at a time shortly before the crisis, says: "The TV news proved to be a surprising collection of nothing that did not happen anywhere on a small island laying on the furthest edge of civilization, but Eva noticed that news about fishing, the catch of fish and fishing quotas had ceded place to news from the world of business and banks – Glitnir, Landsbanki, Kaupthing, and that the talk was about expansion". (Bragi, p. 35)

⁶ In the US, since the 1930s, investment banks that take part in share and bond issues by corporations have been separated from commercial banks, which grant loans from customer deposits (the Glass-Steagall bill). In the 1990s, as a part of deregulation, fusion between commercial and investment banks was allowed, on the premise that in a time of globalization, integration of banking institutions is needed to allow businesses easier access to the benefits of the financial market. According to Joseph Stiglitz, former vice president of the World Bank and Nobel Prize winner in economics, the fusion between banks of the two types favored financial misconduct – such as the artificial, speculative

The course of the crisis

When the real estate speculation bubble burst in the US, and with the failure of the American investment bank Lehman Bros., where many Icelandic firms kept their assets, the situation in Iceland took a dramatic turn – the country's banking system broke down. Deposits by Icelandic citizens could be paid out, however, there appeared the issue of interest and deposits owed to customers in the UK and the Netherlands. Those banks' operations in the UK and the Netherlands were run as branches of the Icelandic banks, and therefore were under the supervision of Iceland's financial institutions, with liquidity guaranteed by the government of Iceland⁷. (We deal with a different situation in Poland, where for instance Bank Millenium is not a branch of a Portuguese bank, but a bank owned by a Portuguese financial institution and subject to Polish banking supervisory authorities). The problem was that Iceland's banks had grown so large, their assets exceeded Iceland's GNP ninefold! (according to *The Economist*, 9.10.2008, this was about 14 thousand million euros, while the banks' assets totaled 125 thousand million euros). The collapse of the three largest banks meant their customers could not withdraw their money. Special problems were related to Icesave, the Internet branch of the Landsbanki bank. The UK government initially insisted on the payment of deposits on the accounts of British nationals (not only private individuals, also Oxford University and the police force had deposits on accounts at the dynamically growing Icelandic banks), but later compensated them for their losses and demanded a refund from the Icelandic state, as responsible for supervision over the banks. Assets held by Landsbanki and Kaupthing in the UK were seized. The entire situation caused severe tension between London and Reykjavik (not for the first time, but similarly as in the 1960s and 1970s during the so-called Cod Wars). Initially, the British government accused the Icelanders of lack of

raising of share and option prices, in effect becoming one of the causes behind the crisis of the 1990s in America (J. Stiglitz, *The Roaring Nineties*). In European countries, commercial banks are usually allowed to invest in shares and other risky instruments, however, the extent of such investments is limited by law.

⁷ Hence numerous accusations were launched against the Icelandic system of financial supervision, though not everyone is in agreement: some argue that you can't blame a watchman for the deeds of a crook. It wasn't the state sector, and in particular the banking supervisory authority, that caused the crisis, but rather private financial institutions.

concern and threatened to go to court over the freezing of British accounts in Icelandic banks. Later on the Icelanders began to accuse the British of freezing assets of Icelandic banks in the UK on the basis of an anti-terrorist law introduced after 2001, and by this escalating the crisis in Iceland (through implying that the Icelandic state was untrustworthy). It should be added that the amount of 5.5 thousand million dollars that Iceland was requested to pay (or 3.8 thousand million euros, plus 5.5 percent annual interest) is a sum beyond imagination for such a small country – amounting to about 18 thousand dollars per capita.

The insolvency of Iceland's three largest banks, which were at first placed under receivership and finally nationalized, with the foreign branches being sold off, led to a dramatic fall of the value of Iceland's currency, the krona. The government tried to freeze the exchange rate (at 131 krona per euro), but insufficient currency reserves made this impossible. (In 2007 one euro was worth 85 Icelandic krona, eighteen months later the rate was at 200 krona per euro). To shore up Iceland's rapidly falling krona, the Icelandic government tried to procure foreign loans. The West was in no hurry to grant them, therefore, Icelanders turned to Russia for aid. For a few weeks Europe was astounded by reports that Russia was about to come to the rescue of a NATO member's financial system. This move was regarded as a kind of blackmail on behalf of the Icelanders: since we can't count on our allies, we'll try to get help from the Russians – even if they don't give it out for free (*The Economist*, 28.10.2008). In the end, a loan of 2.1 thousand million dollars was granted by the IMF (the first case since 1976 of such a loan being granted to a Western state – *The Economist*, 26.01.2009). The Nordic states also chipped in, and Poland lent Iceland 214 million dollars as well⁸.

The financial breakdown caused a massive sellout of Icelandic assets and krona by investors. Iceland's stock market had to suspend operations for several days (and President Olafur Ragnor Grimsson was hospitalized with a heart ailment).

The financial crisis was strongly felt by the island's residents: restrictions were imposed on bank deposit withdrawals and foreign transfers

⁸ "Polska udzieli Islandii pomocy finansowej w wysokości 200 mln dolarów", in: *Gazeta Wyborcza*, 7.11.2008; "Polska pożyczka dla Islandii ma pomóc w zwiększeniu rezerw walutowych", in: *Gazeta Wyborcza*, 4.10.2009; "Cold comfort for Iceland. Iceland faces a long road to recovery", in: *The Economist*, 21.11.2008.

(this affected Poles, most of whom send money to their families in the home country), and prices of imported goods doubled. Icelanders had been on a loan spree, buying homes, cars and luxury goods on credit, now they were having trouble meeting payments, especially increased payments on foreign-currency loans due to the shrinking value of the krona.

Financial problems led to a drop in consumption and a freeze on investments, and in consequence, to the growth of unemployment to a level never seen before in Iceland: 9 percent. Not only immigrants, but also Icelanders began to find it difficult to obtain employment, and quite a few began to seek jobs abroad⁹.

The economic breakdown, growing unemployment, and above all the prospect of paying back the debt owed to the UK and the Netherlands, triggered public protests – for the first time since the late 1940s, when Icelanders protested against the establishing of a US air base in Keflavik. This time angry citizens gathered on the lawn in front of the Parliament building in the center of the capital, banging on pots and pans they had brought with them – hence the term “pot and pan revolution”, threw eggs and shoes at the Parliament building, burned tires and threw paint on the houses of the top culprits: the bank executives. In the end, thirty protesters stormed into the Parliament, for which nine persons are currently under charges carrying a maximum sentence of 16 years in prison, as they have been charged under anti-terrorist law¹⁰. The main demands were resignation of the Cabinet and bringing to justice those guilty of the crisis.

