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Iceland: From feminist governance to gender-blind austerity?

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The Icelandic nation responded to the crisis by toppling the government and electing the first left-wing government of the nation's history. This government was the most feminist one the country has had and was also the first to have an equal share of men and women in cabinet. Despite considerable praise for its mixed approach to the crisis from Keynesian economists, such as Krugman and Stiglitz, the nation switched in succeeding elections and gave the majority of votes to the right-wing parties. What does this change in government herald for women in Iceland? In this article I review the crisis and the record of the 2009 to 2013 government and compare it to what we already know about the priorities of the current governing parties. Although, at the time of writing, less than a year has passed since the latest elections, it is clear that the change in governance was not only from left to right but also from feminist governance to what seems, in comparison, to be best described as gender-blind austerity.

Keywords

Iceland, austerity, crisis, gender, policy

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Introduction¹

Iceland took a U-turn in May 2009 and elected a left-wing government after 18 years of continuous right-wing rule, during which the conservative Independence Party (IP) presided over a considerable neo-liberalization of the Icelandic economy and society (Ólafsson 2011b; Vilhjálmsson 2014). The new government, a coalition between the Social Democratic Alliance (SDA) and the Left Greens (LG), defined itself as a Nordic welfare government, aiming to protect the most vulnerable from the impacts of the crisis and thereby choosing, in collaboration with the IMF, a relatively socially equitable mixture of tax rises and public expenditure cuts, compared to approaches taken elsewhere, such as in Ireland (see Barry and Conroy 2013). This government did not survive the 2013 elections. Instead, the majority voted the middle-to-right wing parties that were in power from 1995 to 2007; the centrist Progressive Party (PP) and the right-wing IP. What does this change in government herald for women and feminist concerns in Iceland? In this article I will try to answer this question based on what we know about the new government's priorities. I will first briefly describe the Icelandic crisis along with the political turmoil that followed and then shift focus to a comparison between the former government and the current one.

The Icelandic crisis

The privatization of the banks, a long-term aim of the Independence Party, occurred between 1999 and 2003. The banks expanded rapidly during the 2000s due to a combination of their owners' and managers' great appetite for risk and gains, the Icelandic currency's strong exchange rate, and the very favourable conditions in international financial markets, which provided an ample credit supply at low-interest rates. Much of this growth was through loans to Icelandic investment companies, mostly owned by individuals and firms with close connections to the banks, which were used to finance leveraged takeovers and corporate raids (Helgason 2010; Althingi Special Investigation Commission 2010). The banks entered the mortgage loan market at the same time and aggressively expanded their consumer loans. This fuelled a debt-led growth bubble. National savings fell and private debt increased sharply so that, by the end of 2005, Iceland was already holding the dubious status of being the world's most debt-ridden economy (Ólafsson 2011a). This did not go unnoticed and foreign analysts started publishing critical reports on the Icelandic economy in late 2005 and early 2006 (Helgason, 2010). The authorities, however, did not heed these warnings (Althingi Special Investigation Commission 2010). The bubble continued to grow until the fall of Lehman's brothers and tightening conditions abroad put a stop to it. The bubble burst in October 2008, with the bankruptcy of the country's three largest banks.

The government in power at the time, a coalition between the IP and the SDA, reacted by nationalizing the banks and starting negotiations with the IMF. On 24

¹ A prior version of this article was published in *Kurswechsel*, 2013:4, 17–27.

October, the IMF announced a \$2.1 billion stand-by agreement with Iceland (IMF 2008), the key objectives of which were to: 1) restore early confidence in the currency by stemming its depreciation (done by the use of capital controls), 2) balance public finances through a multi-fiscal consolidation programme, and 3) re-build the banking system. The IMF financing aimed at shoring up the low levels of international reserves, strengthening investor confidence and the country's financing capacity (IMF 2012a). Total financing reached about \$5 billion dollars, with about \$3 billion dollars provided by bilateral loans from the other Nordic countries and Poland (Guðmundsson 2010). Iceland completed the programme successfully with key objectives met (IMF 2012a), although the country is still facing considerable challenges including when and how to lift the capital controls and how to deal with a sizeable public debt.

