



Blogs and Stories

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No One's Eating Apple Pie Anymore

by Arianne Cohen
October 31, 2008



Is Iceland's collapse a harbinger for what's to come in America?

I hear two things a lot here: "Kreppa," which means "depression" in Icelandic. And, "We're waiting." That sums it up. Waiting. The first weekend after the crash, the partying was loud, as it always is. Then it got quiet. The AA meetings, always well-attended, have reached overflow capacity.

Iceland's banking system was the first to go. You saw the same headlines they did on October 2nd: "Icelandic Banks Collapse!" "Billions Frozen!" "Icelanders See Icarus-Like Fall of Greed!"

The nation's stunning economic implosion tipped off the domino chain that's cascaded around the world. So does the aftermath of Iceland's spectacular collapse foreshadow what's to come for the rest of the world?

Until food and supplies run out, the country remains in the quiet before the storm.

Iceland's economy was 90% based on finance, and wholly dependent on foreign credit. When the credit market dried up thanks to a little glitch on a short strip of pavement in New York called Wall Street, Icelandic banks couldn't back up their currency. The nation's markets fell by 83% in a month. The krona plunged. The government nationalized the top three banks, and appealed to the International Monetary Fund for a \$2 billion bailout. In polls, support for joining the EU soared.

In some ways, Icelanders are a lot like Americans. They look like they're from Portland, Maine. I attended a party here and the host cooked three pies: apple, pumpkin and pecan – then we all sat around and watched the U.S. presidential debate. To say that these people are more dedicated to U.S. politics than Americans is an understatement.

But to say they're just like just like us would be mistaken. They're quirky (Bjork), socialists ("You just tell them your ID number and it's free!"), and fond of fuck-me boots (black leather, knee-high, all the time). And Iceland is suffering a crisis of currency, which is different than our crash. Imagine living in a big town, and suddenly none of the neighboring towns would take your money. That's what happened to this island, one seventh the population of Brooklyn.

Still, three weeks ago, foreign journalists searching for such a narrative packed into Icelandair flights and descended upon Reykjavik. They photographed WASPY types looking sad, then left. What's happened since? Well...nothing. It's a currency crisis. Until food and supplies run out, the country remains in the quiet

before the storm. During the first week, the main shopping street was jammed with cars filled with families driving slowly, aimlessly. They didn't know what to do. The restaurants were empty. The only rejoicing to be found was in expat hangouts, where dollars, recently worth 70 krona, were suddenly worth 150.

The few reporters left here are having a hard time finding something to report on, because it is such a quiet moment, much more so than it would be in America. Many have lost their jobs, and many more have had their bank salaries slashed. But this is a welfare state—unemployment and health benefits are cushy. It takes much longer than three paycheck-free weeks for the true hell to hit.

Ágúst Hálfðásson, for instance, is an Icelandic mechanical engineer and owner of a window-glass company who can't log into his online bank account to pay his foreign suppliers. He clicks "pay," and nothing happens. The bank has been nationalized, rendering his account routing numbers invalid. Last week he traveled to Europe for business. "You have to bring your airway ticket to the bank so they know that you are going to travel, and then they give you 400 euros for travel expenses. That's it."

His bills—like those of the entire country—are three weeks overdue. Not a big deal, we've all been there. Life continues essentially as usual. "We'll be okay for a few more weeks if nothing worse happens," Hálfðásson says. But the storm will arrive in six weeks, when his glass company can no longer get sanding paper, glue, or spacers to put between the sheets of glass. Or, of course, the glass itself.

It's only as the long slow slide continues that Icelanders will make it very clear that they're not like Americans. Americans don't know how to be poor. Witness the millions of us who live totally on credit, and the fact that we have no idea how to sustain ourselves. We make reality TV shows about our attempts at hunting and survival, while Iceland was still a poor farming country just twenty years ago. There's an old guy in Reykjavik who grew up in a nearby cave. Yeah, caveman.

They may look like us and talk like us, but they can also do stuff like farm and knit and fish. The editor of one of the two major newspapers here told me, "I've always assumed that if my editing or music career doesn't work, I can always gut fish." It was his teenage job.

Like most places, the newsstand is a mirror for how the country feels about itself, and Reykjavik newsstands feature five (yes, five) editions of Vogue: U.S., U.K., Dutch, Italian and Russian. They don't seem to be selling this month.