As a result of the protest, in January of 2009 the Cabinet, led by the Independence Party (which ruled Iceland within a variety of coalitions for 60 years), was forced to resign. Elections were held and in April of 2009,

⁹ As wrote Haukur Helgason: “The king proved to be naked, and the PR specialists were no longer able to maintain the illusion, created through long years, of an economic miracle. In any case, the effects of the crash turned out to be a surprise for Iceland (...) Iceland’s public opinion was also unprepared for such a turn of events, everybody acted as if paralyzed” (Helgason 2010, p. 78-79).

¹⁰ The entire matter is slightly peculiar, because about 400 people took part in the protest in front of the Parliament, thirty entered into the building, but nine were charged with assaulting the Parliament. Icelanders reacted to this incident in a manner rather typical of them: to manifest solidarity with the accused, one may report oneself under article 100 of the Penal Code, assault against Parliament, by signing a suitable petition. Following We Are Examples. The Case of the Reykjavik Nine, in: *Reykjavik Grapevine*, 05-2010. That protest and the nine accused are subjects of a film by Haukur Helgason, *Against*.

a new coalition government was formed, headed by a woman, the economist Johanna Sigurdardottir of the Social-Democratic Party. She appealed to the governments of the UK and the Netherlands for understanding and patience concerning the return of the money (*Financial Times*, 7.06.2009).

Icelanders had until then refused to join the European Union, fearing the grip of the Union's bureaucracy and the imposition of stricter fishing quotas¹¹. When the crisis erupted, they began to consider seriously the option of membership in the Union. In late 2008, 70 percent of the public were in favor of holding a referendum on the issue, and of those nearly a half favored membership in the Union (results of a Gallup poll). In July of 2009 the government of Iceland applied for membership, and in June of 2010 the Union decided to begin membership talks with Iceland.

In July of 2009, an agreement was signed with the UK and the Netherlands concerning payment of Iceland's debt (this was a precondition of membership talks with the EU and of successive installments of credit from the IMF), in August it was renegotiated – payment was scheduled for the years 2016-2024. In December of 2009, Parliament passed a bill implementing this agreement, but under pressure from public opinion – a petition signed by 56 thousand citizens, the bill was struck down by president Olafur Grimsson. This led to a new crisis in Icelandic-British relations, with the UK threatening to impose economic isolation on the island. The President resolved that payment of the debt was to be decided by the nation in a referendum.

The referendum was held in March of 2010, and Icelanders voted whether they agreed to pay the debt according to the terms of the agreement. As expected, over 90 percent of the voters voted against, deciding that the nation cannot be held responsible for the speculative policies of private banks and the gullibility of foreign customers.

The referendum led to a rather confused situation. Icelanders had voted on a bill that was already obsolete, as the agreement on payment of

¹¹ Iceland is not part of the European Union, nonetheless, it has implemented many of the Union's regulations on social issues. If it joined the Union, it would have to implement joint policies on fishing, and this never had support from the public. Icelanders are unwilling to give up their tradition of whaling (which is banned in the EU), and refuse to have their fishing quotas dictated by the Union. Fishing rights are regarded as an element of sovereignty. The three Cod Wars against the UK, disputes about the size of the fishing zone, form an important part of the collective memory in Iceland. In the mid-1970s Iceland extended the range of its maritime fishing zone to 200 miles.

the debt had been re-negotiated. The referendum's result was, therefore, of no real significance, however, it led several ratings agencies to downgrade Iceland's standing to trash level, while the Nordic countries suspended payment of a credit that was to supplement the IMF package (*The Economist* 4.03.2010).

In April of 2010, a special parliamentary commission published a nine-volume report on the origins of Iceland's financial crisis. The report names five entities as guilty of triggering the crisis: politicians, including the former Prime Minister, the head of the Central Bank, and the former Minister of Economy, for not disclosing to the public opinion the extent of the economic difficulties, and for accepting the granting of multi-billion loans to corporations and banks; the banks, for fraud and huge loans to their chairmen; the financial supervisory authority, for insufficient scrutiny of the banks; the President, for backing Icelandic financial undertakings abroad and working towards their positive image¹²; and the media, for totally ignoring warnings issued by foreign analysts¹³.

In the fall of 2010, Iceland's Parliament decided to bring the former Prime Minister Geir Haarde to trial, for negligence and failing to take action to prevent the crisis. This is the first case when the head of government is brought to trial for decisions in economic policy – or rather, for failing to take such decisions.

In December of 2010, a new agreement was signed with the UK and the Netherlands concerning the payment of the debt. The new agreement granted Iceland more favorable terms of payment, mainly by reducing interest, and was ratified by Iceland's Parliament in February 2011 – but

¹² An often cited example is the speech delivered by President Olafur Ragnar Grimsson in May, 2005 at the Walbrook Club in London. The President gave a lecture titled "How to be successful in modern-day business: lessons from Iceland's journey", where he argued that the success of "Iceland's bold businessmen" had its roots in national tradition. He particularly pointed out the creativity present in Icelandic culture, which stresses individualism. The success accomplished by the young enterprising Vikings was no surprise, he said, since already in the past the Icelanders had proven their worth: as the only nation to defeat the British Navy, and having done it three times (during the Cod Wars). The British and American model of business, he further argued, needs to be refreshed according to Icelandic recipes (Magnusson 2010, p. 259-260). For more on reveling in one's own exceptionality, see Boyes (2009).

¹³ Parts of the report by the Special Commission of Parliament can be read in English on the Web at sic.althingi.is.

it was again vetoed by the President, who ordered another referendum on the issue for April of 2011. Like the year before, Icelanders voted against payment of the debts of private banks (this time nearly 60 percent of the voters were against). The UK once again threatened to go to court.

As reported since the fall of 2008 by newspapers in Poland (and elsewhere)¹⁴ – Iceland had turned from economic paradise into hell. This is a gross exaggeration, the situation was never as dramatic or hopeless as suggested by media descriptions and their number. An unemployment rate of 9 percent is the standard in many European countries; the crisis led to cuts in spending on culture and some social projects, but did not undermine Iceland's welfare state. Symptoms of the collapse were not to be seen in the streets, and the traditional weekend *runtur* (nighttime entertainment in pubs and clubs) continued to take place as always. (Similar observations were made by a journalist of *The Economist*. In a report on 24.03.2010 titled “Crisis, what crisis?” he observed that the only symptoms of crisis to be seen were the empty Grand Hotel and a half-dimmed neon sign. Following the shock of 2008, from 2010 onwards Iceland is slowly recovering from the crisis.