The recession was very steep and lasted from the third quarter of 2008 until the end of 2010. The cumulative contraction of GDP in 2009 and 2010 amounted to 10.6 per cent, the fifth largest contraction in Europe during this period (Ólafsson 2011a). Inflation was very high due to the depreciation of the currency, peaking at 18.6 per cent in January 2009 (with the annual average of 12 per cent that year)². The economy began to grow by the end of 2010 with real growth in GDP at 2.7 per cent in 2011, 1.5 per cent in 2012, and 3.3 per cent in 2013 – which is the fourth highest growth rate within the EU 28 (Eurostat). Inflation remains rather high, though, with the annual average fluctuating between 3.9 and 5.4 per cent in the last four years.

Political and ideological turmoil

A series of protests erupted all over the country soon after the collapse of the Icelandic banks. People gathered in protest with pots and pans against the government. The demand was for *a new Iceland*, a society based on fairer values, and new and non-corrupt governance. Within three months the government was toppled and an interim government, composed of the SDA and the LG (supported by the PP), was formed in January and elected in a general election in May 2009. This was the first left-wing government in Icelandic history, the first to be led by a woman, and also the first and only one to have a gender balance at cabinet level.

Along with the protests emerged a battle of discourses attempting to define the crisis and pathways of progression, which have been ongoing. The conflicting opinions of both the Left and the Right focussed on the role of a neo-liberal political economy, with the Right asserting that the crisis was a consequence of the failure of individuals, rather than the neo-liberal system within which they were functioning. A third discourse, regarding the gendered nature of the crisis, also emerged. This led to an academic analysis on the causal factors of the financial collapse (see Einarsdóttir and Pétursdóttir 2010). Seen through this lens, the 'boom' was engineered by the masculine. Male ministers privatized the banks, sold them to other men who put yet other men in charge, praising the masculine values of aggressiveness, competition, and risk-taking. The bank

² All statistics used in this article are from the Statistics Iceland website, www.statice.is, unless otherwise stated.

managers themselves were hailed for their successes in the media and, tellingly, were called ‘Vikings’, which in Icelandic culture refers to the greatest (and the ultra-masculine) heroes of the nation’s history, while the term invokes quite a different, and perhaps a more appropriate, image in other cultures. Later interviews with the entrepreneurs revealed that they were quite aware that much of their affairs were based on competition with their peers (Althingi Special Investigation Commission 2010; Einarsdóttir and Pétursdóttir 2010). This discourse on gender included concepts and ideas of possible avenues of progression. In the wake of the crisis, some argued for a feminist paradigm. Women bankers previously judged as unsuited for management positions due to a presumed risk aversion were now praised for risk *awareness*. The newly nationalized banks needed bank managers and two out of three appointed were women. Both men and women were appointed to the winding-up boards, in stark contrast to the almost all-male banking boards of the boom. The proportion of women in parliament rose in the 2009 election and reached a record high of 43 per cent. A similar trend emerged in municipal elections the following year and this increase in the political representation of women resulted in Iceland being positioned at the top of the World Forum Gender Gap Index, a position it has retained since (World Economic Forum 2013). The National Church was also included in this process of feminization and elected its first female bishop in 2012.

Table 1: Governments and share of parliamentary seats 2007–2013

Year	Governing parties	Number of MPs	Share of seats (%)
2007	Independence Party + Social Democratic Alliance	43	68
2009	Social Democratic Alliance + Left Green Party	34	54
2013	Progressive Party + Independence Party	38	60

The record number of new political parties entering the parliamentary elections evidences the continuation of political turmoil. Only two of these parties were successful in getting candidates elected. Roughly 12 per cent of votes went to these minor parties, which contributed to the right wing’s gain in the elections, but there are also other reasons for the political shift of 2013. The left-wing government’s popularity had been declining steadily, partly due to many feeling they had failed to shelter households from the crisis, an important electoral pledge they had made in 2009. The leader of the PP, Sigmundur Davíð Gunnlaugsson, took advantage of this and promised to lower household debt. He had also been a prominent leader against Iceland taking

responsibility for the Icesave accounts³, so when the EFTA court's ruled, in January 2013, that Icelanders were not obliged to repay the Icesave losses, the party gained in popularity and credibility. This ruling was generally considered as a great loss for the governing parties. Thus, while the IP got the most votes in the 2013 elections (26.7 per cent), the PP, which had gained the most, was considered the winner of the election with 24.4 per cent of the votes (compared to 14.8 per cent in 2009), while the combined votes of the left-wing parties only amounted to 23.8 per cent. It was therefore clear already on election night that the new government would be led by the PP and that it would most likely partner with the IP, partly due to ideological affinities, but also because this was the only two-party government (generally favoured) possible.

