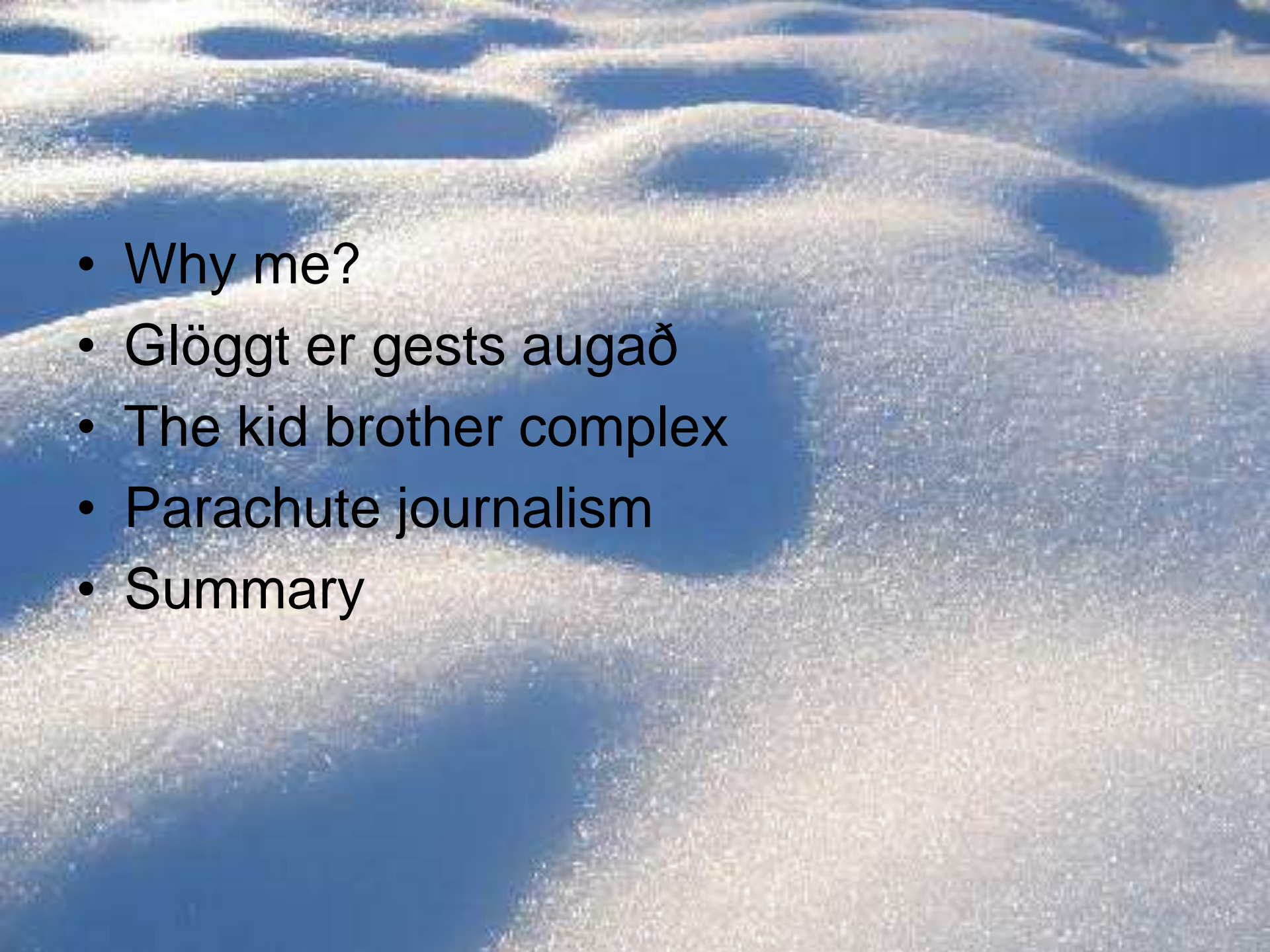




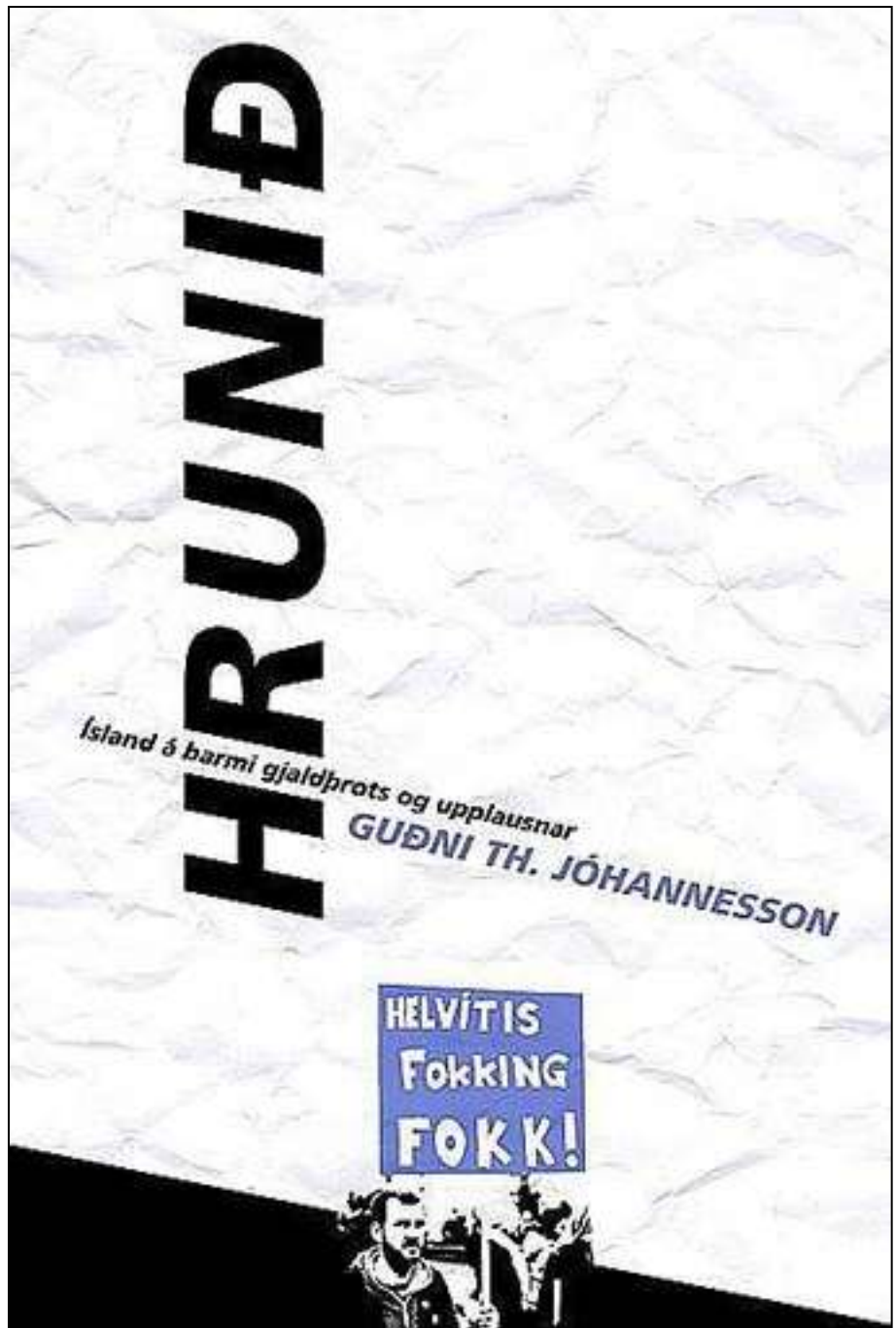
Describing the Gold Rush from Afar

Foreign Observers and the Icelandic
Economic Crisis

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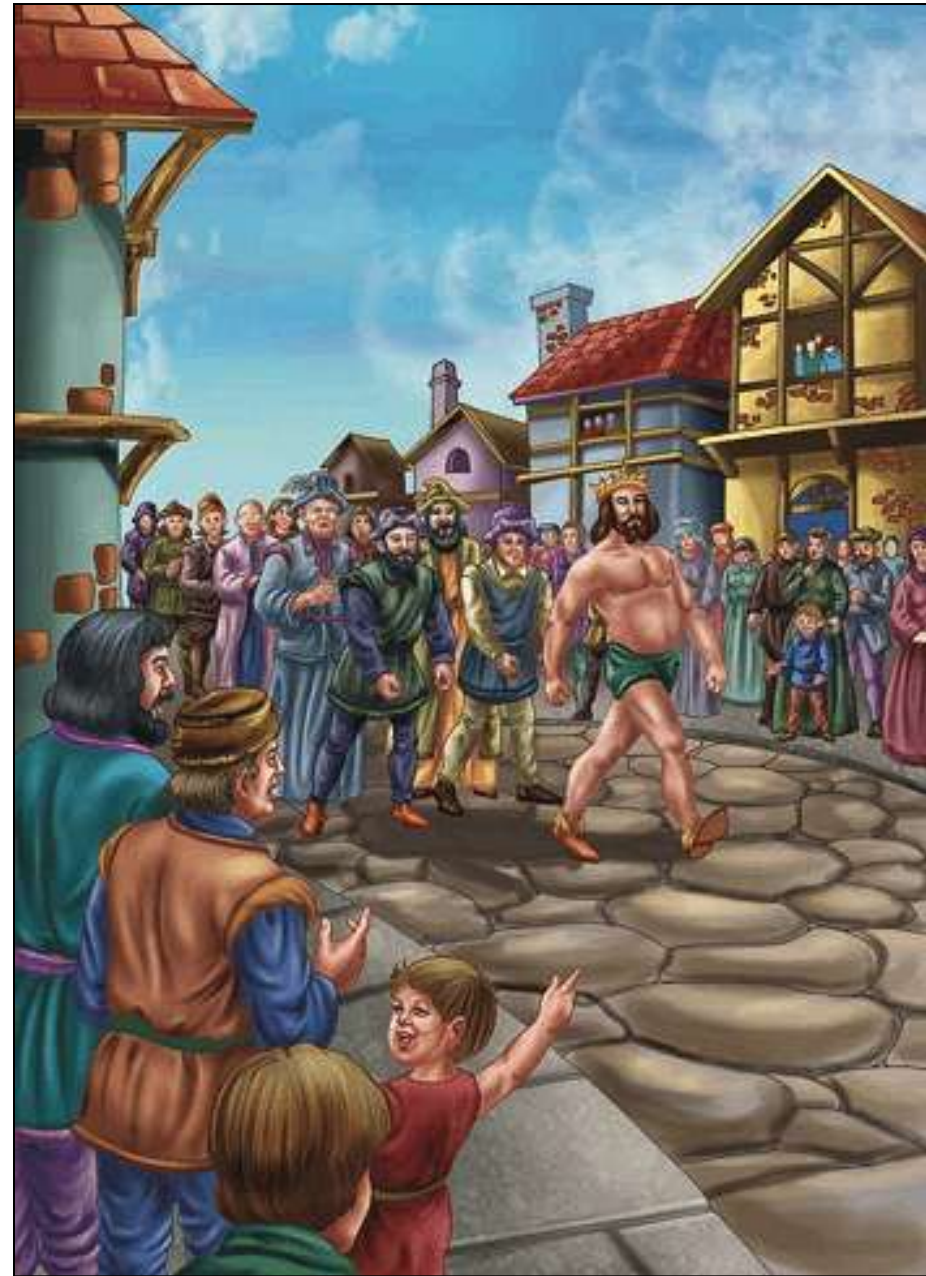
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- Why me?
 - Glögggt er gests augað
 - The kid brother complex
 - Parachute journalism
 - Summary

Why me?



Glöggjt er gests augað

- “The guest sees well”
 - “The Emperor’s new clothes”



“Geyser crisis”, 2006

Danske Bank’s report:

“Iceland looks worse on almost all measures than Thailand did before its crisis in 1997, and only moderately more healthy than Turkey before its 2001 crisis. ... Against this background, we see a substantial risk of a financial crisis developing as an integral part of an Icelandic recession in 2006-7.”