The crisis also had a few positive aspects. The drop of the krona led to a growth of the tourist industry, which became an important sector of Iceland's economy. Many Americans and Western Europeans decided to see a volcano erupt before their own eyes, as the prices in Iceland were no longer prohibitive.

Icelanders admit that the crisis has had a certain purifying power, that it was more *a call to reality rather than a lethal blow* (Helgason 2010, p. 129). Iceland's society had traditionally been rather egalitarian, until recently class differences were not large. The economic boom of recent years had led to a huge spread in income, producing a super-elite which enjoyed fabulous earnings and lived like American show business stars. The crisis brought Icelanders back to earth, leveling to some extent those huge differences. To quote Magnason: “Quite a few Icelanders felt left behind, due to the growing inequality. Today Icelanders feel relief, because the illusion is gone, everything is coming back to normal and

¹⁴ Headlines taken from *Gazeta Wyborcza*: “Iceland – economic paradise turned hell” (7.10.2008); “Game over, or welcome to Icelandistan” (15.10.2008); “Iceland's collapse – the crisis deepens” (10.10.2008); “Iceland: from migrants' paradise to bankruptcy” (6.01.2010); “Iceland: once paradise, now fled from” (07.04.2010);

they can once again enjoy their ordinary summer vacations and dinners with their friends" (Magnason 2010, p. 161).

In June of 2010 the citizens of Reykjavik elected to the office of Mayor a comedian from the Best Party; this was not only a display of black humor by the capital's residents in the face of the crisis, but perhaps more a sign of their disappointment with politicians from the traditional parties, which led them to seek other options – and the popular satirist happened to fit the bill.

Adaptation strategies by Polish immigrants in times of crisis – analysis of interviews

1. All those interviewed stressed that life in Iceland is safer – physically and materially, more tranquil and comfortable than in Poland, even in times of crisis. Official procedures are easier, bureaucracy is less pronounced, and officials are for the most part helpful, leading to better human relations and less frequent stressful situations.

Everything is handled calmly, without making problems and without stress. Even when somebody is unable to handle something, nobody gets nervous and everybody has time. Nobody worries about whether something will be handled today, tomorrow or next week. And somehow this atmosphere spreads (interview 3).

Not a single one of our interlocutors was in disagreement with such opinions. In addition, in Iceland our interviewees can afford far more than in Poland, though many of them live modestly, they have no problems covering their necessities, "making ends meet", which was often an issue for them in Poland. They have enough money for entertainment, pleasure, hobbies and vacations – the average monthly earnings of a manual worker are ISK 150-200 thousand net, before the crisis worth about 2 thousand euros, currently a little above a thousand euros (for instance, rent for a studio apartment of low category, far away from downtown, is about ISK 50 thousand monthly)¹⁵. "Here you can live, and optionally save – while in Poland, you must save to survive" (interview 18).

¹⁵ Before the crisis, 1 PLN = 19 ISK, in mid 2010, 1 PLN = 45 ISK; before the crisis, 75-90 ISK = 1 euro, during the crisis – 160-200 ISK = 1 euro.

Most admit that currently they are living “from day to day”, not making investments or gathering savings because their earnings don’t allow them that – except maybe putting away some money for travel to Poland or return to Poland; some of them contribute to the support of their families in the home country. They all confirm, however, that even the lowest wages provide sufficient support, which is not the case in Poland.

It is also quite possible to survive on welfare benefits, which are set at an amount that allows the recipient to rent a modest home and support him/herself (the amount of benefits is only slightly lower than, and sometimes equal, to the lowest wage, this is about ISK 120-140 thousand net monthly). Poles are even able to gather some savings from benefits:

“Here, the conditions are normal. In Poland, if I had to live on benefits, I would certainly not be able to put away any savings. Here, assuming I don’t drink or smoke, I’m able to save between 400 and 500 euros monthly. This is money I would never make working in my home town” (interview 6).

2. All our interviewees maintained that the crisis was to them a turning point, not the year 2004 when Poland joined the EU, nor 2006 – when Iceland opened its labour market to Poles. The fall of 2008 was a breaking point to those who arrived in Iceland before the crisis – which is rather obvious: “When I arrived in Iceland, unemployment was at 1 percent, so in this country, jobs were basically laying in the street. All you needed to do was to pick one up... To me, as at that time I drew comparisons to Poland, this was like in “Alice in Wonderland”, like in the movie. Before the crisis this place was simply miraculous” (interview 42).

But also to those who arrived during the crisis, the fall of 2008 appears as a turning point – which is more difficult to comprehend. Their arrival on the island took place during the deepest economic trouble the country had been in during several decades, still they contracted the general mood and the belief that life in Iceland is split in two periods: before the crisis, and during the crisis. They had heard many tales about the Icelandic paradise and about the changes it had suffered recently. “I know from stories how things were before the crisis, I can tell on the basis of what I heard, that the costs were quite different, housing was cheaper, fuel cost four times less than today; I know that from other peoples’ accounts, because when I arrived the times had changed” (interview 46).

3. To the question: has the crisis affected you personally, many of our interviewees responded that it has to a relatively slight degree,

that it has essentially changed little about their lives. Such declarations may be regarded as surprising, if contrasted with media reports on the gravity of Iceland's crisis. However, Polish immigrants may have in fact been less affected by the economic crisis than native residents, in spite of the higher rate of unemployment among immigrants – for several reasons.

Firstly, our interlocutors often did not keep their savings in krona, therefore, the considerable drop in the value of Iceland's currency did not mean to them the loss of half of their hard-saved money. They exchanged their earnings for euros right after receiving payment, often transferring them to their accounts in Poland – and this protected them from the drop in the value of Iceland's currency. This was not a planned precaution on their part, when exchanging their monthly earnings of krona for euros what they had in mind was not financial security, but the convenience of keeping savings in a currency that can be easily exchanged in the home country.

