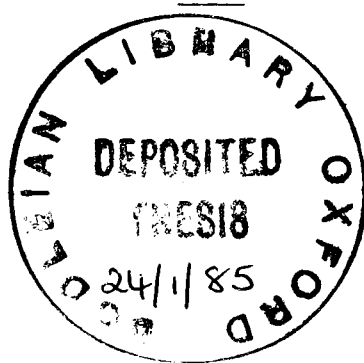


Stefán Ólafsson M.A.
Nuffield College,
Oxford University

MODERNIZATION AND SOCIAL
STRATIFICATION IN ICELAND



A thesis submitted for the degree
of Doctor of Philosophy in the
University of Oxford, Hilary
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Abstract

Some myths of Icelandic society are examined and empirically tested in this thesis. The myths are variants of two basic themes: firstly, the idea that the Icelandic social structure is fundamentally unique, and, secondly, the belief that the contemporary society is exceptionally egalitarian in many respects. The uniqueness theme is reflected upon by maintaining an international comparative perspective throughout the presentation, and by examining the characteristics and degree of modernization in Icelandic society. In relation to the equality theme, some important aspects of socio-economic advantages are examined. Opportunities of individuals and class formation are also assessed, and then the analysis moves to the level of organizations and labour market relations, i.e., to unionism, conflict, and inflation.

The findings seriously question or discard the themes which are considered. Thus, we show that Iceland has modernized to a very high level, sharing most of the basic social structural features which have been found to produce a "family resemblance" amongst advanced societies. Iceland is also found to have an inequality structure with familiar characteristics. The degree of income inequality seems to be on level with the Scandinavian societies, but when other related advantages are also considered, such as welfare and security aspects, the net outcome is that inequality appears to be greater in Iceland. Upward mobility has been extensive, mainly due to changes in the occupational structure, but the patterns are fairly typical.

The structure of the industrial relations system has significant affinities with comparable Scandinavian systems, but the level of industrial conflict has been extensive in Iceland. Inflation has similarly prevailed at a very high level for a long period. By relating inflation to distributional conflicts and the inequality structure, we offer a novel interpretation of this outstanding characteristic.

Lastly, the relatively poor showing in the welfare league and the intense distributional conflicts are explained by relating them to the distribution of political power in the society. Unlike the Scandinavian societies, Iceland has not been dominated by a large social-democratic party. The conservative Independence Party is the largest political party in the country and it has been the dominant force in governments for most of the post-war period.

PREFACE

This thesis has two fundamental aims which are closely connected, the first theoretical and the second empirical. Theoretically, the thesis attempts to follow through some new interpretations of Weberian stratification theory, especially as regards the interrelationship between distributional and organizational-relational aspects of the stratification system. This is reflected in the somewhat unusual composition of the subject matter, ranging from distributional inequalities to unionism and labour market relations. Thereby it is hoped to give a more comprehensive account of social stratification and its relevance in the contemporary society than has been common in such studies.

As regards the empirical aspect, the aim is to examine the validity of some taken-for-granted beliefs, or myths, of Icelandic society. These basically concern issues of social development and inequality, which are intimately connected. Dealing with Icelandic society has produced specific problems, mainly because the social structure has not been much studied. We have therefore had to carry out considerable basic data collection and analyses which normally are available in secondary studies in other societies. One consequence of this is that the reader is, at times, burdened with many references and details, no doubt reminiscent of "the creeping disease of bibliographical hypertrophy." We have also stretched the thesis very close to the maximum allowed length for the same reason and in order to give a clear comparative picture of the

aspects of Icelandic society which we cover.

In respect to formalities, we must admit to having broken one rule of Icelandic grammar. This concerns the spelling of book and article titles. Only the first word of a title should be spelled with a capital letter in Icelandic, besides specific names. We have, however, followed the English convention in the interest of standardization.

Special thanks are due to my supervisors, John H. Goldthorpe of Nuffield College, and John Ridge of the Department of Social and Administrative Studies, for continued guidance and encouragement. Thanks also go to Clive Payne, of the Computing and Research Support Unit of the Faculty of Social Studies, for help with computing problems. In Iceland, Ólafur R. Grímsson, Svanur Kristjánsson, Ólafur Þ. Harðarson, and Þórólfur Þórlindsson read parts or the whole of the thesis and provided valuable criticisms. Anne Cotterill typed the last version of the manuscript, and Lilja Karlsdóttir drew the diagrams, both with admirable skill and patience.

Dedication

To Kolli, who in a special way
provided crucial stimulation

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ABBREVIATIONS

Journals:

<u>A.P.S.R.</u>	<u>American Political Science Review</u>
<u>A.S.</u>	<u>Acta Sociologica</u>
<u>A.S.R.</u>	<u>American Sociological Review</u>
<u>B.J.P.S.</u>	<u>British Journal of Political Science</u>
<u>B.J.S.</u>	<u>British Journal of Sociology</u>
<u>S.P.S.</u>	<u>Scandinavian Political Studies</u>
<u>S.R.</u>	<u>Sociological Review</u>
<u>S.S.I.</u>	<u>Social Science Information</u>

Main Labour Market Organizations:

ASÍ	Federation of Labour
BHM	Association of University Graduates
BSRB	Federation of State and Municipal Employees
LÍV	Federation of Sales and Clerical Workers
SB	Federation of Skilled Construction Workers
SSÍ	Federation of Fishermen
VMSÍ	Federation of General and Transport Workers
VSÍ	Federation of Employers

Political Parties:

C.P.	Communist Party
I.P.	Independence Party
P.A.	People's Alliance

P.P.	Progressive Party
S.D.P.	Social Democratic Party

Icelandic Letters:

Ð/ð	th, as in "bathe"
Þ/þ	th, as in "through"
Æ/æ	i, as in "pile"
Ö/ö	u, as in "hurt"

I. THEMES AND HYPOTHESES

I.1. Myths of Icelandic Society

This is a study of the social structure in Iceland, with a specific focus on the structure of inequality. Social inequality is such a vast topic that no one study can hope to cover it quite comprehensively. We have therefore had to deal with the topic very selectively, yet not altogether arbitrarily.

To guide our journey through the empirical material on the Icelandic social structure, we have selected some themes and hypotheses which have been prominent in previous studies of Icelandic society, as well as in the lay public's conceptions of the contemporary society. At the risk of being foolhardy, and in the hope of being stimulating, we shall refer to these themes as "myths." This is additionally justified, we believe, since many of these themes have acquired the status of unquestioned, taken-for-granted beliefs. In some cases, they even function as legitimating ideologies in relation to contemporary socio-political issues. Our theoretical and methodological approach, which is outlined below, will also influence the selection of empirical and thematic issues.

We shall begin by outlining broadly the major myths which will provide us with testable hypotheses before turning to the account of our theoretical approach. Following that, we locate the myths in some previous studies and analyze them on the basis of our approach.

1. The first, and most general, issue to consider is what we refer to as the myth of uniqueness. This is the belief that Icelandic society is of a fundamentally different kind, in a structural sense, from most

neighbouring or advanced societies. All societies are, of course, unique to some extent. Yet societies at broadly comparable developmental levels are typically found to share generally similar social structural features. We shall not specifically want to reject the idea that the Icelandic society is unique, but rather to question the balance of interpretation with respect to this issue, that is, to ask whether the uniqueness of Iceland has been exaggerated at the cost of producing a distorted picture of its social structure. This we shall attempt by maintaining an international comparative perspective in our analysis, as far as possible.

2. The myth of traditionalism. Here the issue centers on general questions concerning the extent, rapidity, and characteristics of modernization in Iceland, as well as questions concerning the nature of the contemporary social structure. These first two myths which we have now characterized are really generic to all other myths, or sub-themes and hypotheses, which will feature in our work. As such, they are of a very general character and relevance, and we wish to emphasize that we do not pretend to cover them fully or comprehensively in this thesis. That would be impossible in any case. Our empirical analysis is selective and can only offer partial tests and reflections on such broad themes, but at the same time the focus of the research is on issues which are of fundamental importance for the shaping of social structure. We believe that it is therefore justifiable to derive relevance for those general themes, as well as more specific ones. The theme of traditionalism, which will appear in various versions, will thus concern the question of what kind of a society contemporary Iceland is.

3. The myth of equality. There are two basic aspects of this

theme. Firstly, the assumption that in terms of actual distributional advantages and power the society is, and has been, particularly egalitarian. Secondly, there is the belief that most members of the society do themselves ratify the former assumption with their alleged adherence to an egalitarian belief, i.e., that most people actually believe the society to be highly, if not uniquely, egalitarian. We will later clarify the issues involved, and with our theoretical discussion we provide an alternative understanding of the relationship between subjective (or perceived) and objective (material) aspects of the inequality structure. This particularly concerns the possibility that a structure of inequality could obtain in the society, that people are largely aware of it, and yet everyday interactions could be rather egalitarian and non-deferential because of a weak form of status stratification in the society. What we shall basically be concerned to do is to examine and characterize the fundamental structure of inequality, as well as its consequences in the contemporary society. Thus, we shall be able to test the validity and usefulness of our approach to social stratification, as well as to delineate one of the most important aspects of the social structure.

4. The myth of classlessness. Obviously related to the previous theme, this one concerns structural characteristics of the society. The class structure is generally found to be a primary, or generic, aspect of social formation in modern societies, shaping institutions and organizations, and the experiences, opportunities, and attitudes of individuals. We shall obviously want to examine distributional and relational issues of inequality with an eye to the relevance of interpretations in terms of the class principle, both as regards material

aspects, like incomes and work-related inequalities, and mobility of individuals within the occupational class structure. Within the frame of distributional issues, we shall examine the pattern of inequality of advantages in a general sense, especially income inequality, and the relationship between occupations and income and other advantages. Within the frame of relational issues we shall have something to say about the inequality of power, especially by examining the relevance of the class principle for organizations in the labour market and collective actions.

5. The myth of openness. Again, closely related to the myth of equality is the assumption that the Icelandic society is, and has been, particularly--if not uniquely--open for all individuals to prosper according to interest and ability irrespective of social class origins. This will have to be related to the question of class structuration, occupational developments, and the implications for belief in equality of opportunity, or meritocratic ideology.

6. The myth of individualism. We will argue below that the pre-modern social structure in Iceland is likely to have been quite conducive to individualistic, self-help, or entrepreneurial orientations. Actual or perceived opportunities for social mobility of individuals from "rags to riches" are also generally reckoned to facilitate and increase individualism and equally inhibit solidaristic collectivism. Individuals are believed to concentrate on personal advancement in such conditions rather than group together in collectivist organizations to further their interests. What we shall primarily be interested in is to ask whether individualism has been so strong in Iceland as to inhibit such collectivist developments, whether they be based on class or other interest-related organizing principles.

7. The myth of consensus and conservatism. These are very general and unspecific themes, and we shall offer reflections on them mainly by way of implications from our empirical and theoretical findings. The consensus theme derives mainly from assumptions about homogeneity within the culture and the society, both demographically and attitudinally. Consensus, cooperation, and agreements are thus believed to characterize relations between various sections of society, and conflict is equally accorded a minor role in shaping contemporary social structure and developmental trends. We shall want to examine the balance in interpretations in relation to these issues. Insofar as consensus is believed to characterize macro-level social relations, a conservatism and stability is implied as a predominant feature of social developments, inter-group relations, and also possibly in individuals' attitudes. This would be the logical correlate of harmonious relations, and one would expect that class conflict could not figure highly in the society if such assumptions were truly applicable. We shall particularly examine class-based distributional conflict and assess the relevance of consensual and conservative interpretations of such relations in contemporary Iceland.

All of these myths, or themes, are closely related, and they form therefore a fairly consistent theoretical interest. While we have presented these myths in a rather general form, they obviously imply more specific sub-themes and hypotheses, and much of our research will focus on such narrow issues and problems.

I.2. The Theoretical Approach

I.2.1. The Basic Theoretical and Methodological Framework

The first thing that we wish to stress here is that this is primarily an empirical work. That in itself does not require much justification, but it should be emphasized at the same time that it is not an "empiricist" work in the sense of being non-theoretical. The aim is to integrate theory and research throughout, and specifically to let theoretical interest guide in the selection and testing of empirical issues¹. Thereby it is hoped to avoid both fruitless abstract assertions as well as "mindless empiricism."

Secondly, our orientation is distinctly towards objective aspects of inequality, rather than towards subjective perceptions, attitudes, and experience of the structure of inequality. This is a reasoned stance, based primarily on methodological considerations. The study of Icelandic society is still in its early stages, and relatively little is therefore known about the various features of the social structure. In such conditions, we believe that it will be more fruitful for the growth of reliable knowledge to concentrate research into objective structures as far as possible since the relevant indicators are usually more reliable, and more easily interpreted, than subjective indicators. It could, of course, be claimed that objective and subjective aspects of social structure, or micro and macro levels, should grow hand in hand, and this is indeed what often happens. Either studies are

¹This is in line with R. Merton's plea for middle-range theories; see his Social Theory and Social Structure (New York, Free Press, 1949), pp. 42-51. Also C. W. Mills, The Sociological Imagination (Harmondsworth, Penguin, 1970).

designed so as to deal with both dimensions, or knowledge within one dimension has marked theoretical implications for the other dimension.