Table 2: Elected MPs by party in 2009 and 2013

	2009			2013		
	Women	Men	Women's share	Women	Men	Women's share
Social Democrats	10	10	50%	4	5	44%
Left-Green Movement	7	7	50%	4	3	57%
Progressive Party	3	6	33%	8	11	42%
Independence Party	5	11	32%	6	13	32%
Citizens movement*	2	2	50%	-	-	-
Bright Future**	-	-	-	2	4	33%
Pirate Party**	-	-	-	1	2	33%

* Ran in 2009 but not in 2013.

** Ran in 2013 but not in 2009.

Since their foundation in 1999, female candidates have had a high representation within the two left-wing parties. The success of the PP and the IP in the election, therefore, resulted in a fall in the allocation of seats to women between elections (table 2). The representation of women at cabinet level also dropped as only three out of nine ministerial positions were allocated to elected women. The first prime minister to be asked about this gender bias, Mr Gunnlaugsson, stated that the ministerial posts had been allocated on the basis of qualifications, not gender (RÚV 2013).

³ The core issue in the Icesave dispute was whether Iceland was responsible for guaranteeing the deposits in the Icesave accounts, which Landsbanki ran in its branches in the United Kingdom and the Netherlands between 2006 and 2008. The EFTA Surveillance Authority (ESA) ruled that Iceland was responsible and took it to the EFTA Court over a breach of the Deposit Guarantee Directive (Directive 90/19/EC) (ESA 2011). Iceland won the case.

Effects on economically active men and women

The Icelandic gender model, like that of other Nordic countries, belongs to the dual breadwinner model. Employment rates for both sexes were very high before the crisis, standing in 2007 at 89.1 per cent for men and 80.8 per cent for women aged 15 to 64 (Eurostat LFS). The employment rate of mothers has also been exceptionally high in Iceland (OECD 2010), facilitated by high coverage of day care and paid parental leave for both parents. As is common with countries with high female employment, the labour market is highly segregated by gender (Bettio and Verashchagina 2009), with women more likely to work in the public sector and men more numerous in the private sector. Thus, the employment effects on men and women have followed the same pattern as is usually seen under such circumstances since the collapse; the recession first hit male-dominated sectors, so unemployment rose faster among men than women (e.g., see Rubery et al. 1988; Karamessini and Rubery 2013).

**Table 3: The Icelandic Labour Market
by Gender in 2007, 2009, 2011, and 2012**

	2007		2009		2011		2012	
	M	W	M	W	M	W	M	W
Employment rate (15–64 years old)	89.1	80.8	80	76.5	80.3	76.6	81.5	77.8
Unemployment rate (15–64 years old)	2.2	2.3	8.8	5.8	8	6.2	6.4	5.8
Working hours (all ages)	46.9	35.6	43.8	34.9	44.1	35.4	43.9	35.2
Working hours, full time (all ages)	49.4	42.1	46.8	41.6	47.4	41.3	47.4	41.2
Working hours, part time (all ages)	22.5	24.5	22.3	23.2	21.5	24.4	21.9	23.6
Part time workers (% of total employment, 15–64 years old)	8.7	36	11.6	35.5	9.9	31.7	10.9	31.4

Sources: Eurostat Labour Force Survey except for data on working time, which is provided by Statistics Iceland.

The private sector was most notably impacted by the downturn at first, especially the construction and finance sectors. In contrast, the public services sector was hardly impacted at all. Consequently, men's unemployment rose faster and to higher levels than that of women, peaking as early as 2009. Although the decline continued in the private sector during the recovery (2011 onwards), especially in construction and manufacturing, the contraction was greater in the public sector (more specifically in education and public administration), which largely explains the increase in women's unemployment. At the same time, employment expanded in hotels and restaurants due

to an increase in tourism by 54 per cent⁴, linked to the devaluation of the currency and to the eruption of the Eyjafjallajökull volcano in 2010. As the sectors men work in are more sensitive to both kinds of economic fluctuations, not only slumps, men's unemployment rate has fallen more than women's since the onset of recovery. Unemployment rates of men and women are thus levelling out, with registered unemployment standing at about 5 per cent for women and 4.2 per cent for men in the first two months of 2014 (Directorate of Labour).