Secondly, Poles did not in most cases take credits in Iceland. Those of them who do hold credits are long-time residents – of 15 years or more, but they form a small minority. In most cases they took credits to buy mid-range cars or housing. Generally speaking, the issue of increased payments on credits affected Poles to a smaller degree than it did affect Icelanders – native residents were far more in debt.

Thirdly, a part of our subjects did not send money to Poland, but spent it mostly on daily living expenses in Iceland, therefore, the loss of value of Iceland's krona affected them only to the extent that it was reflected in rising prices. One should, however, remember that while the Icelandic currency dropped in value by a factor of two and a half, this did not translate directly to a rise in prices of all goods by the same factor. Prices of imported goods went up severely, and they make up a major part of the market, but for instance dairy goods did not increase in price in the same proportion, as they are locally produced – imports are banned to protect Iceland's dairy industry (and to the despair of some of our interviewees, who complained about the lack of variety in dairy products).

Moreover, Poles did not suffer losses in the stock market, because they did not hold investments in Icelandic securities or investment funds. This is due to their unfamiliarity with local regulations, and above all, lack of experience in investing in securities, preferring rather traditional modes of allocation of financial assets – in bank savings accounts.

The outset of the crisis was particularly painful to those who were sending money to the home country, because restrictions were imposed on foreign transfers – only limited sums could be transferred to accounts in Poland and, in addition, the loss of value of the krona caused transfers in euros to drop to less than a half of the previous amounts. This does not mean that Poles suddenly lost half of the money they had earned in Iceland. Let us stress once again that such actions were not a result of the prudence and foresight of our countrymen, but an effect of family obligations and a highly traditional approach to financial assets. (We cannot, of course, rule out the existence of Poles who lost half of their money due to having kept their savings in Icelandic krona – but among the participants of our study there was not a single such person). To some of them the exchange of krona for euros and transferring money to accounts in Poland was a measure to protect them against the temptation of spending their savings in Iceland.

During the initial stage of the crisis, in the fall of 2008, when the government imposed restrictions on withdrawals from bank accounts and foreign transfers, krona could be exchanged for foreign currencies by holders of airline tickets. Poles, therefore, resorted to buying tickets for the purpose of withdrawing the amount of funds allowed to a traveler, later returning the ticket for a refund, but of course keeping the exchanged money. (Not only Poles used this trick, which led the government to alter the regulations, allowing exchange of currency only briefly before departure, when the ticket was no longer refundable).

The drop in the value of the krona was felt keenly when traveling to Poland. Before, on arrival to the home country it was possible to “splurge” – now, as heard from one of our interviewees, it’s rather “season to come to Iceland” (interview 15).

Everybody stressed that they were buying less, all mentioned the considerable price increases, especially of imported goods; several persons compared their buying power before the crisis and during the crisis by the number of shopping bags: before the crisis – four, and now, for the same money – two, which happens to roughly coincide with the drop in the rate of the krona (interviews 45, 54, 5)¹⁶.

¹⁶ Some of them when speaking about their earnings use the Polish diminutive form of the word for “money”, as if earning by work below one’s qualifications – as cleaner,

In general, according to the Poles, the crisis is not as severe as represented by the international media, including the media in Poland. Many of our interlocutors laughed when recalling phone calls from concerned relatives in Poland, who asked whether to send noodles, sugar and canned foods, as they had learned that in crisis-stricken Iceland not much is available beyond vinegar.

My mom and Stas's mom saw the news on TVN, and both wanted to send us parcels with food. A headline on onet.pl: cheated Poles grab noodles. I can still remember that. I was rolling with laughter when I read it (interview 33).

To Poles, the crisis is not so scary, because they have seen much worse in Communist Poland. Our interlocutors were in agreement that living conditions remain better than in Poland, as summarized by one of the participants of the study: "I'd rather live here in the midst of the crisis than in the prosperity of Poland" (interview 33).

We have also met people who did quite well in times of crisis, they suffered no loss of savings due to keeping their money in foreign currency, and when the value of the krona fell in 2008 found they could actually afford more, for instance the drop in real estate prices allowed them to buy a home (interview 43).

Some of them just went on with life as usual: "After the crisis we already traveled to the States. The crisis struck 2 years ago, and we went there the past vacations. Before the crisis we were able to travel to China. We are better off now after the crisis than most people" (interview 33).

4. Our interviewees realized what were the causes of the crisis, but few of them had a precise idea of what it consists in. They associated the crisis with financial institutions, and blamed the bankers, but the explanations we heard from them were often lacking in logic and rather inconsistent. The Icelandic crisis was seen as related to the world crisis, and especially to the US, but they could say little about cause and effect relationships. What this shows is not a lack of interest, because nearly all of our interlocutors seemed keenly interested in the topic, but rather a lack

cashier or warehouse attendant, were something shameful, and by using the diminutive form this fact could be somehow justified or given a less formal meaning (interviews 14, 45, 4, 24).

of language skills sufficing to follow debates on the crisis in Icelandic media.

Nearly all of them alluded to the problems with Icesave, the Internet branch of Landsbanki operating in the UK, whose debts the Icelandic state will have to pay. Most had heard of the demonstrations concerning the payment of the debt, and some had even seen them, but took no active part (at most taking pictures), because: “Poles rather avoid getting involved in such matters, everybody sits quiet, having some sort of a job and wanting to keep it, though, I don’t know whether this is punishable here or not” (interview 6).

Everybody knew about the March (2010) referendum on the agreement with the UK, although lacking citizenship most did not take part. Those who have a clearer notion of the sources of the crisis share the opinion held by the majority of Icelanders – that the public should not be held responsible for errors made by the political and financial elites. Poles were aware, however, that the payment will affect them as well, inevitably so if – as is most likely, it will be covered with taxes. As explained by one of the participants of the study:

Icelanders would be stupid if they agreed to pay for some bankers who stole so much money and left. While here, ordinary people would have to pay for it, I would have to pay as well.

Would you be paying, if it comes to that?, asked the interviewer.

Yes I would, I’m bound by the same rules here... (interview 36).

Those who were involved in labour union work or in political parties – and we did meet such individuals, and also those in mixed relationships, were obviously far better informed than others about the causes of the crisis, knew by name who was responsible for the situation and were aware of what the protests were about. Some of them commented bitterly that the people responsible for the crisis still enjoy privileges and have an influence over the public opinion, for instance, over how the crisis is presented in the press. Asked about who is responsible for the current situation, several persons without hesitation named one person:

David Oddson, he was Prime Minister of Iceland for I don’t know how many years, at least 10 or 15, later – when one might say he was too old for politics, he became chief of the National Bank, and he bears a lot of

blame for all this... And now, following the demonstrations, calling for him to resign, and when he did resign from that post, all of a sudden he gets hired as editor of Iceland's number one newspaper Morgunblaðid... He's always on top, and continues to have a huge influence on how the truth is presented (interview 41)¹⁷.

