Contemporary Icelanders—Scandinavian or American?

During the course of the 20th century, Iceland went from being a poor and remote region to one of the most affluent countries in the world. Resting in splendid isolation in the vast expanses of the North Atlantic, what continent does it belong to? Here, one of its own suggests an answer.

By Stéfan Ólafsson

GEOGRAPHICALLY, ICELAND LIES ABOUT HALFWAY between Europe and North America. Historically, however, it has for the most part been closely connected to Scandinavia. It was first inhabited by Norsemen, who raided the British Isles and Ireland on their way to Iceland. Later, Iceland came under the power of the Norwegian Crown and then the Danish Crown. Full independence was again achieved in 1944. Socially, politically and culturally, Iceland might therefore be expected to share the major characteristics of the Scandinavian countries. But does it? Is the identity of the contemporary Icelandic fully Scandinavian?

I would argue that Icelanders indeed share many of the Scandinavian characteristics while at the same time showing significant American characteristics. This is equally evident in the fields of culture, politics and the welfare state. But where do the American characteristics in the Icelandic melting pot come from?

In sociology, there is a traditional theory that gives the first clue to the origins of the American outlook in Icelandic culture and society. This is the theory of the “new societies” or the “settlers’ societies.” The basic idea behind this perspective is the suggested influence of historical experiences in the formative periods of nations on the character of their culture and society. In the case of America, the settlement and frontier periods and the break from British colonial power have been identified as just such experiences. Iceland had a similar experience as a settlers’ society centuries before the
WHICH WAY TO GO FOR THE ICELANDERS—EAST OR WEST?

United States—from late 9th century through to the 13th century, the period of the Icelandic Republic, which was also the period of the writing of the sagas. The republic was an interesting experiment in social and political development and the sagas were an outstanding creative cultural achievement for their time.

The theme of the new societies has been generalized to other cases of new society developments, such as in Canada, Australia, New Zealand and some cases in South America and South Africa. New societies are believed to share some common broad cultural characteristics because of the comparable experiences of the settlers who paved the way for their formations. Examples of these cultural characteristics or values are a strong sense of individualism, a great emphasis on self-help and independence, resentment of central authority and government, aversion to taxes and a strong focus on equality or, rather, absence of rigorous status distinctions. These are populist cultures, often rugged, materialistic and achievement-oriented.

An American sociologist, Richard F. Tomasson, first put forth the thesis that Iceland should from this perspective be considered as the first new nation, not the U.S., since historically it clearly went through these experiences centuries before America did. In his study of Icelandic society during the 1970s he also found some examples of these cultural and social characteristics that new societies are supposed to share to some extent. It may seem somewhat fantastic that a cultural heritage so old could still be shaping the
social structure, values and behavior more than eleven hundred years later. But we should not rule out the possible influence of the cultural heritage even though it may be ancient. The influences are at any rate general and allow considerable scope for adaptations to new technical, economic and socio-political conditions.

Many other factors besides the cultural values are also at play in shaping the development of individual societies. Lack of fit between peoples' values and societal structure or social conditions can easily arise in the interplay of different causal factors. For example, the free play of the market economy may make the distribution of incomes and property more unequal than the national consciousness finds acceptable. A political party may well succeed in utilizing aspects of the cultural heritage to gain and maintain power, but later govern in such a way as to produce unintended consequences for the national consciousness. While path-dependency may play a significant role in societal development it does not amount to a straitjacket closing off choices or filtering out other influential factors. The shaping of societies is always a multi-causal process and the values of the population may be one of the causes.

Nowadays, Iceland is a very modern and affluent society, in fact, one of the economic miracles of the 20th century. It started the century as one of the poorest regions in Europe but already by the 1960s it had entered the group of the ten or so most affluent nations on earth. It has maintained and even improved that position up to the present.

**But the emphasis on equality . . . is more pronounced in Iceland than in the U.S.**

Studies of values among the Icelanders that I and my colleagues have undertaken in recent years have given some support to the hypothesis that the new society thesis has some relevance in contemporary Icelandic society. Icelanders seem to be strong individualists and strong supporters of market-friendly values (for example, viewing competition very positively, emphasizing meritocratic rewards, and believing strongly in entrepreneurship and in the benefit of increasing freedom for business). They also have a very strong work ethic, as reflected in the high status accorded to the role of work for obtaining individual achievements and in actual working hours, which are among the longest in the affluent world. Similarly, employment participation of the Icelandic population is among the very highest there is. Icelanders are, on the whole, a very active and vibrant people. Respect for authority is moderate. Taxation is low by international standards and yet the promise of tax cuts had some support in the most recent elections earlier this year.

Icelanders are very proud of their nationality but when they are specifically asked about which foreign nations are most closely related to the Icelanders, the Nordic nations have an outstanding priority. In that sense we
side with the Scandinavians.