Even though the empirical part of the present work is principally aimed at more objective characteristics, we shall therefore, by way of derivations and theoretical implications, have something to say about subjective correlates as well¹.

To be more specific about the focus of the present research, one may characterize it as dealing primarily with economic and work-related inequalities, social conditions, and opportunities. In the history of the social sciences, an exceedingly varied selection of topics has been dealt with under the general rubric of "social stratification research," ranging from Marxist studies of class struggle to functionalist studies of prestige distributions and social-psychological studies of cognition. Given the wide range, it is understandable that it is often difficult to see the common thread in these studies, especially since their theoretical relevance is frequently unclear.

We shall refrain from giving the customary account of Marx's and Weber's contributions to studies of inequality. Instead, we will give a brief account of our basic theoretical framework and draw attention to some specific issues which will play a fundamental role in our analysis. In the latter part of this chapter, our theoretical approach is developed further, specifically in relation to issues which are of interest in the Icelandic context.

¹This theoretical stance is based on P. Berger and T. Luckmann's conception of the relationship between objective and subjective aspects of society, as developed in The Social Construction of Reality (Harmondsworth, Penguin, 1972).

Following André Bêteille, it is useful to separate two aspects of problems of social inequality, the distributional and the relational¹. The first refers to ways in which factors like income, wealth, occupation, education, prestige, and other factors, which may be termed "scarce resources," are distributed amongst individuals in a population. The second refers to how groups, or collectivities, which are differentiated by these, or other, criteria relate to each other as historical agencies, maintaining or changing social structures.

J. H. Goldthorpe has characterized these aspects further by defining social stratification research as the study of inequalities of power and advantage, which arise out of institutional arrangements, especially those of economy and polity². He works with a Weberian notion of power, i.e., understood as the capacity to mobilize resources, human or non-human, in order to bring about a desired state of affairs. Advantage, on the other hand, is understood as the possession of, or control over, valued and scarce resources. Advantage corresponds, therefore, to the distributional aspect of stratification, whereas power corresponds to the relational aspect, i.e., it is exercised in relationships within historical social structures. Power does therefore not reside as an attribute of individuals, to the same extent as can be the case with advantage.

¹A. Bêteille (ed.), Social Inequality (Harmondsworth, Penguin, 1969), pp. 9-14, and G. Ingham, "Social Stratification: Individual Attributes and Social Relationships," Sociology, IV (1970), no. 1.

²See, for example, J. H. Goldthorpe and P. Bevan, "The Study of Social Stratification in Great Britain 1946-1976," S.S.I., 16 (1977).

Power and advantage are, however, clearly interrelated. Power can be used to obtain advantage, for example, through the holding of authority positions, ownership of capital, or through the means of organization amongst non-privileged groups in society. Advantages alternatively do often constitute resources that are used in the exercise of power.

The distinction is thus analytical, and it has important theoretical implications. Since advantages often constitute power resources, it is evident that different forms of advantages are convertible, and one would therefore expect stratification systems to have a tendency for consistency in the distributions of the various advantages. Those who are advantaged on one highly valued dimension of the reward hierarchy are likely to be so, or to have better than equal opportunity to be so, in respect to other important dimensions. Note, for example, the privileged opportunities of wealthy individuals, holders of top authority positions, or highly esteemed individuals to acquire other forms of advantage or privileges. In other words, it is to be expected that there should be a consistency in the structure of inequality, and that what used to be referred to as "status inconsistency" would, in general, be exceptional or temporary phenomena¹.

A conception of the stratification system as an inherently fragmented order of separate, independent dimensions is therefore rejected in this approach, even though the need to separate analytically

¹See W. G. Runciman, Relative Deprivation and Social Justice (London, R.K.P., 1966), and a critique of this stance in, for example, F. Parkin, Class Inequality and Political Order (St. Albans, Paladin, 1972), ch. 1.

fundamental aspects of the inequality structure, like class and status, is emphasized, as will be further exemplified below.

A further implication of this approach is that since power is seen as integral to the structure of inequality, the privileged are likely to exercise it in order to maintain or further their privileges. One would therefore expect inequality structures to have a tendency to persist over time, rather than to be in continuous flux.

One of the most important implications is, however, that the study of distributional and relational aspects of inequality should go together. This has not been the norm in such studies. The functionalist, or liberal, tradition in sociology has characteristically concentrated its research on distributional aspects, taking the individual as the unit of analysis and aiming to plot his position "as a vector in three dimensional space"¹. Aggregations of such plots typically produce what S. Ossowski would call "a synthetic gradation"², i.e., a continuous scale of individuals' attributes. Such scales have then produced the difficult problem of identifying class boundaries because the reward hierarchy, thus conceived, typically lacks sharp cut-off points or steps. It is understandable that it has frequently been difficult to recognize the resulting statistical aggregates as structurally located, real-life collectivities, and hence groups or classes have often largely disappeared from view in this approach.

¹W. G. Runciman, "Class, Status and Power," in J. Jackson (ed.), Social Stratification (Cambridge, C.U.P., 1968), p. 26. For a guide to the American material, see M. M. Gordon, Social Class in American Sociology (New York, McGraw-Hill, 1963).

²S. Ossowski, Class Structure in the Social Consciousness (London, R.K.P., 1963), chs. 3 and 10.

The systematic nature of inequality is thereby obscured, and concern with relating inequality amongst men to social, political, or economic structures is defined out of relevance. Consequences of the structure of inequality for social-historical action and change is equally ignored. The academic products from this "multidimensional tradition" frequently take the form of rather strange catalogues of the various fragmented patches of inequality patterns, without much implication for the structure and development of society¹.

The opposite emphasis has, on the other hand, been predominant in European and Marxist oriented sociology. Here the study of class and inequality has been integral to the study of capitalism and societal development. Social collectivities, rather than individuals, have been the effective units of analysis. Attributes of individuals have not been the primary criteria for group demarcation, but rather structural location in the system of production, authority hierarchies, communities, or organizations. The causes and consequences of structural inequality have thus been major concerns. These studies have therefore often had more wide-ranging theoretical implications than those of the functionalist creed, dealing amongst other things with class divisions, conflict and power, consciousness and attitudes, organizations and movements. The most significant drawback of these traditions has been their aversion to empirical data, often resulting in very abstract theoretical formulations without much relevance for

¹For a recent work which well represents this approach, see R. A. Rothman, Inequality and Stratification in the United States (Englewood Cliffs, Prentice-Hall, 1978).

concrete social and political reality, not to mention the danger of simply false characterizations¹.

To reiterate, the present approach seeks to combine the virtues of these two main opposing traditions. Accordingly, we shall deal with the empirical aspect of distributional inequalities and relate these to issues of class structure, class formation, and action, hopefully with an eye for theoretical implications regarding the shaping of social structures. Towards that end, we shall take guidance from both the Weberian and Marxian classical traditions, especially as exemplified in the contemporary works of David Lockwood, Frank Parkin, Anthony Giddens, John Westergaard, and John H. Goldthorpe.

I.2.2. Dimensions of Inequality?

Before continuing with the outline of the present approach, it may be noted that the liberal-functionalist tradition has typically proclaimed itself to be a fundamentally Weberian approach to inequality, specifically as regards the separation of the various, supposedly independent, dimensions of inequality. As outlined above, this multi-dimensional approach has resulted in a remarkably un-Weberian treatment and understanding of the structure of inequality, namely, the isolation of the phenomenon from concerns with social structures, power relationships, and historical development.

This unexpected outcome may have something to do with a fundamental misrepresentation of Weber's stance, as Parkin, Giddens, and Goldthorpe

¹For examples of such abstract Marxist contributions, see, for example, N. Poulantzas, Political Power and Social Classes (London, New Left Books, 1973), and R. Crompton and J. Gubbay, Economy and Class Structure (London, Macmillan, 1977).

have reiterated¹. It has been very common to identify the three main dimensions of social stratification as those of class, status, and power². It may thus, at first glance, seem unfair to accuse the writers of this tradition of ignoring power relations, as was implied above. But what this three-fold categorization has done to Weber's approach is to reduce the notion of power solely to that of formal power within the confines of the political institutions, and to ignore economic and symbolic bases of power. But the power concept involves more than behaviouristic aspects of decision-making as, for example, Bachrach and Baratz, and S. Lukes have clearly shown³. Power resides in social and economic structures, as well as in formal authority structures, and the former often condition the latter decisively.

Besides these qualifications, the most important one comes from Weber's own writings. Weber's third dimension was party, not power, and, in fact, he specifically stated that "'classes', 'status groups', and 'parties' are phenomena of the distribution of power within a community"⁴.

Power considerations are therefore integral to all the dimensions in Weber's formulation, and this is, of course, the line that we are

¹F. Parkin, Class Inequality, ch. 1; A. Giddens, The Class Structure of the Advanced Societies (London, Hutchinson, 1973), pp. 41-45; and Goldthorpe and Bevan (1977), op. cit.

²See R. Bendix and S. M. Lipset (eds.), Class, Status, Power (New York, Free Press, 1966).

³P. Bachrach and M. S. Baratz, "The Two Faces of Power," A.F.S.R., 56 (1966), pp. 947-952, and S. Lukes, Power: A Radical View (London, Macmillan, 1974).

⁴H. H. Gerth and C. W. Mills (eds.), From Max Weber (London, R.K.P., 1945), p. 181.

following here. Advantages of economic-material kind (class), symbolic-subjective kind (status), and organizational kind (party) can all be properly considered as potential or actual resources for the exercise of power. Organizational advantage is, of course, the most important power resource for the non-privileged groups in society who join together in mass social movements, or parties, in order to further their interests. It is much easier for privileged individuals to act and further their interests and advantages as individuals since they have independent and effective means of obtaining their goals without the strength of associations, even though they have, of course, also made use of the power of organization in interest groupings.

In a general sense, we shall be following the contemporary orthodoxy of considering position in the division of labour as being the crucial determinant of class situation. More specifically, we take the main lead from Lockwood in recognizing both the market and the work situations, which positions in the division of labour give rise to, as defining the class situation of individuals¹. The market situation refers to the main Weberian ingredient, i.e., life-chances, opportunities and access to economic rewards or resources. In empirical terms, this covers what the individual is able to "fetch" by placing himself on the market--income, benefits, security, career opportunities, and so forth. A significant determinant of the "market capacity," to use Giddens' term², besides ownership of capital, which

¹D. Lockwood, The Black-Coated Worker: A Study in Class Consciousness (London, Allen and Unwin, 1958), and Goldthorpe and Lockwood, "Affluence and the British Class Structure," S.R., 11 (1963), no. 2.

²A. Giddens, The Class Structure, ch. 6.

is probably the most important aspect, is the skill that groups of non-propertied individuals have to offer. The work situation, on the other hand, is more related to the Marxian emphasis on experiences of working conditions, socio-technical environment and authority structures, and their effects in shaping and sustaining consciousness¹. The work situation refers also to aspects like size of factory, type of productive system, and work organization².

This approach obviously goes beyond Marx's dichotomous model of classes, based only on the criteria of ownership of the means of production. Yet we reject the often proclaimed assertion that it lends itself to an understanding of the class structure as consisting of a multitude of classes. Despite his sole reliance on market situation, it may be reiterated that Weber himself identified four basic social classes which satisfied his criteria of class formation, i.e., some minimal fusion of economic and social characteristics. The classes were manual workers, propertyless white-collar workers, the petty bourgeoisie, and "those privileged through property and education"³. There is clearly an important emphasis here on the role of ownership, but what Weber most significantly adds to the Marxian scheme of classes is the breakdown of the non-propertied group, mainly on the basis of

¹T. Bottomore and M. Rubel, Karl Marx: Selected Writings in Sociology and Social Philosophy (Harmondsworth, Pelican, 1963), pp. 186-209, and K. Marx and F. Engels, "Manifesto of the Communist Party," Selected Works I (Moscow, Foreign Languages Publishing House, 1969).

²Goldthorpe and Lockwood (1963), op cit., pp. 9-17.

³M. Weber, Economy and Society (New York, Bedminster Press, 1968), p. 305.

skill or education. We shall follow Giddens in regarding capital, skill, and labour as the decisive categories of market capacities.