Nobody made mention of the conflicts having to do with the aluminum industry, which do get attention from the Icelanders. Poles do not see a relation between the crisis and the building of new hydroelectric power stations and aluminum smelters, perhaps because it has no direct impact on them and does not affect their consumption, but additionally because awareness of environmental issues remains lower in Poland than in the West.

Several persons drew attention to the fact that Iceland's economic issues have much to do with the peculiarity of the country – its size, and the resulting proximity between politics and business. Due to links of kinship, it is hard to avoid accusations of supporting relatives, of corruption – in Iceland usually meaning nepotism rather than bribery. “Corruption here consists in everybody knowing each other and handing jobs and commissions to people you know. In this way, the control of the banks was handed to people who weren't qualified for the task” (interview 11).

Icelanders are not a nation but rather a great family or tribe, everyone is everyone's kin, and this can lead to a lack of transparency in finance and politics.

5. All of our interlocutors pointed out the Icelanders' bad habits, such as living above their means, indulging in credits, huge squandering and a total lack of frugality. The extravagant consumption in Iceland was beyond imagination and such a condition had to end in disaster. “When I came here there were four cars by every home. This must be one of very few countries where the number of cars is three- or fourfold

¹⁷ David Oddson – member of the Independence Party, in government in Iceland for over 60 years (sic!), became Mayor of Reykjavik in 1984, was Prime Minister in 1991–2004, the period of neo-liberal reforms, and from 2005 to 2009 head of the central bank. It should be noted that in a survey carried out by an English-language monthly, Icelanders also pointed to him, with the majority calling for Oddson to be expelled from the country (“SIC Report: What the Locals Think”, in: *The Reykjavik Grapevine*, May 2010).

the population. The local society, so poor in the past, was staggered by the opportunities" (interview 1).

Everyone wanted to have everything of the newest, brand-name, top-notch goods, a sort of consumer rivalry in the possession of the most modern gadgets ensued.

(...) what the neighbor has is better, so I must have a better model too. Something new was just released – so I've got to have it, I no longer need the old one. There are shops here that specialize in second-hand goods. Those are brand new articles, basically unused, with no signs of wear. Somebody got rid of them because he got himself something newer. Not because it was worn, old, broken in some way. He simply replaced it with a newer one, that's just how they live... (interview 18).

Not only did they live on credit, but they made no savings, there was waste on a huge scale:

(...) they never fix anything, they just buy new stuff; a three-year-old car is old, so they buy a new one, the same with all sorts of gear... Great amounts of food are thrown away... Everyday I have lunches, and when my Polish friend started working in the kitchen, she simply reheated on the next day what was left from the previous, because there's always something left when you cook for 30 people. While they, for instance, threw it all away, because to them it's a novelty that you can reheat some food on the next day... Not to mention energy, because there are whole high-rises with the lights left on all night, but I understand that this costs next to nothing; so there are plenty of such things showing that they didn't understand at all the idea of being thrifty (interview 55).

Even rather small expenses were covered by credits – a practice difficult to understand to the Poles (in spite of the currently wide offer of credited vacations or home appliances), accustomed to taking bank credits very rarely and only for absolutely necessary expenses – such as home renovation or acquisition, or a car. A young female Pole wondered that: "(...) they aren't even able to save up for a vacation that used to cost 200 thousand, that's barely a month's earnings. They were unable to put so much away, they always took their vacations on credit, on loans" (interview 40).

Another one recalled how her ability to live without credits on relatively low earnings amazed the hosts:

Many Icelanders ask us where we work. When we say where, they respond, you don't earn too much, still you have cars, you have this and that, and on top of that, you fly to Poland every year. You're looking for a new apartment, buying furniture, and all that with your savings from that salary. For instance, we are earning below 200 thousand krona, to them this is the lowest wage, and they're amazed: how do you manage without credit? We answer that you can live frugally and gather some savings, and not for instance order pizza every day as they do. They are puzzled that, say, I cook a dinner every day – I say that it's cheaper that way, I don't need to eat at the cafeteria where a meal costs nearly 500 krona, for 500 krona I can cook up quite a bit. Meanwhile, they just take credits all the time as they have been doing before. Because one car in a home is not enough, each needs to have one, the husband, wife, and every one of the children (interview 23).

6. Our interlocutors can be classified into those who speak with content that they had predicted the bust – the extravagant consumerism had to come to an end someday: “I can hardly describe it in words, all those huge cars driving around here, that excess of everything, waste of food, money... Very soon I understood that this would lead to a bust, to me it was just a matter of when. I was hardly surprised when all of a sudden there was a crisis” (interview 42).

And then there are those who tried to understand the Icelanders, were more forgiving, because a crisis can happen in any country, especially in one so small and until recently very poor. “Before, there was none of this here, there was a lot of poverty, it was an island forever under someone’s rule, only since thirty years more or less the people started to move to town and suddenly, they want to have everything” (interview 18).

Icelanders were staggered by the open opportunities and began to disregard financial limitations:

At some moment they seemed to forget that this would have to be paid back someday, that money is not just virtual and cannot just be borrowed or taken out of nowhere. Bank managers, business managers, and Iceland's government to some extent. There were some indications but obviously nobody put a stop to it. It's hard to stop when people are living better, getting everything they want (interview 4).

Some blame the crisis on the system, and especially on the ease of obtaining credit: no documents, accounts or collateral were required,

and often no own contribution. The very limited bureaucracy, something highly praised by most Poles in Iceland (and an effect of the size scale of society), in the case of the banking sector proved disastrous. One of the participants of the study described the procedure of obtaining a bank loan as follows:

(...) my mom goes to the bank, she earns some monthly amount, and she says she wants a loan, say, of a million krona. They send in her application, somebody has a look and says: well, we can't give you a million, but half a million is okay, no problem. For instance, a friend asked for 150 thousand and basically a minute later she logs in to her account and it's there already (interview 54).

Another interviewee described the unusual ease of obtaining a credit card: “[A friend] arrived here, got a job and a credit card, the lady wanted to issue him a card with half a million krona of credit, while he was earning 150 thousand, but he said he didn't want half a million” (interview 55).