<http://www.mbl.is/media/98/398.pdf>

Glitnir bank’s response:

“The Danske Bank report looks written with the intent of putting the Icelandic economy in the most unfavourable light possible. ... There are numerous inaccuracies and errors, which ... serve to paint a bleaker picture than the facts would warrant.”

http://www.iceland.org/media/DKvidskipti/Glitnir_comments.pdf

Forsendur upplýstrar umræðu

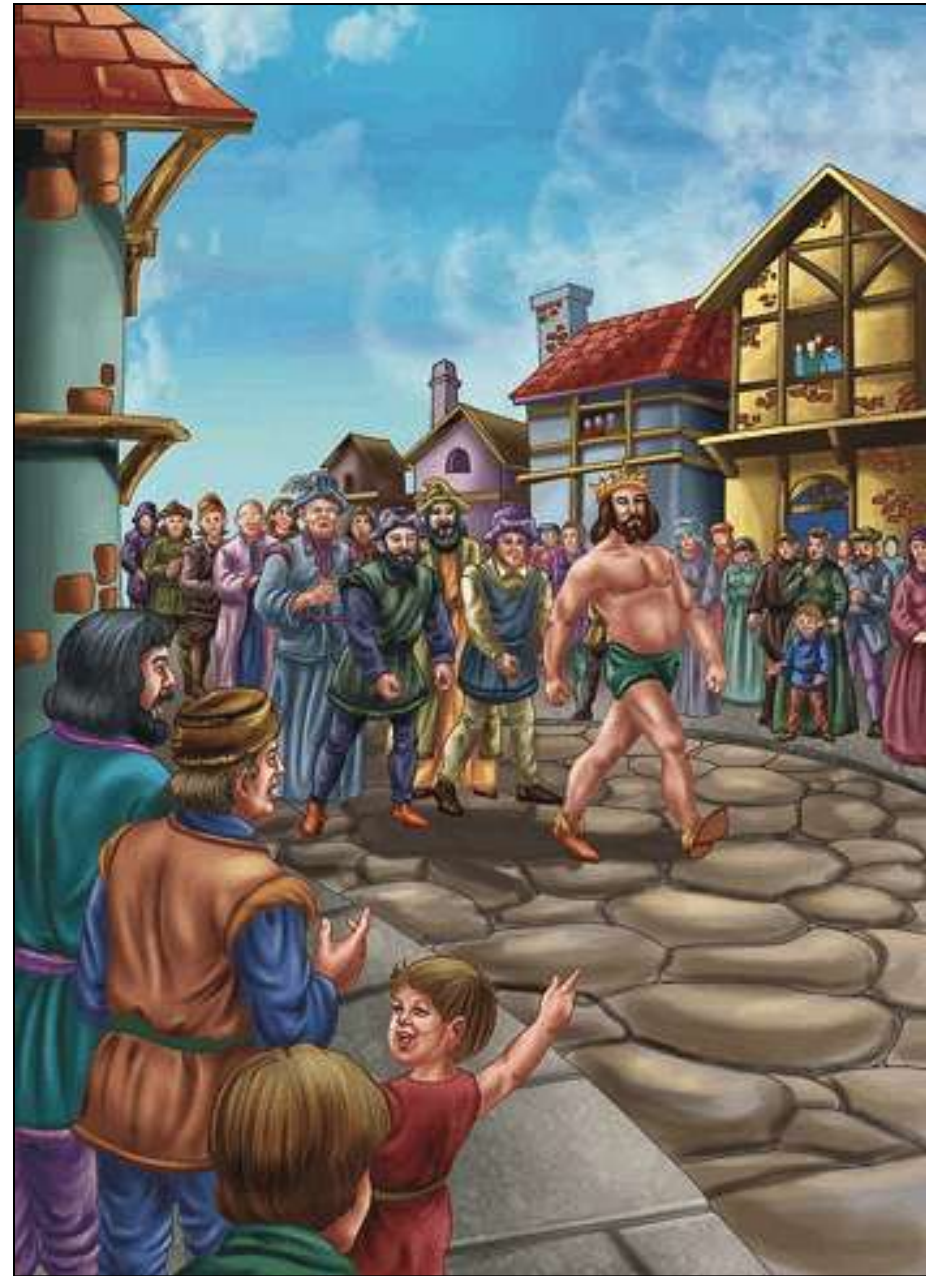
- Fjölmiðlar römmuðu inn umræðu um viðskiptalíf á forsendum fjármálafyrirtækjanna fremur en almennings. Mest var byggt á fréttum frá bönkum og lítið var um sjálfstæða greiningu fjölmiðlamanna
- Stóraukið samspil háskóla/fjölmiðla og viðskiptalífs skóp skilyrði fyrir hagsmunaárekstra og sjálfsritskoðun
- Upplýst umræða átti erfitt uppdráttar. Spuni frá upplýsingafulltrúum átti greiða leið inn í opinbera umræðu. Ímynd mikilvægari en veruleiki
- Torvelt var fyrir almenning að mynda sér upplýstar skoðanir sem er forsenda þess að þeir geti axlað ábyrgð sína sem borgarar í lýðræði
- Hegðun fólks má líka skýra sálrænt út frá því markmiði að trúa því að íslenskt efnahagslíf stæði vel
- Vandinn er víðtækur og kerfislægur.