Lastly, Icelanders place great emphasis on equality in all its dimensions: equality of status, equality of the sexes, equality of opportunity and to a considerable extent equality of conditions. It seems to me that Icelanders go much further than the Americans in asking for equality of conditions, even though it is restrained by the emphasis on meritocratic features of the labor market. The contemporary structure of American society seems to reveal a very high degree of inequality in income distributions, so the contention that social egalitarianism is still a significant feature of American exceptionalism can probably best be supported with data on relative absence of status distinctions. Economic class divisions in the U.S. seem to be very great by Western standards. Iceland is similar in the sense that status distinctions are weak while economic divisions seem to be comparable to many neighboring societies, yet much more equal than in the U.S.

So Icelanders have some of the values that have been identified as characterizing Americans to a great degree. This might be due to the heritage of Iceland as an early settlers’ society. But the emphasis on equality is more pronounced and fundamental in Iceland than in the U.S. Iceland shares that feature with its Scandinavian neighbors, who have for a long time been famous as the prime representatives of the egalitarian ethos in modern societies. Scandinavian egalitarianism is, among other things, reflected in strong social democratic politics, extensive welfare states and a high level of equality between the sexes in Scandinavian societies.

When we turn to politics in general we encounter one of the more
distinct deviations of Icelandic society from those of the Scandinavian countries: Iceland has not primarily been governed by social democrats as Scandinavia has. For most of the period following World War II the right-of-center Independence Party has been the largest electoral party in Iceland and the most frequent leader of coalition governments. This is an important part of the Icelandic exceptionalism within the Nordic community. But the Icelandic labor movement is relatively strong (the majority of employees are members of unions), though still not as influential as its sister movements in Scandinavia. The Scandinavian societal model is strongly related to the dual synchronized power of the general left in Scandinavian societies, politics and labor markets. The social democratic parties and the labor movement have generally operated there as one organizational unit. The Icelandic labor movement has for the most part operated without a supportive political arm in government.

The Icelandic welfare state . . . differs significantly from the rest of the Nordic community.

The Icelandic left has been split in a number of political parties, reducing their possibilities of gaining governmental power for any length of time. However, the electorate is, on the whole, fairly equally divided between left and right orientations, and in that sense one can say that there is a tension in the values constellation of contemporary Icelanders, as in most other European societies. The right-of-center block has been more successful in the past in organizing itself into a large party. A part of that achievement may be due to its success in responding to fundamental values in the population. The name of the party (Sjálfstæðisflokkurinn) and its policy refers, for example, equally to the independence of the nation and to the independence of the individual. Thus it refers strongly to both nationalist tendencies and the strong individualism in Icelandic culture. One of its classic slogans emphasized “class with class,” denoting a consensus consideration.

The Independence Party has been consecutively in government since 1991 and will most likely add another four years to that long reign. During this period the party has moved significantly to the right, embracing to a greater extent policies akin to those of the Reagan and Thatcher periods. This, among other things, has sharpened the lines of conflict in Icelandic politics and stimulated the merging of the left-of-center parties into the new Social Democratic Alliance, which gained 31% of the vote in the recent May election, while the Independence Party gained 33.7%. This is an all-time high for a single left-of-center party.

Thus, nowadays there is some talk of a possible structural change in Icelandic politics with the emergence of what has been called “the politics of the two towers,” in which the right and left are more equally balanced than
Contemporary Characteristics of Three Welfare Regimes

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Sources: Adapted from Esping-Andersen (1990, 1999); Scharpe and Schmidt (2000); Olafsson (1999).

before. On the far left is a smaller party emphasizing socialist and environmentalist policies, the Left-Green Party, and in the middle is the old farmers’ party, the Progressive Party. Another new feature is a split on the right with the emergence of the Liberal Party, mainly focusing on fishing policies and welfare issues. If the two political towers of the right and left were both to grow in size, the situation would approach that of American and British politics. If that were the case then the predominance of the Independence Party in Icelandic policy might be reduced. It remains of course to be seen whether this new constellation will prevail and be reinforced or whether the pattern will drift back to the former structure of “one-tower politics” with the Independence Party in the predominant position.

The Social Democratic Alliance primarily speaks to the egalitarian values in the Icelandic society while aiming to be market-friendly and innovative, somewhat in the direction of Tony Blair’s Third Way Politics, while the
Independence Party has at times tried to join some equality issues to its more liberal economic policies. Thus the two political towers try to resonate broadly with the predominant values in the society, moderately tempting the middle, albeit from opposite directions.

The former account of the political landscape has significance for the role of the welfare state in Icelandic society. The development of the welfare state could never become as large a project in Iceland as in the other Scandinavian countries. The political foundation for that was lacking. The labor movement could not gain the same influence as in Scandinavia. This is nowadays reflected in the main characteristics of the Icelandic welfare state, which differs significantly from the rest of the Nordic community. It is smaller, less costly, less protective and probably less redistributive.