Unemployment is still a significant concern in Iceland, although the size of the problem is somewhat obfuscated by government policies. Those who have used up their four-year entitlement cease to be officially registered as unemployed and become the responsibility of the municipalities or the Social Assurance Administration. No official statistics are available on the size of this group but a survey gathered by the Directorate of Labour in late 2013 indicates that about 11 per cent of those that have sought unemployment benefits at some point since the banking collapse had used up their rights to benefits (Maskína 2013).

The gender pay gap is significant in Iceland. The gap in median pay for full-time workers was 15.2 per cent in 2007, close to that of Sweden (16.4) but much higher than that of Denmark and Norway (9.2 per and 9.8 per cent, respectively) (OECD Family Database). As wages were frozen in the crisis and many employers cut overtime and working hours, which for structural reasons affect men more than women, the gender pay gap narrowed in the recession, both in the public and the private sectors. With regard to trends in the recovery, there are, however, important differences in these two sectors. In the private sector the total pay gap went from 22.4 per cent in 2008 down to 17.8 per cent (the 'trough') in 2010 and then rose, to 18.5 per cent in 2011 and 2012, reflecting that the temporary narrowing was mainly due to a decline in men's wages. Meanwhile, the gap in the public sector went from 21.2 per cent in 2008 down to 16.5 per cent in 2010, and then continued to decline slightly, down to 16.3 per cent and 16.2 per cent, perhaps mirroring the continued cuts in public expenditures.

There are several reasons to expect a widening of the gender pay gap this year, in 2014: 1) the economic growth we are seeing in Iceland is accompanied with somewhat increased overtime and also higher bonuses, both of which are usually allocated to men rather than to women; 2) a large proportion of trade unions (in which membership is obligatory in Iceland) need to renew their contracts this year. As the raises are generally negotiated in terms of proportional increases, the Krona amount itself increases the further up the income ladder one goes, widening the gap between the highest and the lowest paid, and thus between men and women; 3) the trade unions mostly negotiate on part of middle- and lower-income professions while the highest paid are more likely to negotiate their wages as individuals, and are thus likely to get higher raises than the majority of people; 4) this government aims at further cuts in public services so it seems likely that wages in the public sector will rise less than within the private sector, and,

⁴ The number of nights spent in Iceland by foreigners (all kinds of accommodation) increased from about 1,868,000 in 2007 to 2,889,000 in 2012.

therefore, women's salaries less than men's, on average. These factors may be countered to some extent by the equal wage programme and the implementation of the equal pay standard.

Policy responses in 2009–2013 and its consequences for women

In comparison to Scandinavia, the Icelandic welfare state has been relatively liberal as regards characteristics of benefits (Ólafsson 1999), although the gap in welfare state expenditures between Iceland and the other countries has been narrowing. It is largely individualized and universal as with the Nordic welfare states but benefits are relatively low and income tested (with the exception of the parental leave which was rather generous before the crisis, see Thorsdottir 2013). In comparison to the Nordic countries, Icelanders, therefore, did not have a particularly strong welfare state when the crisis hit. It is also worth noting that the 2009–2013 government was under considerable external pressures to introduce austerity measures from the start. A stand-by agreement had already been signed with the IMF, an organization hitherto not known for its support for welfare state largesse (Chang 2012). Moreover, loans from the other lenders were conditional on the IMF programme and alternative lenders were not in sight. The government was thus not in an ideal position to fulfil its goals of preserving the welfare state but the IMF was 'surprisingly indulgent' (Irving 2012:309), approving the government's relatively moderate and cost-sharing approach of raising taxes and cutting expenditure. In this respect, Iceland was a landmark case for the IMF, which learned that the social impact of a crisis can be lessened by not compromising social benefits (IMF 2012a). For public policy throughout the crisis period it is further important that the parties in government had feminism on their agenda. The head of government was Jóhanna Sigurðardóttir, who as Minister of Social Affairs for the 2007–2009 government spearheaded the gender equality laws of 2008. As an indication of the relatively strong focus on gender equality, the term 'gender' occurs sixteen times in the coalition agreement and in/equality (in different contexts, although mostly in connection with gender) nineteen times. And although the main project was obviously to resolve the economic crisis, the parties boldly promised that 'women's influence in the country's recovery' would 'be ensured' and 'gender equality promoted at all levels of society, instituting specific measures to this end if necessary' (Government of Iceland 2009).