Some of the participants in the study blamed the crisis on the government which, wanting to reduce the dependence of the Icelandic economy on fishing, strongly supported the growth of the banking system while subjecting it to insufficient scrutiny and allowing the banks to engage in high-risk foreign operations. The diversification of sources of the GNP through the growth of the financial sector instead of stabilizing the economy threw it into complete instability.

Meanwhile, others stated that the whole blame is on a few swindlers who got rich on bank fraud and fled abroad. The people are to blame to the extent that they trusted them.

They were too gullible and perhaps there was insufficient supervision, so a number of Icelanders took advantage of that. They took lots of money abroad. Well, the Icelanders themselves put them in this situation, a dozen or so of them did it, drove the whole economy into the ground. They know exactly who those people are, still no consequences have been drawn to date (interview 32).

There were, however, some positive notes in the narrations on the crisis. Poles were impressed by the conduct of Iceland's government during the crisis and the posture of average Icelanders. They praised the government for its tough and determined stance in negotiations with the

British on Icesave, they admire the hosts for not giving in to threats and voting nearly unanimously “no” in the referendum of March 2010¹⁸.

England wanted to profit from this situation, and this is one trait of theirs [the Icelanders] that I like – that they are so sure of themselves, not the way we Poles are, we would right away be afraid of someone. I don't know, Brussels or America, and we would say: okay, we'll pay you back. What I like about them is that they won't be intimidated. So there, 97 percent of the Icelanders said “no” (interview 42).

Several among the interviewees expressed high admiration for a country that had achieved so much in the last few decades:

(...) it's simply unbelievable how much has happened here in ten or twenty years. Iceland was simply poor, at least up to the mid-60s. The poverty was such as we have not ever seen in Poland. It's beyond description... Laxness wrote this book... where he describes what life in Reykjavik was like at that time, the poverty in which people lived. Well, it all started for real, I believe, it really began for good around the mid-90s. And on it went for 17 years, and what you see now is from the last 20 years. Just 20 years. They built it all, it's crazy and fascinating, they just remade Iceland in 20 years (interview 42).

The Icelanders' optimism was also something the interviewees liked. “They are full of hope that they will overcome the crisis, they will manage somehow” (interview 4).

The crisis won't last long, because the government has the will to reform, and in a small country it is easier to carry out changes: “(...) it's easier to clean up a small home than a big one. Sooner or later, Iceland will make it” (interview 16).

7. Narrations by Poles on the crisis provide a good indicator of the degree to which they have become members of the host society. Those Poles who reside in Iceland briefly and do not intend to stay on, said that the economic crisis is the Icelanders' problem – “it's their business”

¹⁸ Another stance which is admired is the highly consistent across many years push to extend Iceland's fishing zone, against the position of the UK and many other countries – at first slightly, from 3 to 4 miles in 1948, ten years later – to 12 miles, to 50 miles in 1972, and finally to 200 miles in 1975. The three last acts of extension were the cause of three Cod Wars against the UK.

(interviews 14, 50). They were unconcerned by the subject, speaking of it briefly and casually. The largest in number were those who gave rather exhaustive accounts of recent events, from a participant's point of view, albeit that of a somewhat uninvolved one, as they do not consider themselves to be at home ("And now they will have to return that money from England", interview 42). Some, however, did identify strongly with the problems of their country of settlement, and in describing the crisis spoke of "we" (the Icelanders), displaying a sense of responsibility for the island's future ("The English and the Dutch resented us strongly, because they felt we had stolen from them", interview 51). One of our interlocutors (female), in Iceland since nearly 20 years, recalled the pride she had felt of the success of Iceland's bankers, and the emotion with which she had told her relatives of Iceland's achievements:

Today we criticize them, but before we were proud, even myself, a Pole living here, I felt proud of them. Back in 2008 this aunt of mine visited us (...). I showed her the largest Danish shopping center in Copenhagen and said: "the Icelanders bought this from the Danes". A famous hotel, the pride of Denmark – the Icelanders bought it. The mood was like, "Icelanders can make it". The propaganda was intense, one fell for it easily. I could understand them well, especially when they were buying in Denmark, after all, for centuries the Danes were on top here, and then all of a sudden Iceland's Vikings go and start buying Denmark. They started a periodical there, a branch of a local [Icelandic] periodical. This also went bankrupt. But at the time of that peak, I think it was 2007, everything was still going great (interview 11).

That account is interesting in that it shows identification in a situation of relative defeat, when at the current time, convincing grounds for pride are lacking. But in fact the real degree of integration becomes evident under such conditions – rife with hardship and problems.

8. A crisis often brings frustration, symptomized by discrimination against the weaker or aliens. What we have then is the classical mechanism of displaced aggression – the scapegoat mechanism. It should be noted that this phenomenon is absent in Iceland. The Poles have noticed and appreciated that the government took timely measures to prevent hostile attitudes towards foreigners. (In the UK strikes were called in 2009 against the hiring of Polish workers).

Some texts appeared, by some individuals, that foreigners in general, not just Poles, are to blame for the shortage of jobs, that they are taking the jobs away. But soon after that there was an initiative – I don't know whether by the government or some international institution, posters appeared all over town, in the languages of national minorities, "thank you for being here, for supporting our economy, we appreciate it...", and so on. In several different languages, including Icelandic. To bring a message to both sides of society, the emigrants and the locals (interview 18).

It's hard to determine whether the posters calmed the mood, but the fact remains that other than some offensive comments on an Icelandic web portal and sporadic graffiti, there were no acts directed against emigrants in Iceland.

A few persons recalled a situation publicized by the media, when a charity organization providing food aid formed two queues: one for foreigners, the other for Icelanders. The incident was immediately made public and repudiated, as a result the separate queues were abolished.

Before the crisis Poles in general enjoyed a rather good standing; currently, the situation is more complicated, some deterioration of relations is observed (although according to some, the departure of a certain number of Poles has improved attitudes): "(...) there seemed to be a bit more of aggression among the people, what I think is that the Icelanders were a little distraught, too, well, perhaps that's too strong a word, but to a slight extent this did affect the foreigners" (interview 7).

One of our interviewees expressed the opinion that the Polish government's decision to grant Iceland a loan contributed to improve the image of Poles: "Poland selflessly helped Iceland in a time of crisis and this gained wide resonance, the people's attitudes changed. You could check out the blogs at that time, the reaction was incredibly positive, everybody was thankful and all, writing that the next day they'd be kissing Poles at work, altogether something never heard of before" (interview 41).