The problem of the number of consequential classes is usefully approached by means of the notion of class formation (Parkin, Goldthorpe), or class structuration (Giddens). Obviously a number of criteria could be selected, but these authors lay great emphasis on social mobility, or rather the degree of closure in the class structure which facilitates formation of identifiable collectivities of individuals who share common class experiences over the lifetime or across generations¹. Parkin also makes use of a "net advantage" approach in drawing a fundamental dividing line between manual and non-manual classes². This involves considerations of more than just one type of reward; thus, in addition to incomes one also considers other work-related rewards like fringe benefits, job security, opportunities, etc.³.

Another important perspective on this issue is to consider class action, or what classes actively do as collectivities⁴. Here the third dimension in Weber's work, party, is of great significance.

¹A. Giddens, The Class Structure, p. 107, F. Parkin, Class Inequality, ch. 1, and J. Westergaard and H. Resler, Class in a Capitalist Society (Hammondsworth, Penguin, 1975), pt. 4.

²F. Parkin, Class Inequality, pp. 25-26.

³D. Wedderburn and C. Craig, "Relative Deprivation in Work," in Wedderburn (ed.), Poverty, Inequality and Class Structure (Cambridge, C.U.P., 1974).

⁴In these conceptions, we have been greatly influenced by the eminent historian, E. P. Thompson, who particularly emphasizes the socio-historical and empirical nature of class. See his The Making of the English Working Class (Hammondsworth, Penguin, 1968), pp. 9-15.

This involves analysis of organizations and movements based on class interests, like the labour movement, employers' federations, and political parties. The degree to which such organizations are identified with classes, and act on behalf of classes, is also of decisive importance for class formation. The notion of "social closure," as used by Parkin, is also of material significance in this context. By social closure here is meant the process by which collectivities try to maximize rewards by restricting, or monopolizing, access to rewards for a limited group¹. We will try to follow the above mentioned writers in taking account of such issues in dealing with the problem of effective lines of demarcation within the class structure in Iceland.

I.2.3. Class and Status

As will be evident when we come to developing hypotheses for testing, on the basis of previous research into social inequality in Iceland, it is of fundamental importance to separate clearly the class and the status aspects of the inequality structure.

Weber's distinction between class and status emerged, of course, primarily as a refinement of the crude interpretation of Marx's dichotomous class model, which emphasized the primacy of economic relationships in forming class and power structures. Class, for Weber, referred to market interests, objective characteristics which affect the life-chances of men, whereas with status he wanted to grasp the subjective aspect of the inequality structure. In Marx's work, the subjective aspect involved mainly the question of class consciousness which,

¹F. Parkin, "Strategies of Social Closure," in Parkin (ed.), The Social Analysis of Class Structure (London, Tavistock, 1974), pp. 1-14.

in so far as it would mature, would be basically conditioned by the class position. Weber's stance was in a sense directed against such a materialist interpretation, since he postulates that the criteria of a status group formation are different from those of class formation. As Giddens puts it, "class expresses relationships involved in production, status groups express those involved in consumption, in the form of specific 'styles of life'"¹. Thus the awareness of status group formation may be independent of class position, and such groups may conceivably cut across class boundaries since they are based on different criteria. In this sense, status cannot be strictly treated as a mere epiphenomenon of class. In a similar vein, it may be added that Weber's treatment of status and party as potential sources of power are aimed against Marxian economic determinism which would reduce power primarily to the class basis.

Insofar as status represents the subjective aspect of inequality, it involves an evaluation of a man's general standing vis-à-vis other members of society, and it incorporates the ideas of superiority and inferiority which the class concept need not do. As a systematic structure of inequality, "social status rests on a collective judgment or rather a consensus of opinion within a group," as T. H. Marshall put it². Weber himself was rather unclear about the sources of status, and only mentioned imitation of life styles of respected groups as a means of acquiring status, which is a very unsatisfactory explanation

¹A. Giddens, The Class Structure, p. 44.

²T. H. Marshall, Sociology at the Crossroads (London, Heinemann, 1963), p. 181.

of this aspect of the stratification order¹.

Evidently the Weberian distinction between class and status has provided much substance for the traditional multi-dimensional treatment of the stratification order as inconsistently structured. We have already taken issue against that emphasis, on the basis of the conception of social stratification in terms of power and advantage. Some clarification of our treatment of status as a separate dimension with important theoretical implications is therefore called for.

Much of the treatment of status in the literature suffers from conceptual confusion, which may be due to Weber's own incomplete account. T. H. Marshall has clarified the notion of status somewhat by distinguishing between status as a positional attribute and status as a personal attribute². The former refers to the social stratification aspect of status, i.e., as attached to social positions on the basis of collective values in society. As such it persists in so far as the relevant cultural values persist and have a consistent structure. Positions are on this basis ranked from high to low social honour. In relational terms the status system involves, then, relationships of deference, acceptance, and derogation between the ranks, whereby those of low honour defer to the esteemed and the latter look down on, or denigrate, the lowly.

Personal status, on the other hand, exists on a different level and has a different relevance. This type of status may arise within cohesive groups or local communities, typically on the basis of

¹F. Parkin, Class Inequality, pp. 33-34.

²T. H. Marshall (1963), op. cit., pp. 182-207.

face-to-face interactions through which individuals may accumulate respect from class or group peers for behaviour or personal qualities. As such, it is of great importance in micro level interactions, but it is not of much relevance for the national status hierarchy which is grounded in the division of labour and cultural values. Status as a micro level personal attribute, then, cannot properly be regarded as evidence of discrepancy between economic-material aspects of inequality and symbolic-subjective aspects, as often is, in fact, maintained¹.

In so far as status in the positional sense involves persistent evaluations of individuals and groups, it resembles the traditional caste hierarchy, the extreme form of stratification in which ascribed status defined almost the whole of a person's existence and restricted opportunities. The individual's status was similarly buttressed in law and religion in feudalism, although that form of stratification was not as extreme in this respect. Work was allocated authoritatively, and social and geographical mobility was forbidden by means of the ties of fealty and bondage².

Weber himself applied the status concept to such traditional societies, and so did G. S. Ghurye, writing of India in 1932.

We may conclude that, to all intents and purposes, social status is a mere reflection of caste membership, except perhaps for distinctions of personal social status within a local caste group³.

¹F. Parkin, Class Inequality, pp. 35-36.

²M. Bloch, Feudal Society (London, R.K.P., 1978).
The Medieval Economy and Society (Harmondsworth, Pelican, 1975).

³G. S. Ghurye, Caste and Race in India (London, R.K.P., 1932), p. 6, and L. Dumont, Homo Hierarchicus (London, Paladin, 1972).

L. Dumont argues further that, as regards the traditional society, status can usefully be subdivided into estate and caste categories¹. The division of a population on the basis of such ascriptive criteria in effect involves identifying groups as being generically, or qualitatively, different. As such, it involves an important element of legitimation of inequality in society, and this was particularly important in medieval and caste societies. Differential power and privileges were seen as residing in, or due to, differential qualities of people of different origins.

With the development of the market and capitalist relations of production, the closed, traditional social order receded². Status as the dominant aspect of the inequality structure in traditional society was eroded and replaced by economically based class groupings as the primary axis of inequality in capitalist society. Capitalism required legally free labour and talent, so the principle of status ascription had to give way to a significant extent. On the ideological level, the status consciousness was replaced with meritocratic ideology or liberal utilitarianism³.

We would thus maintain that capitalist society is inherently a class society as regards the structure of inequality, in contrast to the traditional status based society of earlier developmental epochs.

¹L. Dumont (1972), op. cit., pp. 289-291.

²See, for example, C. B. Macpherson, The Political Theory of Possessive Individualism (Oxford, Clarendon, 1962), pp. 47-59.

³R. Bendix, Work and Authority in Industry: Ideologies of Management in the Course of Industrialization (Los Angeles, University of California Press, 1956), K. Marx and F. Engels, The German Ideology (London, Lawrence and Wishart, 1970), and T. H. Marshall (1963), op. cit.

The gradual erosion of status has been empirically documented and continues to be so, especially in local community studies¹. England is often looked upon as a somewhat special case in this respect since status aspects have survived there to an unusually large extent into capitalism, which is probably due to the rather unusual assimilation of the old aristocracy and the bourgeoisie at the top of the modern class structure made possible by the slow pace of industrialization there². Witness also this observation from T. H. Marshall.

At one time the preoccupation with social status as something distinct from, though not independent of, position in the hierarchy of estate or class, was regarded as peculiarly English. But today this concept is being widely used in sociological investigations in America, and it is in some of the Scandinavian countries, rather than in the United States, that one will find those who look with mild surprise on the English idea of social status as a quaint anachronism. Professor Geiger, who recently studied stratification in a Danish town, held that preoccupation with hierarchy and prestige was an "ideological vestige of estate society, and only appropriate in a class-society in so far as this continues to manifest estate residues" (Floud, 1952). This may be true of England, but it cannot be true of the United States³.

We believe that this may have relevance for the Icelandic case, and we examine that in some detail in the latter part of this chapter. It should be added in this connection that the preoccupation with social status amongst American sociologists is not so much a reflection of the status-ridden nature of American society as of the rather misguided functionalist approach to social stratification, which has been very influential in American sociology. But America is, no doubt,

¹Goldthorpe and Bevan (1977), op. cit.

²A. Giddens, The Class Structure, p. 166.

³T. H. Marshall (1963), op. cit., p. 203.

because of the absence of a feudal heritage, much closer to Scandinavian societies than to Britain in the sense of having a relatively weak status hierarchy.

F. Parkin has strongly emphasized the legitimating role of status hierarchies, as the following quote exemplifies.

If the distribution of honour failed to match the distribution of material advantages, the system of inequality would be stripped of its normative support. How could sharp differences in material reward be formally justified if it was widely held that all occupations were of equal social value? A major function of the prestige order is to deny the latter premise. It thereby serves to stabilize and legitimize inequalities by harnessing notions of social justice in defence of existing class privileges. Clearly such an interpretation of the meaning of social status is fundamentally opposed to that which treats it as an independent dimension of inequality arising from subjective assessments of social worth¹.

The idea of status erosion has further been used, along with other factors, to explain the increased militancy and aspirations within contemporary working classes in the seventies². The significance of these theoretical ideas for the present work will be brought out in later sections.

¹F. Parkin, Class Inequality, p. 44.

²J. H. Goldthorpe, "The Current Inflation: Towards a Sociological Account," in Hirsch and Goldthorpe (eds.), The Political Economy of Inflation (London, Martin Robertson, 1978), pp. 186-214.

I.3. The Myths Located and Analyzed

In this section we examine some of the more significant works on social inequality in Iceland. It must be stressed at the outset that what follows is not a comprehensive survey of the relevant literature. On the contrary, this will be a selective examination of previous contributions, focusing specifically on works which have a bearing on interesting issues of social inequality, with the aim of deriving theoretically interesting hypotheses for empirical testing. We shall therefore try to use these contributions constructively, yet critically, but we will not offer anything in the way of a fair critical evaluation of those studies as such. Some of them deal with social inequality only in a marginal way and could thus not be justly treated, in any case, in such an undertaking as here follows.

I.3.1. Iceland as a Fundamentally Unique Society

All societies have a unique history, and Iceland is no exception to that generalization. Given the usual richness of descriptive historical material, it is well understandable that plentiful historical accounts should have a tendency for promoting a relativistic understanding of historical developments. Social science, on the other hand, is often geared towards identifying common features of historical phenomena and patterns of societal development. It was, for example, one of the most significant aims of the classical tradition in sociology to provide a systematic understanding of the great changes which followed in the wake of the economic and political revolutions of the eighteenth and nineteenth centuries¹. Such an aim

¹A. Giddens, Capitalism and Modern Social Theory (Cambridge, C.U.P., 1971).

is still integral to mainstream sociology. We are not postulating an inevitable tension between relativism and determinism by opposing history to social science, but we believe there is a difference in emphasis in practice within the two disciplines.

In the case of Iceland, history is a well established discipline whereas social science is still in its early days. Coupled with a rather unique heritage of written material on the founding of the Icelandic Republic in the tenth century through the next two centuries, the relativistic influence has understandably been strong. In fact, there has been quite a notable tendency in commentaries on Icelandic society, frequently utilizing historical material, to stress the presumably unique features of this society, as against interpretations of a "family resemblance" with Scandinavian or other advanced societies. This has been quite significant in the treatment of issues of inequality specifically.

It will be of interest to put some of these "speciality claims" to theoretical scrutiny and empirical tests. One should hastily add that we are not postulating any sociological determinism, neither of materialist nor of any other kind. We are not rejecting the possible effects of a unique history and culture, nor special structural conditions like, for instance, small population and a specific composition of the system of production. What we are concerned with is the question of balance in interpretation and whether the stress on unique features has produced exaggerated or distorted claims regarding the structure of inequality in Iceland.