Taxes were raised but the tax system was also modified in a progressive direction, so that between 2008 and 2010 the tax burden of the top 40 per cent of the income distribution rose, while it fell for those on lower incomes (Ólafsson and Kristjánsson 2012). Nominal increases in the basic unemployment benefit, minimum pension, as well as the minimum wage, amounted to 31 to 41 per cent between 2007 and 2010 (Ólafsson 2011a), which is close to or above the rise in the CPI of 32.7 per cent. From a gender perspective, the rise in minimum pension is especially important as women are the majority of disability pension claimants and the majority of those only entitled to the minimum old age pension. The changes in taxes along with the increase in benefits and

specific measures to tackle household debt⁵ worked to shelter the low-income groups to a certain extent. Due to the inferior economic position of women, this policy has very likely sheltered women from the effects of the crisis to a greater extent than men. However, the fall in real disposable earnings was still nine per cent for couples in the two lowest income deciles (Ólafsson and Kristjánsson 2012), a group with the least flexibility to respond to such falls (by borrowing, for example). It is possible to posit, that the deterioration in quality of life, the increase in financial strain and its attending stress may be, on average, greater for women than men.

Although the approach was a heterodox one, public spending cuts were substantial, with a total accumulated reduction estimated at eight per cent of GDP between 2009 and 2012 (Ministry of Finance and Economic Affairs 2011). Parents were particularly affected. While spending on benefits for the unemployed, the disabled and the elderly increased, spending on benefits for families decreased. The most important factor was child benefits, which were frozen and thus decreased in real value during this period, but in the beginning of 2013 this was rectified by a nominal increase of 30 per cent. Meanwhile, fees for child-related services, mostly run by the municipalities, have been raised and in some cases several times since the crisis, although there are differences between municipalities in this respect. The amount paid during parental leave has also been cut three times since the collapse, twice under the left-wing government. The result of this is that the uptake of parental leave among fathers seems to have been affected. While the proportion of fathers applying for leave was similar in 2011 and 2007 (91 per cent and 89 per cent, respectively), the time spent on leave by fathers went from averaging 100 days in 2007 to 84 in 2011, although this decline should be interpreted somewhat cautiously⁶ (Arnalds, Eydal, and Gíslason 2013). In 2012 the government raised the cap back to its 2008 level in nominal terms and decided to prolong the leave from nine months to 12 in stages between 2014 and 2016, where each parent would have five months of non-transferrable leave and then they would each divide the remaining two months of leave between them.⁷

The government implemented several policies to tackle gender inequality. Information gathering on gender equality issues was increased, especially with the Well-being Watch (*Velferðarvaktin*), which was charged with analysing and reporting to the government on the effects of the recession on Icelandic households. A project manager on gender budgeting was appointed to work on its integration and implementation in 2009. In 2012 the government resolved to implement a four-year action plan to close the gender pay gap (Ministry of Welfare 2012), an important part of which was the development and implementation of a special equal pay standard, a voluntary tool to

⁵ The authorities implemented several measures to tackle private debt which can be broadly divided into initiatives aimed at postponing or rescheduling debt service and initiatives reducing the stock of debt. See IMF 2012b (Box 3.2, p. 120).

⁶ As Arnalds et al. (2013) point out the time parents had to make use of their leave was doubled (from 18 months to 36 months) in 2009 and thus the final use of leave by parents of children born in 2009–2011 is not clear yet.

⁷ Act No. 143/2012. *Laws on Amendment of Laws no. 95/2000 on Maternity/Paternity Leave and Parental Leave with Later Amendments.*

help employers pay men and women equal wages for equal work. In late 2012 it was revealed that within public services four professions had been left behind with regard to wages and that these were all female-dominated professions in the health sector (nurses, physical therapists, occupational therapists, and developmental therapists). Thus, the government started a special equal wage programme, starting within the health sector (Ministry of Welfare 2013a). The aim was to analyse wages in female-dominated professions and build on that analysis when contracts were to be renewed in 2014. This work had not finished in May 2013, when the new government was elected.

The government also focused on gender-based violence. In line with the position taken by leading local feminist organizations, the purchasing of prostitution was made illegal in 2009 so that perpetrators may now face prison for up to a year (or two years if the victim is a minor). A full ban on strip clubs was also enacted in 2010. Finally, the Austrian model for dealing with domestic violence cases was legalized in 2011⁸. The laws authorize the removal of the party accused from the household and put in place a specific restraining order in cases where there is a suspicion of domestic violence.