However, our remaining interlocutors did not take notice of this fact, nor comment about it.

9. When speaking of the crisis our interviewees stressed that during that time much changed in Iceland. In addition to the growth of unemployment up to 9 percent, a drop of the rate of the krona to less than one half, taxes grew, wages remained as before or grew only slightly, in no case compensating the increased cost of living. Poles drew attention

to the restriction of the previously unrestrained consumption, and the hitherto unknown frugality. Shops trading in used furniture and home appliances appeared, while before the old or merely outdated items were thrown away or given away for free (which Poles benefited from). Used car dealerships became full of luxury SUVs. The number of downtown homes for rent increased due to a number of people leaving for abroad.

According to some of our interlocutors, the trade unions currently offer less assistance to the workers than before the crisis. Trade unions in Iceland play an important role, with the exception of a few liberal professions, everybody belongs to a trade union, with membership according to profession. Trade unions have summer cabins, subsidize a variety of courses, organize outdoor events. However: “[C]urrently the trade unions won’t help you at all. You go to the union, and: yes, of course, they should be paying, things should be done in such and such way, but there is a collapse and there is no way to force the employer to (...) do things right, according to the law, strictly by the letter of the law”. (interview 14).

Currently, summer cabins are in short supply. Before the crisis, Icelanders spent their vacations abroad, often twice a year – while now, due to the krona’s loss of value, they are forced to, at least in some cases, to remain in the country, thus many decide to spent their vacation time in a summer cabin. Demand for cabins for rent has increased considerably.

Before the crisis, official immigration policy supported the rejoining of families. Labour was in demand, and to strengthen the bond between the worker and his/her firm, aid was provided to help him/her bring the family to Iceland and find employment for the spouse. Iceland’s policy in this respect was similar to that followed before the oil crisis of 1973 by European nations, for instance in France guest workers from Italy were aided in bringing their families to join them and adapting. Currently, the situation is different, there are no incentives for family reunification.

10. What has not changed at all, however, is entertainment in Iceland. Icelanders have a great penchant for having fun, and this was noted by all of our interviewees independently of their age. The traditional weekend *runtur* continues to take place as always, on Friday and Saturday evenings cars stream towards downtown for two nights of entertainment (mainly clubbing). Accounts of Reykjavík’s weekend night life featured in all of our interviews. “(...) weekend entertainment in Iceland is like

New Year's Eve in our country. Every Friday and Saturday downtown the party is such that you'd think New Year has arrived" (interview 18).

Some of our interlocutors were of the opinion that the crisis hasn't really taught the Icelander's any lessons: "They don't mind the crisis much, at worst they'll have one car less at the driveway" (interview 49).

However, others were of the opposite opinion – according to them, the Icelanders' state of mind is slowly beginning to change. Before, nothing worried them, everything was going well and they believed things would stay that way – now they are beginning to complain.

(...) you can see not just a financial crisis, but also a mental one. Their approach to everything used to be like "don't worry, everything will work out, we'll get this done". I was always terribly annoyed by this attitude, but once I started feeling at ease here I noticed myself getting into the same state of mind. When the crisis struck, they ceased to think this way. They changed for worse, started to complain, like the Poles, who are famous for their complaining. It used to be that the Icelanders were famous for not worrying about anything, because things will work out somehow (interview 21).

These conflicting opinions prove that the shift in behavior and attitudes among the Icelanders is not pervasive enough to be obvious. It's hard to say to what extent it's a permanent change. All our interlocutors were in agreement on one point: life in Iceland is still rather comfortable, perhaps not as much as it used to be, but the quality of life remains high: "you live in dignity and very relaxed" (interview 32).

Aside from this crisis, I think Icelanders live a very comfortable life. Their life is easy and free of stress... They live long lives, (...) the average lifespan must be in the range of 70-80. Many people live to be 100 years old. And, I don't know, you may have a chance to notice that Icelanders seem to "hold on to their looks" to an older age. Youth naturally extends more here (...) even from not so much sun, the cool air (...) (interview 40).

11. The crisis made some Poles return to Poland or leave for other countries (some of them are likely to come back in the future); all of our interviewees mentioned acquaintances who had left the island. The drop in the number of Poles in Iceland is confirmed by estimates from the Consulate and from Statistics Iceland. The exact number of Poles is

difficult to determine, because while some declared they were returning to Poland permanently, others went “just to look around” – until recently, Iceland’s regulations were very liberal in allowing welfare benefits to be received while in another country, favoring short-term departures¹⁹.

In spite of the crisis, the devaluation of Iceland’s krona, the loss of jobs and difficulty in finding employment – many of our interlocutors expressed no desire to return to Poland. Some of them did plan to return, but years later – once they retire, “when I have had and raised all of my children”, or having raised enough money for a home. It is striking that many of them said they are “afraid to try to return”. “I’m afraid of fast-paced living, of the rat race” (interview 21). The fear is not just of starting anew, but of various kinds of hardship – bureaucratic, or at work, that they have grown unaccustomed to.

Those who did not declare an extended stay, made their remaining in Iceland dependent on employment. Some of them admitted that they are coping by overtime or holding several jobs. Such a lifestyle is made bearable by the two days of sick leave that every full-time worker is entitled to each month, with no medical statement required. One of the participants of the study explained:

Icelanders have this fantastic invention called wejkur. These are the two days of sick leave that every worker is entitled to each month. Say I'm in bed this morning, I'm on wejkur today (...) I woke up late for work, so I say: no, I'll stay home today, I need some sleep. So I call the health service: "Good day, what are you ill with today?" "Today I have a migraine". "What caused that migraine?" "Well it's the springtime". "Thank you. Please call us tomorrow if you are still feeling ill". A second phone call, to the firm: "Good day, I'm ill today, I won't be at work". Those days are paid 80 percent, like the sick leave we get back home, but you don't need to lie in anybody's face, you just lie over the phone. Getting a real medical leave in Iceland is pretty hard and costs you a lot. But those two days are something you're entitled to and I use them habitually (...) Wejkur often keeps me alive, because it's often the case that I have four jobs in one week (interview 1).

¹⁹ It would certainly be incorrect to speak of a massive exodus of Poles from Iceland, contrary to exclamations in the Polish press: “Poles Flee Iceland; Poles Retreat from Iceland – Chased Away by a Weak Krona” (10.10.2008). For estimates on the number of departures from and arrivals to Iceland in the past two years, see Wojtyńska, Zielińska 2010.