A recent analysis which seems to exaggerate the claim of uniqueness is an article and a book by Richard F. Tomasson on the

theme of "Iceland as the First New Nation"¹. There the author applies the American theme of the "frontiersman farmer," from S. M. Lipset and L. Hartz, to Iceland, which was founded by Norwegian Vikings between 875 and 1050. Tomasson makes ample use of the available historical material to describe the founding of the republic and to delineate the unique social characteristics which he takes to be the most significant. In drawing up the parallel with the American case, he basically builds up a constellation of cultural values which he believes have placed their respective marks on those societies through the centuries up to, and including, the present. These similar value patterns are believed to emerge as a result of similar experiences of new nations, namely, the transmaritime migration, exportation of a part of the origin (European) culture, and its application to the solution of new problems of nation-building and survival in foreign surroundings.

Although Tomasson recognizes that the historical situations within which the Icelandic and the American nation-building took place were very different, due to the great time span between these occurrences, he does not appear to take much account of that fact in his analysis. America was founded as a post- or non-feudal society which soon embarked on the road to industrialization and commercialization, whereas Iceland, while non-feudal in many respects, did certainly not undergo any such transformation until at least a century after America. If there are to be found similar value

¹R. F. Tomasson, "Iceland as the 'First New Nation'," S.P.S., 10 (1975), and Iceland: The First New Society (Reykjavik, Iceland Review, 1980).

constellations or general cultural patterns in North America and Iceland, which has, however, not been empirically established, this might just as well be due to a common experience of modernization. Though one does not want to refuse altogether the possibility that some attitudes and beliefs may persist within a nation for a long time and shape the social structure to some extent, one must be equally sceptical of attempts to give such values a primary explanatory role, as Tomasson appears to do. Such a culturalist approach is very reminiscent of that found in the functionalist sociology of Talcott Parsons, which explains social structures and personality equally in terms of shared cultural values¹. Material structural conditions and purposive political action are suspiciously absent from such a theoretical scheme. The postulate that Iceland gave birth to the same values in the tenth century as America did centuries later, and that these values have remained intact to become a social force in the nineteenth century would, on all accounts, appear to be a very restricted understanding of historical development and of the inter-relationship between ideas and structural conditions in such developments.² But let us examine some of these basic values more closely, because many of them reappear in various guises in other writings.

¹T. Parsons et al., Theories of Society (New York, Free Press, 1961), pp. 30-38.

²In addition to the works of the founding fathers of sociology, see T. Bottomore and R. Nisbet (eds.), A History of Sociological Analysis (London, Heinemann, 1978).

I.3.2. Icelandic Value Patterns

Tomasson, following Arnold Toynbee, argues that respect for the rule of law became a decisive feature of the early republic, since traditional authority based on kinship was eroded as a result of the overseas migration¹. This is hard to dispute in the light of the development of the unique national parliament in the year 930 and the absence of kingdom in the republic between 930 and 1262. But such reliance on law must not be equated with modern, universalistic rules of law and rational-legal authority systems². Further, it is not surprising that the Vikings should have opted for parliamentary rule instead of a kingdom since the emergence to power of a strong king in Norway was one of the main reasons for the migrations to Iceland. Another important, but structural, reason for the successful neglect of monarchy or earldom was the isolation of the country, which provided protection from external threats. The need for a centralized military did not, therefore, arise, nor the need for centralized agencies to collect payments. Such need only arose with the emergence of the bishoprics and the adoption of the tith law in 1096-1097³. It may lastly be added that kinship structures continued to be effective in the social structure, and some still regard kinship relationships as very influential in contemporary Iceland, often at the cost of restricting more rational, meritocratic principles⁴. We shall

¹R. F. Tomasson, "Iceland as the First New Nation," p. 40.

²That is, the rule of law in Weber's sense; see H. H. Gerth and C. W. Mills, From Max Weber, especially chs. 3 and 8.

³P. G. Foote and D. M. Wilson, The Viking Achievement (London Book Club Associates, 1974), pp. 61 and 132.

⁴Ó. R. Grímsson and Þ. Broddason, Íslenska Þjóðfélagið (Reykjavík, Ö.Ö., 1977), and P. G. Foote and D. M. Wilson (1974), op. cit.

examine that issue further below.

Secondly, Tomasson mentions homogenization of culture, exemplified, for example, by the absence of significant language dialects¹. This again is a prominent emphasis in functionalist sociology in so far as it implies value consensus in a cohesive society and plays down conflicts of interests and ideologies. A related correlate is what Tomasson calls conservatism of new societies², i.e., their institutional and ideological conservatism. The argument is that the "new society" tries to build up a new whole from only a part of the old culture, which therefore is supposed to become

simpler, less rich, and less diversified. . . .
It has fewer capacities within itself for change because much of the stimulus for change has been left behind. . . . At the same time when Norway was beginning its centuries long development into a Christian and national state--or at least a state under one king--Iceland reasserted the fundamental elements of the diffuse traditional polity and expanded them in ways unknown elsewhere³. (My emphasis.)

One could obviously question Tomasson's understanding of conservatism here, but without entering into such conceptual debates it may be pointed out that the argument is contradictory as it stands. Although the parliament as an institution had existed in Scandinavia, the form which it took in Iceland and the institutional context within which it functioned was novel, and historians could no doubt point to other novel features in the early Icelandic social structure to counter this claim of consensual conservatism in Icelandic historical development.

¹R. F. Tomasson, "Iceland as the First New Nation," p. 40.

²Ibid., p. 41.

³Ibid., pp. 41-42.

Further value constellations which Tomasson believes to have taken shape in the early republic and survived down through the centuries are individualism, egalitarianism, scepticism of authority, empiricism, and pragmatism¹. On the theme of individualism, Tomasson argues that the typical early "new man," the Icелander, was essentially the same social character as the later American frontier yeoman-farmer. This is, of course, based on the supposed fact that ownership of land was very diffused in the early republic, and independent farmers were thus the main class of people. Such a start for a new society in no-man's-land did certainly work against the development of European feudal relationships, which was of major importance for later developments in the class structure. The yeoman-farmer, as the typical Icелander, did not, however, survive fully until the age of industrialization in the later nineteenth century. The ownership of land gradually became concentrated into the hands of the church and later of the Norwegian and Danish kings. By 1560, only about 50% of farmland was privately owned, and in 1695 the figure stood at about 52%². Only about 30% of these landowners lived on their own land. It appears further that, around the year 1700, about 95% of Icelandic

¹Ibid., p. 43.

²G. Karlsson shows that concentration of land ownership began very early in the republic, with the consequential development of tenancy farming. But landlords in Iceland never gained personal power over their tenants, neither judicial nor otherwise, and farmers were thus more independent than was common in feudal Europe. See G. Karlsson, "Frá Þjóðveldi til Konungsríkis," in S. Línal (ed.), Saga Íslands (Reykjavík, Sögufélagið, 1975), pp. 22-28. Also B. Teitsson, Eignarhald og Abúð á Jörðum í Suður-Þingeyjarsýslu (Reykjavík, Menningarsjóður, 1973), p. 119, and L. Björnsson, Íslandssaga: Frá Siðaskiptum til Sjálfstæðisbaráttu (Reykjavík, B.S.E., 1973).

farmers were regular tenants¹. There was thus considerable inequality in the ownership of the 50% of farmland which was in private hands. In 1695, for example, 7% of owners were estimated to own about 46% of land value, while the remaining 54% of land value was spread amongst the other 93% of owners². Private ownership of farmland increased again with the large-scale sale of public land at the beginning of the nineteenth century and also in the first decades of the present century. By 1930, close to 60% of farms were owner-occupied³.

It would thus appear that structural conditions for "yeoman individualism" became eroded during the Middle Ages. However, this is unlikely to have been complete. Feudal relationships never matured to the typical European level in Iceland, perhaps because of: predominance of absentee landlordism, i.e., the church or the king were the main landlords; the wide spread of farms over the whole country with consequential isolation and independence in the running of their own affairs; and the lifetime lease of farms. Culture may also have played a supporting part in these developments, as the following quote suggests.

Freedom of speech and personal liberty were inherited from the Germanic tribal system by the greater part of the population of the Scandinavian countries. We may say that in the earlier part of our period this freedom was more of a fact and less of an ideal than was the case in the thirteenth century and later. Political and economic change brought this about, but even so, feudalizing forces never totally destroyed a sturdy range of recalcitrant and conservative farmers, whose views on the rights of men, especially when linked with the rights of the property-owner and rate-payer,

¹B. Teitsson, Eignarhald og Ábúð á Jörðum í S-Pingeyjarsýslu, p. 144.

²Ibid., p. 119.

³Ibid., p. 150.

built some sort of bridge between the "democracy" of the Viking Age and the "democracy" of our own. There is no doubt that the exodus of the Norwegians to Iceland and elsewhere in the period around A.D. 900 signified in part a refusal to accept a new régime which offered benefits only in exchange for a hitherto unknown degree of subordination¹.

One is therefore tempted to agree with Tomasson that individualism may have been, and still could be, a decisive orientation within the Icelandic society. But the question of whether that force is stronger in Iceland than in other societies remains open, and we shall offer some observations on that theme in later sections, especially when dealing with the importance and effectiveness of organization and collective action in relation to issues of inequality, meritocracy, and rationalism.

Now we come to the value theme which is most important for our purposes, namely, egalitarianism. There are two basic aspects of this theme. Firstly, the assertion that the Icelandic society has been characterized by an unusual degree of actual equality of material conditions, and secondly, that class consciousness has been almost absent and that, instead of it, there prevails a strong egalitarian attitude. As regards the former, Tomasson offers the observation that,

Most of the eighteenth- and nineteenth-century travellers to Iceland have been impressed with the equality of material conditions and social relations that prevailed there².

Another important aspect which he brings out is the notion that the social structure was particularly undifferentiated. This conception is, no doubt, partly influenced by the yeoman ideal-type, i.e.,

¹P. G. Foote and D. M. Wilson, The Viking Achievement, p. 80.

²R. F. Tomasson, "Iceland as the First New Nation," p. 46.

the idea that the majority of the population filled the class of independent farmers. But as the historians have emphasized, there were marked distinctions of wealth and status within that class¹. This was underlined in the figures on ownership of farmland which we reproduced above. The traditional class structure is typically described as consisting of wealthy farmers and chiefs, administrators or representatives of foreign authorities (later the administrative class which represented the Danish crown), the clergy, independent farmers and tenants, sub-tenants, farm workers, and paupers². It was certainly a graded hierarchy in material terms even though it may have been rather short on some categories which were well represented in European medieval societies, like the aristocracy and artisans. But it must be emphasized that the Icelanders' frame of reference must, for the most part, have been their own society, rather than feudal Europe.

Those privileged European travellers who came to Iceland in the eighteenth and nineteenth centuries and compared the society with their own may have been impressed with the relative absence of European aristocratic splendour and palaces, and interpreted that as evidence of material equality, or equal poverty. But the mass of the population lived within a decisively unequal society. Much evidence

¹B. Þorsteinsson, Ný Íslandssaga: Þjóðveldisöld (Reykjavík, Heimskringla, 1966), pp. 126-240, and P. G. Foote and D. M. Wilson, The Viking Achievement, chs. 2-4.

²B. Þorsteinsson, Ný Íslandssaga, and B. Þorsteinsson and S. Línal, "Lögfesting Konungsvalds," in Línal (ed.), Saga Íslands III (Reykjavík, Sögufélagið, 1978), pp. 76-79, and J. Nordal, "Changes in the Icelandic Social Structure Since the Eighteenth Century, With Particular Reference to Trends in Social Mobility" (University of London, Ph.D. thesis, 1953).

could be added to support that assertion, but we shall mention only a few aspects.

As a rough indicator of the extent of inequality of rewards, it may be mentioned that, in the latter part of the nineteenth century, the pay of farm workers ranged from a tenth to a twentieth of the minimal official pay of higher members of the administrative class, i.e., of doctors, higher teachers, sheriffs, and judges. Three-quarters of the farm workers' pay was typically supposed to be rendered in kind, and, as many contemporary descriptions witness, their keep was often extremely miserable¹. In terms of financial remuneration, the difference was thus probably up to 40-fold. Throughout the nineteenth century, farm workers constituted about a quarter of the population and 35-40% of the population over 15 years of age². This figure may include some sons of farmers. Paupers and wanderers in need of public assistance were also a sizable part of the population. Their number changed somewhat with the state of the economy and natural conditions, since a large part of the small farmers lived very close to the basic subsistence level. In bad years many of them would simply be driven off the land by sheer necessity of survival. In 1703 about 14% of the population were counted as paupers or wanderers, and in 1785 they were close to 12%. From 1840 to 1861 the decennial average size was about 3%, but in 1871 it went

¹G. Guðmundsson (ed.), Öldin sem Leið (Reykjavík, Íðunn, 1955), p. 54, and G. Jónsson, "Vinnuhjú á 19. Öld" (University of Iceland, B.A. thesis, 1979), ch. 3.