Increasing women's access to power is another example. Gender quotas in public corporate boards and ministerial committees had already been implemented by law in 2008, but in 2010, laws on gender quotas in private corporate boards were passed that stated that in companies with 50 workers or more, the board should comprise of at least three people and both sexes should have a seat. If there are more than three members on the board, each sex should have at least 40 per cent of the seats⁹.

Some policies reflected an apparent male bias, most notably job creation. The government had an investment plan that was supposed to create 4,000 jobs (about 40 per cent of the net job loss at the time) over the next few years (Prime Minister's Office 2012). These jobs were primarily to be created in sectors that were dominated by masculine employees, such as construction and maintenance. It is worth noting that further cuts were planned in the public sector, which traditionally employs more women (Ministry of Finance and Economic Affairs 2012; see also Thorsdottir 2013).

The focus of the new government (2013 onwards)

Within weeks of taking office in spring 2013, the new government started to make its mark by stopping the European Union ascension process, which had been a central issue to the Social Democrats. Furthermore, there was a clear shift in emphasis and ideology from left to right and from a heterodox approach to more austerity, as indicated by the 2014 Budget Bill. The main aim of the 2014 Budget Bill is to balance the budget without raising taxes. Thus, all tax increases that were previously planned are cancelled (such as the raise of the Special Fisheries Fee and the doubling of VAT on businesses providing accommodation for tourists). The two parties also plan to fulfil the

⁸ Act No. 85/2011. *Laws on Restraining Order and Removal from Home.*

⁹ Act No. 13/2010. *Laws on Amendment of Laws on Public Limited Companies and Private Limited Companies.*

campaign pledge of simplifying the tax system (towards a flat rate instead of progressive taxation scale) and lowering tax rates, on the Lafferian assumption that lowering taxes will generate higher revenue and create employment. This is against empirical evidence because, as pointed out by the IMF, the Laffer curve effects are believed to occur at higher tax rates than are existent in Iceland (IMF 2013b). The VAT system is to be simplified, and the Minister of Financial Affairs has repeatedly stated that the higher rate band of VAT will be lowered (currently at 25.5 per cent), while the lower rate band, in which food and many essential items are taxed, will be raised (Vísir 2014). Some tax decreases are already on schedule for 2014, such as in the general financial activities tax, which has been cut by one fifth. The budget deficit is mainly to be tackled by cuts but also by raising and introducing new service fees. One such example is a 20 per cent raise in general clinic visiting fees.

By law, the government must present its budget proposal in September, on the first day as the parliament reconvenes after summer recess. The three legal stages that a bill undergoes in parliament prior to a final version being put to vote makes analysis of the inclusions and exclusions during the process interesting. The original proposal for 2014 included the setting of overnight staying fees at hospitals but this policy was taken out following a public outcry. There was also a proposal for the budget of the Directorate of Labour to be cut substantially, which invoked quite a response, so the cuts were withdrawn just before the final vote. The proposal to cut child benefits paid to those on low income also met with opposition. This inclusion had previously been agreed on by the government but was quickly withdrawn when presented in parliament where it met with sharp criticism. The cuts to the special interest subsidy, paid to homeowners with housing debt, and the ten per cent cut to the Centre of Gender Equality, were, however, largely uncontested.

The success of the PP in the elections was based on the Debt Relief Programme, which has been introduced but will not come into effect until after mid-2014. Against advice, from, for example, the IMF (2013b) and OECD (2013), but in accordance with the election pledges, this programme is universal rather, than being focused on distressed households, although it is exclusive to housing debt. The plan is twofold: 1) indexed housing mortgages are to be written down by an amount equivalent to the indexation increase exceeding 4.8 per cent, which occurred from December 2007 to August 2010 up to a cap; 2) workers will be able to use payments to their private pension plans (four per cent of wages) to pay down their housing mortgages, or, alternatively, to save up for housing, without paying income tax on this amount (Prime Minister's Office 2013). The programme has been heavily criticized both in Iceland and abroad. The opposition has criticized it for being universal and thus also benefitting people with no payment difficulties. Concerns have also been raised by analysts regarding the proposal's impact on inflation (Central Bank of Iceland 2013) and for possibly harming investors' perceptions of Iceland's business environment (Fitch Ratings 2013).