Wejkur was mentioned by several persons, however, such a blatant adaptive strategy based on systematically using *wejkur* appeared in one interview only. More generally, Poles avoid taking advantage of this right, fearing that in the case of layoffs the employer might take into account the worker's use of *wejkur*.

Many men decided to wait through the crisis on unemployment benefits. Everyone who has worked a year full time in Iceland is entitled to these payments for a period of three years before needing to get a new job. The benefits are not much less than the minimum wage (which is the amount most Poles earn in their jobs), therefore, working is often not worthwhile, and some Poles would prefer to be laid off. One of our interviewees explained:

(...) if I am to work for 120 or 130 thousand, then I get as much on benefits, and I have time to go to the pool, time for yoga, to go places, to cook for the children and do their homework with them. While working for this kind of money I need to get to work, to pay for transportation, I have no time for cooking, I buy ready foods to get something done quickly when the kids get home... not everybody cares for a job (interview 2).

In addition, the unemployed receive food aid and are provided with other amenities: courses of the Icelandic language, computer training, some of them get free pool tickets, go to excursions or rock climbing as volunteers with children's groups. "I'd rather be unemployed here than look for a job elsewhere. People have it good here. The unemployed get just a little less in benefits than they would earn if they were working. For them it's the time of their lives: being unemployed in Iceland" (interview 21).

Many of the participants of the study do admit, however, that due to the crisis Poles are drinking more than before. While they were busy working they did not drink as much, now – on benefits, with more leisure time on their hands and sufficient money to live on, they have started to drink excessively.

When speaking about their material situation, our interlocutors for the most part displayed a rather laid-back attitude, one might say an Icelandic sort of attitude, summarized in the saying *thetta reddast* – "things will work out somehow", though, this is not necessarily indicative of a high degree of integration with the host environment.

Summary

According to the Poles who participated in our study, life in Iceland remains safer than in Poland, both in terms of physical and economical security. Many of them prefer living in a crisis in Iceland than in a relative boom in Poland.

The fall of 2008 was a turning point for all residents of Iceland, although it seems that some Poles were relatively less affected by the crisis than native residents, mainly due to their more conservative economic conduct: not investing in Icelandic securities, using credit on a much smaller scale than Icelanders, preserving their savings by sending money to their accounts in Poland and by systematically exchanging their earnings for euros. They all felt the considerable growth of prices, difficulties in finding jobs and unavailability of overtime work, however.

Narrations about the crisis provide valuable data indicative of varying degrees of the immigrants “entry” into the host society. To some among our interlocutors, the crisis is a matter for the Icelanders, and concerns the Poles only by the fact that at the moment they happen to be working and living there. To others, Iceland’s troubles are of much concern, as they have spent part of their lives on the island and have an interest in learning how matters will progress. Yet others present a rather high degree of identification with the islanders, and a sense of responsibility for the country’s future.

The crisis did not lead to discrimination against foreigners, although everyone mentioned that relations with the locals have degraded compared with the times before the crisis. Many among our interlocutors took notice of efforts made by the government to prevent negative attitudes towards immigrants, nobody mentioned being persuaded to return.

Some among the Polish immigrants did return from Iceland to Poland, some left for other countries, as indicated by Icelandic statistics and the mention by our interlocutors of acquaintances who have left the island. A large majority remained, however, and have adopted a variety of adaptive strategies for times of crisis. Those who declare they will return before long, are gathering savings, working, doing overtime whenever possible and taking additional jobs – this applies mainly to women, for whom employment remains available. Others, mainly men, strive to survive on benefits, waiting for better times. Their futures are undefined

– they might return soon, or remain for several years more, for at least as long as they are entitled to receive benefits.

A relatively large fraction of our interlocutors have decided to remain in Iceland for the long term or permanently, since they have neither an aim, nor the means to return to Poland. Their emigration, originally meant as a way to, from their earnings in Iceland, gather means to settle down in Poland, became an emigration for jobs²⁰. Before the crisis, most of the Poles were planning to spend some time working in Iceland, gather a certain amount of money in savings and eventually return with their savings to the home country. Only a few were considering remaining on the island, mainly for reasons of family. Since the fall of 2008, the economic situation in Iceland has taken a turn, making it far more difficult to gather savings – at best one earns enough to make living more comfortable than in Poland. For this reason, some have decided to remain, and carry on with their life on the island: it is here that their children go to school, they acquire homes, and do not plan to return anytime soon.

All of them – interestingly, and in contrast with Polish communities in other countries, are relatively well aware of the rights they enjoy as current or past full-time workers, and try to make full use of these rights. On the one hand, this is evidence of the resourcefulness of the (mostly young) Polish immigrants, of the high flow of information on such matters, mainly via the Internet, but on the other – of an ease of navigating official regulations, resulting perhaps from the country's small size scale, but mainly from the transparency of Iceland's system of social services.

Iceland's economic situation has stemmed the growth of the stream of migrants to the island (though it hasn't dried up altogether), while due to departures, the Polish population in Iceland has become reduced, and is in the process of transition from a mainly transient emigration in search of means, into a more permanent job migration.

²⁰ What we describe as emigration for means is when the emigrant plans to return, and based on savings from his/her earnings abroad is able to build a life in the home country: by acquiring a home, making investments, setting up a business. This contrasts with the case of job emigration, when the emigrant must be content with achieving a decent standard of living in the country of settlement (Jończy 2009, p. 73).

*

A nation's difficult experiences always become a part of collective memory, and we may predict already today that the recent economic crisis, the most severe in several decades and spectacular on a global scale, will become a part of Iceland's modern history. Up to now, Iceland's community memory referred mainly to the medieval culture of the times of initial settlement – the sagas, myths and poems of those times. Another facet of this common memory was provided by the period of gaining independence, and in the second half of the 20th century, the Cod Wars against Britain. The recent events related to the crisis will beyond doubt become a part of the collective memory; we may wonder whether the narration on the crisis in Iceland will have a place for the Polish minority, arrived in times of the great economic boom, a significant part of which has decided to live their lives in Iceland. Whether the aliens – immigrants, for the first time relatively numerous on the island, will be incorporated into this narrative, not as outsiders but as fellow citizens or fellow residents experiencing the crisis together with the natives, remains to be seen.

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