²G. Jónsson, "Vinnuhjú á 19. Öld," pp. 6-7.

up to about 6%¹. In matters of legal and political rights, there were also considerable distinctions between the classes until the latter part of the nineteenth century when rights were gradually expanded and the bondage on farm workers was lifted².

As regards the authority structure in economy, polity, and culture, the research which Ó. R. Grímsson has undertaken suggests an image of the formal power structure during the nineteenth century, and for periods during the present century, as fundamentally elitist in character³.

On the absence of class consciousness, or the alleged existence of an egalitarian belief system, one may firstly note that, in so far as this is accepted, it can be taken to imply in itself that material conditions are actually egalitarian. That is, it is often implied that if there were decisive inequality in the society, there would be awareness of it, and an egalitarian belief could not be strongly sustained. But let us examine the evidence of subjective egalitarianism more closely.

¹L. Björnsson, Saga Sveitarstjórnar á Íslandi (Reykjavík, A.B., 1972), pp. 89-93 and 179-180. Also J. Guðmundsson, "Fátækraframsýrslan á Íslandi," in J. Blöndal (ed.), Félagsmál á Íslandi (Reykjavík, Félagsmálaráðuneytið, 1942), p. 154, and S. Þórðarson, "Um Fátækramál Reykjavíkur," in H. Þorláksson (ed.), Reykjavík í 1100 Ár (Reykjavík, Sögufélagið, 1974), pp. 146-158.

²S. Thoroddsen, "Vistlaust Verkafólk: Réttarreglur frá Þjóðveldi Fram á Tuttugustu Öld" (University of Iceland, Cand.Jur. thesis, 1977), Ó. R. Grímsson, "Iceland," in S. Rokkan and J. Meyriat (eds.), International Guide to Election Statistics (Paris, Mouton, 1969), and G. Jónsson (1979), op. cit.

³Ó. R. Grímsson, "The Icelandic Power Structure 1800-2000," S.P.S., 11 (1976).

The main evidence which Tomasson brings forth is based on observations of foreign travellers in Iceland during the eighteenth and nineteenth centuries, but he also mentions the lack of deference in interactions amongst characters in the old sagas, like Njal's Saga¹. The common thread in the quotes which he reproduces from the travel accounts is description of near equality in social interactions--examples of absence of snobbishness, absence of deference and derogation, little use of titles, and widespread republican sentiment. Referring to the distinctions between class and status which we outlined above, it is evident that what Tomasson interprets as reflecting a low degree of class consciousness, and adherence to an egalitarian belief, is in actual fact a relative absence of status differentiation in interactions, i.e., little inequality of social honour which could, however, be independent of material inequalities. While we would warn against exaggeration in suggesting a complete absence of a status hierarchy in nineteenth century Iceland², it clearly seems that it was sufficiently eroded to surprise the foreign visitors.

I.3.3. Theoretical Excursion: Erosion of Status and Persistence of Class?

There are, we believe, good sociological grounds for accepting that the status hierarchy was very weak in Iceland in the nineteenth century, and that it has continued to weaken during the present

¹R. F. Tomasson, "Iceland as the First New Nation," pp. 45-48.

²G. Pálsson, "Lífið í Reykjavík," in Ritsafn (Reykjavík, Gutenberg, 1927), pp. 341-372, and Þ. Bjarnason, "Þjóðhættir um Miðbik Nitjándu Aldar," in G. Guðmundsson (ed.), Þjóðlífsmyndir (Reykjavík, Iðunn, 1949), especially pp. 96-97.

century. The main reason is probably the very immature form of feudal relationships that prevailed in the society during the Middle Ages, which we outlined above, i.e., originally diffused ownership of land, typically independent and isolated cultivation of farmland, and absentee landlordism. The feudal order in Europe was a very important basis of the ascriptive principle, and it cemented distinctions of rank based on family and estate origin. One would also want to leave open the possibility that a republican non-deferential sentiment dating from the Viking Age was kept alive in the sagas and folk culture through the centuries, as Foote and Wilson, as well as Tomasson, argue. This may have been a contributing factor in resisting a crystallization of a firm status order. It should, however, be kept in mind that the republic was not at all without status divisions. Chiefs, law men, priests, and wealthy farmers were indeed granted some respect, but deference and derogation were played out in a lower key than was common in traditional European societies¹.

The struggle for independence in the nineteenth century was very important for furthering the erosion of the status order. The highest status group, comprising the administrative class and the educated elite, was closely tied to the Danish colonial power. The administrators were acting in Iceland on behalf of the Danish authorities, and the educated had acquired their education and culture in Copenhagen. The common public deferred to the administrative class in the nineteenth century, if not out of respect for their standing or qualities, then at least out of fear, since the breaking

¹Foote and Wilson, The Viking Achievement, chs. 2-4.

of some of the rigidly applied rules and regulations would, in many cases, be strictly punished. A distinct hallmark of a high-status person was the ability to speak Danish, and those who could not master the language fully spoke Icelandic with Danish corruptions--the more the better. Danish etiquette, names, and lifestyle were also integral status attributes. These and other tendencies for copying the Danish way of life were so strong that Reykjavík was frequently described as a half-Danish town during the nineteenth century.

However, the fight for independence, which meant, amongst other things, ridding the Icelandic culture of Danish influences, involved a large-scale cultural revival. A very prominent feature of this movement was the purification of the language, which was fought for persistently and very successfully. This cultural revival thus destroyed many of the basic status symbols which had characterized the prevailing status hierarchy. Rising entrepreneurs in the towns and the growing native administrative class could not take on the symbolic attributes of behaviour and character which were associated with the old authority structure, against which they were themselves fighting and which they believed was responsible for the bad economic conditions of the country. At the same time, the common public lost respect for the Danish element in Icelandic culture. Furthermore, the independence struggle also involved a realization of citizenship rights and enlarged political participation which no doubt undermined the legitimating power of the old status order¹. In short,

¹Ó. R. Grímsson (1969), op. cit., and S. Kristjánsson, "Conflict and Consensus in Icelandic Politics 1916-1944" (University of Illinois, Ph.D. thesis, 1977).

the struggle against Denmark brought a collusion of cultural revival, extension of democratic political ideals, and rapid large-scale industrialization and modernization which all undermined further the already fragile status order.

The rapid industrialization produced a new class--the bourgeoisie--which could not become assimilated into an already existing and accepted status order as was, for example, characteristic of developments in England¹. Unlike in the latter country, the class emerged too quickly in Iceland, and the lifestyle of the old one became politically and culturally unacceptable at the same time for a successful interpenetration of these ruling elements to take place. The Icelandic bourgeoisie had thus to partly reject the old aristocratic-colonial lifestyle in its fight for independence and modernization.

It is therefore our contention that these developments have resulted in a somewhat special system of social stratification in contemporary Iceland: namely, a class structure (objective-material) which is to a large extent devoid of a supporting status hierarchy (subjective-symbolic). This is reflected in the absence of class-based attributes in social interaction as well as low deference towards higher classes which have been wrongly interpreted by some commentators as a belief in an actual existence of equality in material conditions. Differences in individuals' command over resources (wealth, income, authority, influence, education, etc.) and opportunities are generally

¹A. Giddens, The Class Structure, and J. Westergaard and H. Resler, Class in a Capitalist Society, ch. 1, who specifically mention the speed of industrialization as important for such a fusion of the aristocracy and the bourgeoisie in England.

recognized, but they do not in themselves generate a significant degree of status respect for individuals or groups, nor does family origin or high position. Personal status, as against structural positional status, is, of course, to be found in micro contexts of interaction or in local groups, and so are respected celebrities. But a structured, class-based status order is to a large extent absent. Thus we would claim that what is generally recognized as an emergent feature of industrial capitalist societies is, because of these specific historical developments, particularly far advanced in Iceland. It will be one of our major general concerns in this thesis to examine and test evidence for this conception of contemporary Icelandic society, specifically the hypothesis of the persistence of class stratification.

Lastly, on the issues of "scepticism of authority," "empiricism," and "pragmatism," we need not say much, as these are not as relevant to our concerns here, except perhaps the first. That is, in so far as it ties up with attitudes of the common public to higher classes, it can be taken to support our argument on the low degree of deference to superiors. But to the extent that it implies resistance to authority in general, it may be remarked, in passing, that there is really no need to look back to the period of early settlement in Iceland for a culturalist explanation. The actual exercise of Danish power and exploitation in Iceland in the late Middle Ages and up to the late nineteenth century provides a much more congenial explanation. This attitude is, however, likely to have changed somewhat with political currents, as happens in the modern world. The king of Denmark, Christian IX, who granted Icelanders their first modern

constitution in 1874, and paid them an official visit for the occasion, seems, for example, to have stirred the deepest sentiments of respect in the public, if contemporary newspaper accounts are anything to go by¹.

I.3.4. A Myth of Equality in a Semi-Traditional Society?

Ideas like the ones which we have examined so far do not only flourish in analyses of historical material. Many of them, or derivatives from them, recur in studies of modern Icelandic society. We shall therefore continue with an examination of a few such studies from which suggestive hypotheses can be derived.

In 1975 Broddason and Webb published an article, entitled "On the Myth of Equality in Iceland"², which has been very influential in shaping orientations and approaches to the study of Icelandic society. The starting point of their article is the assertion that, "There are probably few nations in the world where the belief in the equality of individuals, and the equality of opportunity, are as strongly held as in Iceland"³.

Their main task is then to show this myth to be untrue and to look for explanations for the lack of consciousness of inequality in the society. The actual empirical test of the myth is provided with accounts of inequality in recruitment to elite occupations (doctors, lawyers, and priests), achievement in higher education as reflected

¹G. Guðmundsson, Öldin sem Leið, pp. 108-124 and 155-157.

²P. Broddason and K. Webb, "On the Myth of Equality in Iceland," A.S., 18 (1975), no. 1.

³Ibid., p. 1.

in the social origins of grammar school pupils in Reykjavík, and the effect of geographical origin on opportunities.

In general terms, they find their answers to the question of low consciousness in the assumption that there is not all that much inequality to begin with.

Iceland is not a "class society" in the full sense of the term as it applies to many other modern societies, neither may it be equated with a Rousseauan paradise of equality¹.

One is thus invited to believe that Iceland hovers somewhere between a properly inegalitarian society of the modern type and a more egalitarian pre-modern society. They also state that they do not regard Iceland as socially divided to the same extent as other Western European societies, nor do they expect it to become so in the near future. Further, they emphasize that incomplete modernization also explains much of the absence of consciousness. This is reflected, they believe, in "Gemeinschaft" type social relationships, i.e., extended kinship networks and personal interactions, persistence of rural culture, and a lack of a concept in common usage which taps the analytical understanding of the class phenomenon. They also mention pronounced upward mobility, made possible by rapid occupational developments and the inability of upper "status groups" to reproduce themselves; affluence, which has supposedly directed attention away from distributional conflicts; and a relatively undifferentiated occupational structure. In addition, the authors express their belief that these traditional relics in Icelandic society will gradually wither away and that class divisions will thereby become

¹Ibid.

more pronounced. Perceptions of these emerging class inequalities will, it is assumed, mature in line with the expected developments of the basic economic and political conditions.

Broddason and Webb also warn the reader that they interpret their data boldly "in the hope of providing stimulating and relevant hypotheses for the future," and it may be added that they have been very successful in prompting research.

There is obviously no shortage of interesting hypotheses in their account which remain to be tested. In expounding some of them, we shall, as before, seek to provide some theoretical clarification of the issues that are involved.

The first point to note is that the authors' basic premise, the existence of a myth of equality, is not empirically established by themselves. Instead, they refer to evidence for it in a M.A. thesis by D. S. Bjarnason. We shall examine that evidence further at this point since it is of great importance for the argument. Bjarnason's focus in her study is on the subjective perceptions of stratification in urban Iceland (the Reykjavík area)¹. Her study has thus a very different orientation from the present one, and in many ways it comes close to being a study of status as we have characterized the concept above. Yet Bjarnason fails to work with a clear analytical distinction between class and status, as we will try to show.

The data came from interviews with 36 teenagers between 14 and 16 years of age and with 56 of their parents. It is obviously a small

¹D. S. Bjarnason, "Intergenerational Differences in the Perception of Stratification in Urban Iceland" (University of Keele, M.A. thesis, 1974).

sample from the Reykjavík population for a study of subjective attitudes and perceptions, but what is more serious is that there is a decisive class bias in the composition of the sample which is likely to distort the results. Bjarnason divided the respondents into three "social strata," with 6 teenagers in the top stratum, 23 in stratum II, and 7 in the bottom stratum of manual workers, fishermen, and lower white-collar workers¹. There is a very clear overrepresentation of middle and upper groups, as against the bottom group which should be the largest, as can be seen from a description of the occupational structure in the next chapter. This is a very important disqualification, since studies of such attitudes in other societies typically show class-based divergences in individuals' perceptions and attitudes regarding inequality².