The ideological shift in government is also present in job creation, as many of the projects formerly scheduled in the investment plan have already been cancelled. Instead of direct job creation, the new government seems to see the state's role as making more

room for the private sector and aims to ‘make every effort to create a working environment to promote investment and create more jobs, not least in small and medium-size companies’ (Government of Iceland 2013)¹⁰.

From gender equality to equality for all

The gender ideology of the ruling parties is quite different from that of the opposition, more so in the case of the IP. An example of this is that the IP was the only party opposed to implementing gender quotas in private corporate boards, the most vocal opponent being the current minister of industry and innovation, Mrs Árnadóttir. She argued against enforcing equality by laws and penalties and proposed using positive encouragement instead for this purpose¹¹. As minister, she also met with corporate bodies to discuss these laws, which attracted considerable public attention, so she took care to announce that the laws would not be abolished. The PP, on the other hand, pledged to protect these laws during the 2013 campaign¹². Mrs Árnadóttir has also been one of the leaders behind a non-committing resolution made in 2010 (signed by members from all parties, although the majority was from the IP), asking the minister of welfare to appoint a committee to write a proposal of laws, which would allow altruistic surrogacy, a matter that most leading local feminist organizations have opposed. A proposal to this effect was to be introduced in March this year, according to the Minister of Health, though not at time of writing (April 2014).

It was clear right from the start that this government would not put as much emphasis on gender equality as the former government. The coalition platform mentions gender twice (compared to 16 times in the 2009 platform) and equality, in various different forms, nine times (compared to 19). The section on equal rights states that the government aims to reassess earlier methods ‘with the aim of improving achievements in equal rights and counteracting gender-based wage inequality’ (Government of Iceland 2013), which is in accordance with electoral pledges of both parties. While short on specifics, the coalition platform contains two pledges relevant to gender equality. The first is ensuring equality with regard to financial independence (in the context of taxation and pensions), regardless of marital status. This clause is taken directly from the IP’s list of electoral pledges¹³ and is rather vague, especially as the former government had already removed all connection between spouse’s wages and pensions in the social protection system. There are however still such connections made in the municipalities’ financial assistance and private pension funds, which the parties may be planning to tackle. The second promise that was made is to ensure parental equality by investigating the social and financial situation of non-residential parents and see if adjustments need to be made with regard to their involvement in the tax and benefit system (Government of Iceland 2013). Parents who do not share a residence with their children are registered as non-parents. This is an issue proposed to be

¹⁰ Original translation.

¹¹ See, for example, the speech R.E. Árnadóttir held at the second discussion of this proposal, on 4 March 2010: <http://www.althingi.is/altext/raeda/138/rad20100302T140625.html>.

¹² See list on the PP’s website, www.framsokn.is.

¹³ See <http://www.xd.is/um-sjalfstaedisflokkinn/alyktanir/allsherjar--og-menntamalanefnd>

resolved by January 2016, through the introduction of a non-binding resolution that will provide for the inclusion of information on all parents with visiting rights in public records. This is also largely in accordance with electoral pledges of the parties. Pledges made before the election by the two parties that did however not enter the platform are: to ensure that employed parents have the option of flexitime (PP), and to raise the cap on the parental leave and to increase support for parents of multiples (IP).

Unlike the left-wing parties, the present ruling parties have emphasized a broad notion of equality, as is seen, for example, in the IP's official equality policy where gender equality is always put in the same context of other kinds of equality such as, individuals should have the opportunity to flourish 'regardless of gender, age, religion or status'. The heading of the equality clause in the coalition platform is in this spirit ('Equal Rights') and also the opening statement: 'The government will direct concerted efforts at achieving real equality for all' (Government of Iceland 2009). This is informative to make sense of the policy change presently under way with regard to equality centres in Iceland, but a proposal is currently being written within the Ministry of Welfare (2014) where the Centre For Gender Equality is to be converged with all other equality centres, such as the Multicultural and Information Centre (an immigrants' rights centre), to create one Equality Institution which is to work on equality for all.