Conditions for enlightened discussion

- The media framed all discussions on business within the parameters of the financial institutions themselves rather than the public interest. There was mostly a reliance on news from the banks themselves but a lack of independent analysis
- Vastly increased ties between academia and media on the one hand, and the business sector on the other hand, created conditions for a conflict of interest and self-censorship
- Enlightened debate was lacking. PR and spin easily influenced the public debate. Image was considered more important than reality
- The public could hardly form an enlightened opinion, thus they could hardly shoulder their responsibilities as citizens in a civic society
- Psychologically, people wanted to believe that the Icelandic economy was doing fine
- The problem is widespread and deep-rooted

Glögggt er gests augað

- “The guest sees well”
 - “The Emperor’s new clothes”
- “Geyser crisis”, 2006
 - Misunderstandings
 - Danish “envy”
 - “It’s us against them”



The Kid Brother Complex

- *We can criticize, not you*
 - Automatic defense reaction towards outsiders
 - There *is* a risk of misunderstandings



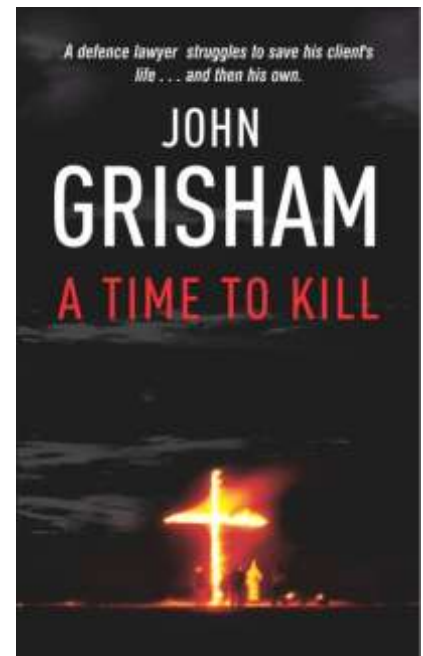
*I was thinking about what a
Friend had said*

I was hoping it was a lie.

Neil Young, "After the Gold Rush"

Parachute journalism

“It was amazing how they could arrive in packs from all over and within twenty-four hours become experts on a place they had never heard of and a people they had never met. ... The locals watched with distaste as they kept their cameras on the Kluxers and the rowdier blacks, always searching for the most radical elements, and then making those elements appear to be the norm.”



Parachute journalism

Michael Lewis, “Wall Street on the Tundra”

“Iceland’s de facto bankruptcy – its currency (the krona) is kaput, its debt is 850 percent of G.D.P., its people are hoarding food and cash and blowing up their new Range Rovers for the insurance – resulted from a stunning collective madness.”

<http://www.vanityfair.com/politics/features/2009/04/iceland200904>

Jonas Moody, “Vanity Fair’s Fishy Tales From Iceland”

“His is a wild account of a backwards Nordic island populated by ‘lumpy’ and ‘inbred’ people who might force you to shower in scalding water or, worse, blow up a Range Rover. If you didn’t know any better, you’d think we were a sitcom waiting to happen.”

http://nymag.com/daily/intel/2009/03/reality_check_vanity_fairs_fis.html

Conclusions

Benefit of outside view:

- Disinformation and deceit in Iceland
- Failure of Icelandic media
- Cronyism
- Blindness to obvious facts

Risks to be aware of:

- Lack of knowledge and preparation
- Haste makes errors
- Reliance on others for information
- Clichés and temptation to exaggerate



The end

Questions?

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