The criteria for the division of respondents into social strata were claimed to be education and occupational prestige, i.e., a decisive status-base rather than material or class criteria, and Bjarnason refers, in fact, to Weber's status group as a basis for her demarcation of different "prestige levels," while at the same time claiming that conscious status groups can hardly be said to exist in Iceland. There are, she claims, only collectivities of individuals with similar lifestyles and enjoying similar prestige, or, as we would

¹Ibid., pp. 169-170.

²H. Popitz et al., "The Workers' Image of Society," in T. Burns (ed.), Industrial Man (Harmondsworth, Penguin, 1969), pp. 281-324, D. Lockwood, "Sources of Variation of Working Class Images of Society," S.R., 13 (1966), Goldthorpe et al., The Affluent Worker in the Class Structure (Cambridge, C.U.P., 1969), and M. Bulmer (ed.), Working Class Images of Society (London, Routledge, 1975).

put it, statistical aggregates¹.

According to Bjarnason's account, people very frequently expressed the belief that Iceland is a classless society where everybody is equal. For clarification, she follows T. H. Marshall in distinguishing between equality of individuals, equality of opportunity, and equality before the law.

On the first aspect, she asked the respondents during the interview to explain what they meant by "stétt" (class), "stéttskipting" (class differentiation), and whether they thought that class differentiation existed in Reykjavík. The majority seemed to perceive class in terms of income and consumption differentiation, and they showed marked awareness of distributional differentiation (income, wealth, education, influence, etc.). But the respondents clearly had considerable difficulties in defining class differentiation ("skéttskipting"), and the great majority also expressed the view that there was very little or no class differentiation in Reykjavík. This was the case with teenagers as well as with their parents. According to Bjarnason, the respondents seemed to conceive of class differentiation in terms of status or snobbery criteria, and this is born out by the expressed views of the respondents which are reproduced².

¹D. S. Bjarnason, "Jafnræði í Lagskiptu Samfélagi" (University of Iceland, mimeo, 1974b), pp. 5-6.

²Bjarnason, "Intergenerational Differences," pp. 221, 231-233, 251-253. Despite an earlier claim (p. 221) and the reproduced accounts on these issues, Bjarnason contradicts herself on p. 226 by stating that the respondents "tend to define 'social class' differentiation in terms of differences in material consumption although other additional factors are also taken into consideration."

Thus it appears that, largely as a result of her approach--especially the incomplete analytical separation of status from class--Bjarnason ends up with a contradiction in the replies: namely, a clear awareness of distributional differentiation and an overwhelming rejection of class differentiation along with assertions of equality amongst individuals.

In terms of the present approach, this apparent contradiction is explicable and easily resolved. The respondents seemed to be using different criteria when assessing "class" and "class differentiation," namely, material, money model, criteria in the former and subjective status criteria in the latter. The outcome can thus be interpreted as supporting our hypothesis above regarding the erosion of status stratification and a possible persistence of class stratification. This is also supported by the frequent claims in the reproduced replies. Witness, for example, the following:

This [i.e., status privilege] is real "social class" differentiation and I detest that kind of snobbery. . . . everyone can speak to everyone else. . . . I think that anybody can walk up to anybody else and exchange greetings, and have a little chat. Of course there are always exceptions, but they are few. "Social class" distinction was somewhat greater fifty years ago. Nowadays men in top income groups hide that fact admirably well. When they are out and about you can't tell them apart from ordinary people like myself--not in the way they speak or behave.

. . . I think that although a man is a labourer and his child educates himself, then he and his child are as good as the professor and his son, because both have the same rights in society--as we certainly all have¹.

These statements refer clearly to status differentiation in interactions. On the other hand, it is quite significant that the minority who express views which would indicate awareness of class divisions are from the lower social groups, which are underrepresented in the sample. This is indeed what is found in other western capitalist societies. There is some evidence which suggests that broadly similar patterns may prevail in Iceland as well. Örlygur Karlsson, for example, asked respondents from groups of industrialists and wholesale importers (22 respondents) and from unskilled manual workers (22 as well) whether they believed that there is class differentiation in Iceland. The great majority of workers believed there is such differentiation, whereas exactly the opposite was the case amongst the entrepreneurs¹. The emphasis in Bjarnason's thesis on the belief in equality and its misguided status-based evidence seem to be further exaggerated by her biased sample, namely the underrepresentation of respondents from the manual occupations.

There is one further apparent contradiction which seems to remain unsolved. Bjarnason asked her respondents to rank 25 occupations in terms of prestige, which most of them did, although Bjarnason notes that this was one of the most difficult requests they faced during the interview. If it was possible for respondents to rank occupations in terms of prestige, or status, into a fully fledged hierarchy, this would seem to contradict our interpretation of an erosion of the status hierarchy.

¹Ö. Karlsson, "Félagsleg Mismunur og Frumhópatengsl" (University of Iceland, B.A. thesis, 1976), pp. 114-115; also H. Bjarnadóttir and I. Björnsdóttir, "Frumkönnun á Félagsvitund, Stéttavitund, Stéttamyndun?" (University of Iceland, B.A. thesis, 1977).

A further examination of the ranking exercise reveals, however, that this is not so. After undertaking the ranking the respondents were asked what criteria they applied. The majority mentioned education, type of job, estimated income, and gradually fewer named material consumption, lifestyle, reciprocal interactions, power, and family origin¹. Þ. Broddason has also used grading of occupations done by university students for the purpose of constructing broad "occupational prestige groups" to use in research. He reports that education, earnings capacity, and power seemed to be the main criteria used by the rankers. So evidently objective-material criteria do also figure prominently in the minds of these two sets of rankers who were supposed to be solely assessing subjective status criteria².

The critique which Goldthorpe and Hope have levelled against occupational grading studies does indeed appear to apply equally in this case. These authors argue, on the basis of an empirical study, that there typically is considerable variation in the use of criteria in such ranking operations, and that therefore it is not altogether clear what the resultant hierarchies stand for³. But on the basis of their own attempt at sorting the underlying criteria, and the typically high correlation between different types of criteria as well as the general uniformity in the outcome of these ranking exercises, they

¹Bjarnason, "Intergenerational Differences," p. 90.

²Þ. Broddason, "Dreifing bóka á Íslandi og í Svíþjóð," *Skírnir*, 146 (1972), p. 18, and Broddason, "Children and Television in Iceland" (University of Lund, M.Soc.Sci. thesis, 1970), pp. 29-32.

³Goldthorpe and K. Hope, "Occupational Grading and Occupational Prestige," in Hope (ed.), *The Analysis of Social Mobility* (London, O.U.P., 1972), and Goldthorpe and Hope, *The Social Grading of Occupations: A New Approach and a Scale* (Oxford, Clarendon, 1974).

prefer to interpret these hierarchies as reflecting people's perceptions of the "general desirability" of occupations. It does seem that people rank occupations not just on the basis of prestige, or status, but in terms of what general rewards they believe occupations do provide.

One should further emphasize that such public referendum rankings cannot be interpreted as reflecting a consensual acceptance of a legitimacy of such differentiations. They only show what people believe factually accrues to occupations in these categories, not what they think the difference should be¹.

We would therefore rule out that Broddason's and Bjarnason's occupational hierarchies could be taken as evidence that disqualifies our argument on the erosion of the status hierarchy and its mistaken interpretation as a belief or a myth of equality. But these hierarchies stand as equally valid hierarchies of estimated goodness or "general desirability" of the various occupational levels.

Further on the question of equality, it remains to note that Bjarnason asked her respondents specifically about their belief in equality of opportunities in education². Almost two-thirds of the teenagers reckoned that everybody has equal opportunities to learn while about 30% mentioned the distorting effects of economic inequalities³. A slightly higher proportion of parents seemed to believe in equality of opportunities. These results are not

¹F. Parkin, Class Inequality, pp. 40-42.

²Bjarnason, "Intergenerational Differences," pp. 253-259.

³Ibid., p. 255.

surprising, nor particularly unique, in the light of the earlier points made about individualism and meritocratic ideology as the normal legitimating ideology in modern capitalist societies. They do not as such counter our arguments on the issues of class and status.

In relation to the emphasis which has been placed on Icelandic respondents' apparently low awareness of inequality, it may be noted that investigations in other societies have typically found little analytical awareness of the structure of inequality. The tendency of people to conceive of themselves as belonging to a large middle mass which is seen as including the majority of the population is in fact quite commonly found¹. At the same time, differences in terms of money and consumption are generally recognized.

We started this theoretical excursion with the observation that Broddason and Webb borrowed the "myth of equality" uncritically for the most part from Bjarnason. We feel that we have now shown the insecure basis on which the existence of this myth is built, and we have further qualified it with the thesis on the relative absence of a structured status hierarchy which should not be confused with a class hierarchy, or for that matter any other material forms of inequality. The uncritical acceptance of the existence of the equality myth, which appears to be quite widespread, has apparently had the expected consequence of promoting the view that actual material inequalities are not as marked in Iceland as elsewhere in advanced societies. This we would obviously want to question and try to put to an empirical test.

¹Runciman, Relative Deprivation, pp. 222-258, and Goldthorpe et al., The Affluent Worker, pp. 146-151.

As regards class consciousness, we would follow M. Mann in arguing that it is integral to the basic Marxian understanding of the phenomenon that it develops dialectically as a result of workers' direct and practical experience of the contradictions of capitalist relations of production, which alienate and exploit the worker and idealize individualistic competition instead of collective cooperation¹. Experience in the sphere of production, in trade unions and in political parties is, in this understanding, inevitably conducive to the growth of consciousness. The following quote from Marx himself exemplifies this:

Economic conditions had first transformed the mass of the people of the country into workers. The combination of capital has created for this mass a common situation, common interest. This mass is thus already a class as against capital, but not yet for itself. In the struggle, of which we have noted only a few phases, this mass becomes united, and constitutes itself as a class for itself. The interests it defends become class interests².

Thus, in so far as capitalist relations of production exist, with the concomitant inequalities and class organizations, class consciousness would be expected to develop. The writings on Iceland which we have examined have been sufficiently Marxist to assume, as a result of the belief in the power of the myth of equality, that inequalities could not be fully matured or developed. It is, however, a very simplistic and un-Marxist understanding of class consciousness to equate it solely with perceptions of distributional inequalities. As,

¹M. Mann, Consciousness and Action Among the Western Working Class (London, Macmillan, 1973), p. 12.

²Ibid.; see also S. Avineri, The Social and Political Thought of Karl Marx (Cambridge, C.U.P., 1968), and Marx and Engels, "Manifesto of the Communist Party," op. cit.

for example, Touraine, Giddens, and Mann have argued, class consciousness is a complicated phenomenon which can exist on different, analytically separable levels¹. Firstly, it involves class identity or awareness, i.e., definition of oneself as belonging to a class, sharing a position in the sphere of production with others. This represents the basic perception of structural position. Secondly, one could separate the perception of opposition in the form of recognition of a class enemy with conflicting interests. Thirdly, there is the notion of totality, or the generalization of one's class position to the whole of one's life situation, which provides the bridge to the highest level of class consciousness, the revolutionary aspect which is tied up with an image of an alternative society. The latter usually presupposes organizational and educational maturity. Class consciousness concerns thus much more than expressed awareness of distributional inequalities, and some elements of it can be found to exist even without the former.

It is interesting to note at this point that the supposed predominance of a myth of equality is extremely congenial to a consensual view of society, i.e., the image of society as consisting of groups or classes sharing common values and beliefs, which are basic to the culture. When social divisions and conflicts appear, they are then, in this view, only accorded marginal importance and explained as frictional aberrations. This is indeed close to the functionalist model of social organization, emphasizing harmonious

¹Giddens, The Class Structure, Mann, Consciousness and Action, and A. Touraine, La Conscience Ouvriere (Paris, Editions de Seul, 1966).

relations, stable democracy, or the end of ideology thesis, as found in the works of Parsons, Lipset, and Bell, to mention only a few. Culturalist arguments have also tended to abound in the Icelandic studies. Witness, besides the somewhat extreme case of Tomasson, the frequent concerns with effects of persistent rural culture, "Gemeinschaft" and kinship relationships, language and unique values. On the other hand, the approach which we are following has more implications for, and affinity with, a conflict model of society. The understanding of status as having a legitimating role in the field of social inequality carries, for example, a decisive implication for, and thereby a partial explanation of, conflict in society in the light of the thesis on the erosion of status and persistence of material inequalities. As status loses its legitimating power, then, other things being equal, one would expect aspirations and frustrations of members of disadvantaged classes to rise and therewith militancy and distributional conflict. Considerable status equality can thus coexist with class inequality and conflicts of interests. We will be interested in tackling the various aspects of these issues in the ensuing analysis.