The social security system in Iceland generally provides low benefits, largely income targeted.

While Americans prefer a large role for the market, equally in production and distribution, Scandinavians have primarily allocated the welfare functions to the state. This is similar to the case in Iceland, but the role of non-governmental organizations in welfare is especially large in Iceland, even though the role of the market has increased somewhat lately. The social security system in Iceland generally provides low benefits, which are income-targeted to a very large degree. This is somewhat akin to the American situation. But the Icelandic system is universal in coverage whereas the American one is not, leaving a significant part of the population poorly covered, especially in terms of health insurance. Until the 1990s, the Icelandic welfare state was in fact quite similar to the welfare states of New Zealand and Australia, two other notable settlers’ societies.

Scandinavians have much more ambitious goals for the social security system, aiming for a large degree of security, income maintainence and equalization of living standards. The Icelandic social security system approaches the American one in resting satisfied with the primary goal being poverty alleviation rather than more extensive social effects. But income-testing in Iceland is often justified as being egalitarian (not paying public benefits to “perfectly healthy individuals” and those who are better off), but when used to a very great extent in conjunction with low basic benefits, it easily lends itself to creating poverty traps within the public-welfare system. That is a growing problem in the contemporary situation.

When we look at the provision of basic welfare services and education, the role of the state is predominant in Scandinavia and that of the market and the family seems to be predominant in America, while in Iceland it is more mixed. The hospital system is primarily state-run in Iceland and Scandinavia, while the role of the private sector is much larger in America.
Hávamál
(The Words of Odin, the Highest God)
An ancient Icelandic poem of the wisdom of life
Translated by W. H. Auden and P. B. Taylor

37.
A small hut of one's own is better,
A man is his master at home:
His heart bleeds in the beggar who must
Ask at each meal for meat.

59.
Early shall he rise who rules few servants,
And set to work at once:
Much is lost by the late sleeper,
Wealth is won by the swift.

44.
If you find a friend you fully trust
And wish for his good-will,
exchange thoughts, exchange gifts,
Go often to his house.

75.
The half wit does not know that gold
 Makes apes of many men:
One is rich, one is poor,
There is no blame in that.

76.
Cattle die, kindred die,
Every man is mortal:
But the good name never dies
Of one who has done well.

The same applies largely to education, but the role of the private sector has been increased in Iceland in recent years. This difference is reflected in public expenditures on welfare and in the redistributional effects of the welfare system. Americans stand out in being much more egalitarian, with more inequality of incomes and larger proportions of the population below the poverty line. Scandinavians top the ranks in equality and Iceland follows closely behind them.

Home ownership is an interesting aspect of the level of living patterns. The ideology of the settlers' societies should perhaps be particularly conducive to home ownership. A great individualist needs to be a king of his own castle! This would seem to be so in the sense that the Icelanders have very high rates of home ownership, followed by the Americans, while the Scandinavians have opted for social solutions and organized rented housing to a much larger degree. This also resonates with the Icelandic and American acquisitive materialism, which is also reflected in the large sizes of houses, as well as in the large degree of car ownership. Moreover, Icelanders probably hold a world record in ownership of large jeeps, often on inflated and elevated
wheels. They serve the goals of status symbols as well as creating thrills in adventurous trips into the large central highlands and onto glaciers, a pastime increasingly popular among tourists as well as locals.

Scandinavians have placed heavy emphasis on increasing the equality of the sexes, and their welfare states have been conducive to that. Icelanders have embraced these goals, but probably with less effective means. Thus, they have followed closely in the footsteps of the Scandinavians in that respect, with special policy measures. Day-care services are now fairly universally available, but on the whole the Icelandic welfare system does not support families with children to the same extent as Scandinavians do.

[Socially] Iceland is slightly east of center, more Scandinavian than American.

Lastly, we can say that all of the countries considered in this comparative exercise can be said to be very active and reliant on self-help. This is reflected in high employment-participation rates and energetic economies. Scandinavians are often criticized for being lacking in self-help on account of being great welfare protectionists. However, this is very unfair since they have for a very long time been able to combine their strong welfare orientations with high participation rates in employment and thriving economies. They get the best of both worlds in this sense. But Icelanders excel in activity in conjunction with a kind of a middle-of-the-road welfare system. Americans are tops in innovation and economy, while losing out in comparisons of welfare and individual’s security issues.

In this sense we can suggest that Icelanders are properly described as belonging somewhere halfway between Americans and Scandinavians, socially as well as geographically. If pressed for a more exact social location, I would say that Iceland is slightly east of center, more Scandinavian than American.

But the world does not remain static. The North Atlantic rift runs right through Iceland, causing volcanic activity and opposing geological forces. The western part of the country is drifting slowly towards America while the eastern part is drifting towards Scandinavia. Whether the social structure of Icelandic society will drift towards America or Scandinavia in the future will be determined primarily by the balance of political powers.

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