Amongst the most important gender equality policies made by the former government, but to be implemented this term, are the lengthening of parental leave, gender budgeting, further steps in closing the gender pay gap, and the Welfare Watch. The current government announced, in relation to the budget plan, that the lengthening of parental leave would be postponed but raised the cap on full benefits by 5.7 per cent. The Minister of Welfare has also appointed a committee to work on a plan of action on issues regarding children and their families, which aims at ensuring social equality and the economic security of families (Ministry of Welfare 2013). With regard to gender budgeting, which was mainly composed of projects that were supposed to finish in 2014, the work will continue as a new management group was appointed last year. Furthermore, a proposal for the legalization of gender budgeting in the preparation of the budget plan was introduced last summer (Ministry of Finance and Economic Affairs 2013). As mentioned earlier, both parties promised to work on wage inequality so the gender pay gap is still an ongoing project, with the implementation of the equal pay standard and the equal wage programme. The Welfare Watch has, however, not been reappointed and delivered its final report in September 2013.

Final words

The winter of 2008–2009 was in Iceland characterized by turmoil of all kinds, economic, political, and psychological. Amidst this turmoil, the left-wing government got elected because the left-wing parties rallied to the cry for a new Iceland, at least to some voters, by promising to do things differently than the two parties that were considered the main culprits of the financial collapse, the IP and the PP. The primary emphasis was on protecting the worst off, but there was also a strong emphasis on adopting a gender perspective at all levels of policy. This set it apart from all previous Icelandic

governments. Even though the feminist line adopted by the left-wing parties in 2009 may have, in part, been a populist move and even if the implementation was less than perfect, the 2009–2013 government was a feminist one that brought about many important legal and symbolic changes for women.

It is safe to say that feminist issues are not of as much importance to the current government. Instead of Keynesian economics, the ruling parties express strong confidence in neoclassical economic theory. The way forward is to increase people's purchasing power by cutting taxes, create employment by encouraging investors to invest, and to lower public debt by cutting public expenditures. As is well known from other countries whose governments adhere to this ideology, particularly from the UK (e.g. Rubery and Rafferty 2013; Women's Budget Group 2014), little effort is made to assess prior to implementation the extent to which policies have different effects on men and women. This is not to say that issues of gender equality are completely off the table. Rather, gender equality has been relegated to a specific field of social policy rather than being seen as a dimension in all areas of policy-making. The move has thus not been only from left to right, or from heterodox to neoclassical economic thinking, but from overarching feminism to gender-blind austerity.

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Résumé

La réaction de la nation islandaise face à la crise a consisté à renverser le gouvernement et à élire le premier gouvernement de gauche de l'histoire du pays. Ce gouvernement a été le plus féministe qu'on ait connu, et le premier à respecter une égalité parfaite hommes/femmes parmi les ministres. Malgré un éloge considérable de la part d'économistes keynésiens, notamment Krugman et Stiglitz, la nation a changée d'avis aux élections suivantes et la droite a obtenu la majorité des votes. Qu'est-ce que ce changement de gouvernement annonce pour les femmes en Islande? Dans cet article, j'étudie la crise et le bilan du gouvernement du 2009–2013, et je le compare à ce que l'on sait déjà sur les priorités du gouvernement actuellement en place. Bien que, à l'heure où j'écris, moins d'une année soit écoulée depuis les dernières élections, il semble clair que le changement de gouvernance n'est pas seulement un virage de la gauche vers la droite, mais aussi d'une gouvernance féministe à ce qui semble, en comparaison, pouvoir au mieux être décrit comme un manque d'intérêt ou un aveuglement par rapport à la question du genre.

Resumen

La nación islandesa respondió a la crisis derrocando al gobierno y eligiendo el primer gobierno de izquierda en su historia. Ese gobierno ha sido el más feminista que el país ha tenido, a la vez que fue el primero en tener cuotas iguales de mujeres y varones en el gabinete. A pesar del costo considerable debido a su perspectiva mixta de la crisis, como economistas Keynesianos como Krugman y Stiglitz, el país cambió en elecciones sucesivas hacia partidos de derecha. ¿Qué significa este cambio de gobierno para las mujeres de Islandia? En este artículo reviso la crisis y el periodo gubernamental de 2009 a 2013 y comparo con lo que sabemos de los partidos en gobierno actuales. A pesar que al momento de escribir este artículo, menos de un año ha pasado desde las últimas elecciones, es claro que el cambio de gobierno no sólo ha sido de izquierda a derecha, sino también de un gobierno feminista a lo que parece ser en comparación, un gobierno ciego al impacto de género en la austeridad.