Nothing much needs to be said about the actual empirical refutation of the "myth of equality" in Iceland. The Broddason/Webb article has succeeded in stimulating wide-ranging research into inequality, and a great number of B.A. theses have contributed evidence on various aspects of social inequality¹. Much of the material remains

¹Besides the works of Broddason and Bjarnason, there is an impressive study of inequality from the perspective of social psychology by S. Björnsson and W. Edelstein (with K. Keppner), Explorations in Social Inequality: Stratification Dynamics in Social and Individual Development (Berlin, Max Planck Institute, 1977). The most notable B.A. theses are: Ö. Karlsson (1976), J. R. Sveinsson (1975), H. Olafsson (1975), H. Halldórsdóttir and K. Wage (1975), H. Bjarnadóttir and I. Björnsdóttir (1977), E. Héðinsson and I. V. Jóhannsson (1975), and Ó.P. Harðarson (1977)

understandably fragmented, but in many cases it lends support to hypotheses which apply in other Western societies. Inequality of condition, opportunities, and power do indeed exist in the Icelandic society in a very marked degree. However, a methodological reservation, which we have already touched upon, should be made in respect to these studies. All of them fail to separate class from status to an analytically sufficient degree. As Ó. Þ. Harðarson has shown, when social characteristics of behaviour are related to "class" for explanation, the norm has been to construct hierarchical groupings on the basis of various combinations of criteria, or, to use Ossowski's term again, synthetic gradations¹. Class and status criteria have thus typically been intermingled in an unclear manner, and, probably due to the existence of the above mentioned occupational prestige scales, the status aspects like prestige, lifestyle, and education have gained some predominance. This is also reflected in the common tendency to place the group of highly educated professionals at the top of the hierarchy. In fact, the use of "status groups" has probably been more common than that of class ("stétt"), which ties up with our earlier observation that people commonly seem to think of "class differentiation" in terms of status differences, or deference and snobbishness in interaction.

Broddason and Webb also draw attention to the relevance for contemporary class structure of supposedly restricted modernization, largely undifferentiated occupational structure, upward mobility, and

¹Ó. Þ. Harðarson, "Félagsleg Staða: Um Notkun Hugtaka í Rannsóknunum á Félagslegri Mismunun" (University of Iceland, B.A. thesis, 1977).

affluence. We shall now examine these issues in the context of another recent study of inequality in Iceland.

I.3.5. The Myth of the "Myth of Equality" in its Logical Place

The most impressive and comprehensive Icelandic study in this area to appear so far is the social-psychologically oriented study by S. Björnsson and W. Edelstein¹. The major aim of their continuing research at that stage was to derive hypotheses that "relate social structure and cognitive and personality development in socialization research"². The data came originally from Björnsson's carefully undertaken survey of 1,100 Reykjavík children in 1965-66, specifically focusing on mental health. The data set included some variables on social origins and social conditions which are reanalyzed with a distinct focus on the effects of social stratification on social and individual development. This study is very important for our purposes because of its very high methodological standard, and also because, in the predominantly sociological part of the work, the theoretical stance which we have criticized in the foregoing is carried a long way towards its logical conclusion.

The following quotation well reflects the fundamental assumptions which largely shape the sociological part of the study.

At this point it is useful to summarize the observations, assumptions and (sometimes speculative) conclusions that partly have led us to undertake the analysis presented here, partly have emerged from it.

¹Björnsson and Edelstein, Explorations in Social Inequality.

²Ibid., p. 1.

a) Icelandic society because of an unusually high degree of cultural integration at the turn of the century and well into this century was in fact characterized by an unusual degree of equality amongst its members. Equality and equality perceptions can be explained in terms of economic and political history and the particular structure of the (literary) culture: The solidarity produced in the entire population by the experience of collective poverty, and, related to this experience, the movement for political autonomy and liberation from Danish rule functioned as a powerful social integration device. The quest for political identity in terms of a territorial nation state (the dominant theme since about 1840) dissolved perceptions of estate-based social inequality. For particular historic, demographic and economic reasons amenable to reconstruction, Iceland was turned so to say into a single socio-ecological unit with equality as a dominant socio-cultural characteristic.

b) In the course of this century, and particularly since the post-war socio-economic transformation of the traditional rural way of life into industrially based, technologically advanced forms of social organizations, modernization has generated intense stratification processes, the dynamics of which have operated profound and far reaching changes on the structure of society and hypothetically, via socialization, on personality.

c) The unusual rate of economic and social modernization has led to contradictions between social reality--in particular the emergent system of social inequality--and its perception by members of the society. These contradictions produce strains on a "secondary" social malaise; as the inequality characteristics of the social system are only dimly perceived, or even repressed from consciousness, interpretive rules for inequality correlates of modernization are neither socially nor politically available. (Critical interpretations of inequality, as used among the political left relate mostly to differences in income and consumption opportunities in a highly inflatory economy, while structurally based inequality remains largely unperceived or, at least, uninterpreted.) Practical problems arising from inequality-generated contradictions in the society are all the more difficult to cope with, as acknowledging or analysing their nature would imply a reappraisal of equality presuppositions of the culture. The social mechanisms of change thus are socially understood and handled at the level of symptoms rather than structure.

d) The contradictions attain a new quality as, on the level of behaviour, the continuity of family traditions is assured, whereas disruptive social change has operated on the level of the "deep structures" of action¹.

The most salient feature in this extract is the role that culture is accorded in shaping modern Icelandic society, as well as the assertion of its inherently egalitarian character. Furthermore, it is claimed that at the outset of this century the traditional society was egalitarian to an unusual degree. A collective, equal poverty, admittedly along with the widespread opposition to the Danish rule, are assumed to have produced another unique characteristic: a high degree of cultural integration. One is thus led to believe that a general consensus on the basis of an egalitarian culture prevailed in this presumably equal society at the turn of the century. This functionalist utopia² was not just a short-lived phenomenon, but it is assumed to have continued to prevail into the present, so much so that after the initial processes of modernization, supposedly introducing an "emergent system of inequality," a contradiction is produced between culture and social structure, whereby culture denies and masks the inegalitarian aspects of the social structure.

The force of culture, it is further claimed, is represented in a continued presence of an archaic pattern of kinship relations through which relatives from all walks of life regularly interact on an equal basis. Thus, a bridge is presumably maintained between classes and

¹Ibid., pp. 4-5.

²R. Dahrendorf, "Out of Utopia: Towards a Reorientation of Sociological Analysis," in L. Coser and B. Rosenberg (eds.), Sociological Theory: A Book of Readings (New York, Macmillan, 1969), pp. 222-240.

segregation avoided¹. Contemporary identity, they argue, is constituted in family interactions that formally conserve the traditional pattern, i.e., of egalitarian and individualistic relationships in the traditional family². Lastly, common literacy and appreciation of literary culture are believed to have been influential means of cultural preservation³.

The first observation to be made is that these are a priori assumptions, and, as such, they stand without empirical support. We have already produced some evidence on the extent of material inequality in the nineteenth century, and there is no need to repeat that presentation here. But against the outright claim for actual equality which reappears in this study, one may refer to a different kind of evidence, namely an account of "aristocratic" life in Reykjavík about 1880. Following a colourful description of social life of parties and picnics within the administrative class comes this description of a dinner party.

On Friday we had a large dinner party with 25 guests. There was plenty of space in our living-room. There were 9 French men and all the top administrators; and Anders was wearing his best suit.

As is customary, I had many courses, and it was quite a job getting the necessary supplies and preparing everything. We had soup with asparagus, croustade with fish, mushrooms, chicken in mayonnaise with decorations of lobster and salad, salted onion and pickles, Vienna cake and Commoners cake, confectionary, figs and dates, red wine, 2 brands of Madeira, port wine and champagne.

It all went nicely. Mary decorated the table with flowers in decorative bowls, and around the cakes.

¹Björnsson and Edelstein, Explorations in Social Inequality, p. 21.

²Ibid., p. 24.

³Ibid., pp. 25-26.

They were very surprised how quickly I managed to get everything ready¹.

This was at the time when a very large part of the population lived on the verge of starvation. The large-scale emigration to North America, caused by the general hardship, was already well under way, and after the difficult winter of 1882 large donations of food from Denmark, England, Sweden, Germany, and the United States prevented mass starvation². And when members of parliament had decided on an increase in the pay of the top civil servants in 1875, there was evidently considerable concern about the possible increase of "class conflict" and hostilities in its wake³.

A considerable stretch of the imagination is indeed required to assume a unique degree of equality in economic and social conditions to have existed in that period, and to assume that it generated a consensual culture. There is no need to question the solidarity produced by the shared opposition to Danish rule during the fight for independence, but as, for example, Ó. R. Grímsson and Ó. Einarsson have shown, shortly after success was achieved the consensual struggle for independence was replaced with typically class-based politics and an emerging organization of the working class which promoted continuous class struggle⁴. The Federation of

¹P. Thorarensen, Móralskir Maistarar: Myndir úr Lífi Þeirra sem Voru Uppi um Aldamótin (Reykjavík, Fjölvi, 1969), pp. 52-53.

²Ibid., pp. 32-33, and Guðmundsson, Öldin sem Leið, pp. 179-181. Also H. S. Kjartansson, "Vesturfarnir af Íslandi" (University of Iceland, Cand. Mag. thesis, 1976), for a detailed study of the emigration to America.

³P. Thorarensen (1969), op. cit., pp. 45-47 and 55-60.

⁴Ó. R. Grímsson and Þ. Bróddason, Íslenska Þjóðfélagið, pp. 96-128, and Ó. Einarsson, Upphaf Íslenskrar Verkalyðshreyfingar (Reykjavík, M.F.A., 1970).

Labour (ASÍ) was established in 1916, as well as the Social Democratic Party which defined its political mission to some extent in class terms. Solidarity in the face of an outside threat or opposition is indeed a common occurrence in political history, but it tends to break down equally quickly after the external threat or opposition is out of the way, and internal divisions are then typically reasserted¹.

These internal divisions accompanying industrialization and the rise of capitalism are, however, likely to have been relatively weak because of the general absence of feudal relationships. Thus, there was not a large-scale structural resistance from the old order to new developments which was, for example, responsible for intense conflicts in some western European societies as they underwent modernization. Such patterns have been held to be particularly marked in societies with large agricultural sectors, like France and Italy².

It is actually a very unorthodox argument, in the field of empirical inequality research, to postulate a traditional society, or a rural culture of an agrarian society, as characterized by equality which gives way to greater inequality in the process of modernization, as Björnsson and Edelstein do. The usual form of empirically based arguments in this field has been closer to the opposite in pattern³,

¹L. Coser, The Functions of Social Conflict (Glencoe, Free Press, 1956), and M. Gluckmann, Custom and Conflict in Africa (London, Blackwell, 1973).

²Giddens, The Class Structure, pp. 207-215.

³See, for example, A. Béteille, Social Inequality, especially pp. 147 and 362-380. Also C. Kerr, Industrialism and Industrial Man (London, Heinemann, 1962).

or has asserted considerable persistence in the structure of inequality¹.

In this context, Björnsson and Edelstein make much of the hypothesis that the family life of farmers was the basic seat of egalitarian relations, from which these values spread throughout society. Accordingly, the authors place great emphasis on the fact that a relatively large proportion of contemporary urban dwellers are of rural origin. They are supposed to have exported their origin (egalitarian) culture with them and remained little affected by the new structural conditions. Thus the presumed persistence of the rural culture is accounted for. There is, we believe, considerable evidence to indicate that relationships within the traditional Icelandic farming family were, to a large extent, patriarchal, and there is certainly much to indicate bad treatments of farm workers and children, some of which we have already referred to². Apart from the culturalist emphasis in Björnsson and Edelstein's argument on this issue, the fact that a considerable part of the contemporary urban population which is of rural origin actually grew up in urban settings seems to go largely unnoticed.

¹Westergaard and Resler, Class in a Capitalist Society, and Westergaard, "The Myth of Classlessness," in R. Blackburn (ed.), Ideology in Social Science (London, Fontana, 1972), and Goldthorpe and Bevan (1977), op. cit.

²J. Jónasson, Íslenskir Þjóðhættir (Reykjavík, Ísafold, 1961), Þ. Thorarensen (1969), op. cit., and T. Emilsson, Fátækt Fólk (Reykjavík, M.M., 1978). The novels by J. Thoroddsen, "Piltur og Stúlka" and "Maður og Kona," are believed to give a fairly realistic picture of relationships within the traditional culture.

On the assertion that kinship relations promote egalitarian attitudes by maintaining regular interactions between relatives across all class (or status) groups, we can point to empirical evidence which categorically rejects that hypothesis. Ö. Karlsson examined sociability patterns amongst his groups of top businessmen and manual workers and found that they primarily had relationships with people in similar "occupational prestige groups"¹. Frequency of interactions with family members (parents and parents-in-law) was higher amongst the manual workers, as would be expected on the basis of research in other countries².

The point about the distinct effect of a relatively high level of literacy in traditional Iceland is a direct descendant of the most romantic tradition in Icelandic historical writings, namely the tendency to glorify the traditional cultural level. It sometimes seems to be assumed that the level of literacy in the country declined as agriculture declined as the primary means of subsistence, since "the habit of reading aloud in the common work-and-living room of the farm has vanished"³. It seems that a more plausible explanation of the public reading habit in traditional Iceland has more to do with the restricted distribution of books and reading ability during the last centuries and, accordingly, that the level of literacy has improved and expanded with the rise of a modern educational system (with its roots in the nineteenth century), mass media, and the phenomenal growth in the availability of printed matter. And as would be expected,

¹Ö. Karlsson (1976), op. cit., p. 147.

²Goldthorpe et al., The Affluent Worker, ch. 4.

³Björnsson and Edelstein (1977), op. cit., p. 26.

the hard working manual workers read less than those of higher categories, and their type of literature is also different¹.

In addition to the problematic generalization on the supposedly wide-ranging dissemination of rural culture throughout modern Icelandic society, it may be pointed out that modern societies with a strong rural sector, like France and Italy, for example, are frequently believed to be particularly prone to comparatively high levels of class conflict and antagonism, rather than consensual harmony. The following quotation gives a useful corrective to this issue.

The conventional sociological view of the "feudal" and "deferential" worker located him principally in rural situations or in towns which are assumed to be dominated by rural, pre-industrial values. Indeed there is much evidence to support this view. But at the same time, there is increasing evidence from a variety of countries to show that extreme left movements may also derive much support from these locations. In Finland, Allardt (1970) has shown that one of the two main sources of Communist Party support is amongst workers in newly-industrialized rural areas. In the United States, Leggett (1968) has found more class consciousness among workers from agrarian than industrial backgrounds. Reviewing French studies, Hamilton (1967, Ch. 11) finds unusual support for Communist attitudes among workers migrating from the rural south and centre of France. In all these cases "uprootedness" (Leggett's term) is evident: either the workers have migrated from rural to urban areas, or the rural area is itself in the process of transformation².

¹P. Broddason (1973a), *op. cit.*, and Broddason, "Hverjir Sækja Leikhús?", *Skírnir*, 147 (1973b). Also P. Ólafsson, "Bókalestur og Menntun," *Skírnir*, 150 (1976), and S. Magnússon, "Könnun á Bókalestri Íslendinga," *Samvinnan* (1977), no. 3.

²M. Mann, *Consciousness and Action*, pp. 39-40, Giddens, *The Class Structure*, and D. Gallie, "Social Radicalism in the French and British Working Classes: Some Points of Comparison," *B.J.S.*, 30 (1979), no. 4.

Björnsson and Edelstein actually admit that critical interpretations of inequality are present in the society, but they disqualify them as being tied to the surface, or individualistic, level of symptoms and thus failing to tap the structural aspect, or the "deep structure," as they put it¹. Such an analytical awareness is, however, it would seem, likely to be found only amongst academics or specialists in politics, or in revolutionary situations where a very high level of conflict consciousness existed. We shall obviously want to touch on some of the aspects of these issues of consensus and conflict in our empirical analysis.

But what evidence do these authors produce for the persistence of egalitarian culture in the contemporary society? Not surprisingly, there is a reference to the works of Broddason/Webb and Bjarnason which we have already examined. In addition, they rely on their own "common sense knowledge" of Icelandic society and produce a collection of presumably common sayings which are taken to indicate the accepted egalitarian attitude. Many of these are actually reminiscent of Bjarnason's quotations to which we referred above². In that respect, we can only reaffirm our interpretation of low status consciousness. On the whole, though, this is a rather strange collection of statements, and one can only reiterate the need for empirical basis and careful interpretations.

A further list of supposed "characteristics of the social system which explain equality attributions" provides us with an interesting

¹Björnsson and Edelstein, Explorations in Social Inequality pp. 4-5.

²Ibid., p. 17.

list of hypotheses to consider, and we reproduce those in their entirety.

Icelandic society indeed presents some rather unique features worth considering before proceeding further. These features may throw some light on the socio-cultural relevance of common sense statements of the type mentioned above and serve to elucidate the relation between the egalitarian self-interpretation that is traditional in the culture and the incipient processes of status differentiation that may be producing a class system in the society.

1. There is an unstable relation (a hypothetical low correlation) between income level (or wealth) and occupational class (see Table 23). An unqualified sailor on a small fishing vessel or a carpenter, for example, may earn very considerably more money than a university professor or a director of a government department.

2. There have been great fluctuations in income for various occupational groups over the years. Stability in the relation between the incomes of different occupational groups does not obtain. Thus an essential condition for the emergence of an unequivocal socio-economic hierarchy has not been fulfilled so far.

3. The link between educational qualification and occupation is loose--especially in the now mature or aged generations. It is common that people with very little formal education have been assigned high office in administration or are engaged in work which elsewhere is reserved for holders of high educational qualification.

4. The relation between educational qualification of parents and social status still is very flexible. Among the holders of high office (members of the political and administrative élite), sons of "lower class" parents with little formal education (i.e., peasant or blue collar) are quite frequent.

5. The social status or prestige attached to an occupation often does not at all correspond to its analog abroad. Thus a "low prestige" job such as driving (and many blue collar crafts) may confer considerable status on a person. The prestige of an occupation cannot be well understood without knowledge of local tradition or custom. And the actual process of attribution of status (ascription) to a person, again, appears to take place in a

highly personalistic valuation context, i.e., on the "equalitarian" assumption provided by face to face interaction of "equals." Thus status seems to reflect "respect" rather than "prestige."

6. The Icelandic population is particularly homogenous, both racially and culturally. There is no sizable immigration or emigration that might affect the population genetically in a socially relevant manner. There is practically no variation in the use of language. There are no dialects. Thus there is no basis for discrimination based on biological origin or language used.

7. Icelanders can hardly be considered to be class conscious. At least their practical interactive behaviour as well as the statements documented above show this. Politically "class" may mean conscious division with regard to the interpretation of interest or trade union affiliations. But this is a "learned meaning," superimposed on the common sense interpretation of social reality. It is everyone's avowed policy to avoid the rise of class barriers (such as "beset other societies"). But political language and metaphor is tainted by "populism"--itself "equalitarian"--rather than political value conflicts. Children from all social milieus frequent the same schools and receive the same basic and largely the same secondary education. Peer groups do not--conspicuously at least--form along class lines. University and higher secondary school students traditionally work alongside unskilled manual workers during the long summer holidays. In the capital city of Reykjavík socially homogenous quarters do hardly exist; quarters or suburbs have up to now housed mixed populations with regard to class; and, conversely, people own their houses (or apartments) largely independent of social position¹.

This list does not require any further theoretical comments at this stage, but we shall in our work try to produce empirical validations, or refutations, of the main ingredients.

In our critique of methodology in previous Icelandic studies in the field of inequality, we made much of the alleged failure of researchers to separate class clearly from status in an analytical

¹Ibid., p. 18.

sense. This same point applies to Björnsson and Edelstein's study, except that they are fully aware of their procedure. In fact, they consciously decide to fuse the two dimensions on the basis of their belief in the uniqueness of the inequality structure in Iceland, and they pledge themselves to use "this naive model of stratification" critically. The result is that they "use the terms class, status, stratum, etc., interchangeably"¹. We would, however, argue that, in the light of fundamentally different theoretical implications of these two aspects, such a fusion is more likely to confuse than to clarify the structure of inequality, but, on its own terms, this methodological strategy stands or falls with the truthfulness of Björnsson and Edelstein's assumptions about Icelandic society.

I.3.6. Modernization and Mobility

We come now to the cardinal issue of modernization. Evidently, assumptions of incomplete or uneven societal development in Iceland have been at the centre of the prevailing images of the contemporary social structure. Thus Broddason and Webb believe that modernization is not yet complete and that Iceland is therefore not a class society in a proper sense. They argue, however, that it is gradually becoming modern, that thereby Icelandic society will increasingly resemble other western European societies, and that class consciousness, or inequality awareness, will mature².

Björnsson and Edelstein, on the other hand, seem to assume that, in a structural sense, the society is already modern but that it has

¹Ibid., p. 12.

²Broddason and Webb, "On the Myth of Equality," pp. 1 and 14-22.

experienced an uneven development of modernization, since the cultural sphere is believed to have lagged behind. They place a great emphasis on the rapidity of modernization, claiming that "until less than half a century ago, Iceland could be described as a pre-modern society"¹. They believe, then, that an extreme rate of development produces a severe strain in the social organization. On that account, a conflict-ridden society should be expected (in accordance with Lenski's theoretical position²), but Björnsson and Edelstein remark that "at the same time it is a highly integrated society, economically, culturally and socially"³. This is the contradiction which they believe is characteristic of contemporary Iceland, and which we have tried to resolve with a different theoretical approach.

The extent, speed, and characteristics of modernization in Iceland are thus issues which have to be tackled in this work, and we begin on that fundamental task in the next chapter. Obviously, we cannot offer a fully comprehensive treatment of such a large topic in this thesis; that would surely require a separate study. We try, however, to select the aspects to be covered on the basis of their relevance for other parts of this work.

A necessary part of this will be a consideration of the economy and the occupational structure, which ties up with the structure of opportunities and mobility issues. Broddason and Webb hypothesize

¹Björnsson and Edelstein (1977), op. cit., p. 3.

²G. Lenski, Power and Privilege (New York, McGraw-Hill, 1966).

³Björnsson and Edelstein (1977), op. cit., p. 4.

that as a result of very rapid economic development, there have been ample opportunities for upward mobility which were "misinterpreted as equality of opportunity"¹. Thus, mobility has, they believe, been a factor in explaining the lack of awareness of inequality.

Ó. R. Grímsson has shown the importance of closure through kinship relationships in the composition of top echelons of the power structure during the nineteenth century and for periods during the present century. At the same time, he notes that a reduction in its influence during the present century is quite clear². It should be emphasized in this context that even though kinship may play a decisive role in the recruitment to top elite positions, this does not automatically apply throughout the whole societal hierarchy. Kinship relationships are often found to play a part within elites in societies which are generally regarded as universalistically or meritocratically oriented³. The predominance of kinship in elite recruitment mainly reflects the ability of powerful groups to maintain their advantages.

The assumption of the strength of kinship ties in general is frequently built on the fact that the Icelandic population is very small by international standards, about 225,000 in 1978. A little

¹ Broddason and Webb (1975), op. cit., p. 15.

² Grímsson, "The Icelandic Power Structure 1800-2000," pp. 26-29.

³ Tom Lupton and C. S. Wilson, "The Social Background of 'Top Decision Makers'," in J. Urry and J. Wakeford (eds.), Power in Britain (London, Heinemann, 1973), pp. 185-204, M. S. Granovetter, Getting a Job: A Study of Contacts and Careers (Cambridge, Mass., H.U.P., 1974), and P. Stanworth and A. Giddens (eds.), Elites and Power in British Society (Cambridge, C.U.P., 1974).

more than half of it is, however, concentrated in the Reykjavík area. We would dispute the contention that small population size leads automatically to a predominance of kinship relationships over other criteria, and, for example, Ö. Karlsson's study would seem to support that. One would also point to the fact that geographical mobility has for a long time been extensive in this country which is very large for its population, i.e., a little larger than Ireland in terms of geographical area¹. Such mobility is likely to have eroded kinship connections. Large-scale inter-class mobility could also possibly erode kinship relations.

Intergenerational mobility has a specific role in Björnsson and Edelstein's research on socialization, in the sense that they hope to derive from mobility patterns a structural indicator for conceptualizing change "so as to be able to include a historical dimension in socialization research"². But they also use mobility analysis for reflections on the inequality structure. On the basis of their data, they conclude that

there is real and massive upwards mobility (between classes) in the system, and contrary to recent findings in mobility research in some industrial societies it is not mainly confined to³ within class mobility between occupations.

¹S. Guðmundsson, "Internal Migration in Iceland" (University of Waterloo, M.A. thesis, 1973), and Yearbook of Nordic Statistics (Stockholm, Nordic Council, 1970-1979).

²Björnsson and Edelstein, Explorations in Social Inequality, p. 56.

³Ibid., p. 52.

We shall take the opportunity to examine these issues by reanalyzing their data in a later chapter and hopefully obtain some theoretical clarification as well, with the aid of some new statistical methods and with our different approach to social stratification.

A last quote from Björnsson and Edelstein's study reflects well the inference that the authors draw from mobility for the issues with which we are concerned.

If mobility is a feature so universal in the system that it reaches almost two-thirds of the individuals composing it and half of the total mobility is upwards (see Table 6) it may well support the subjective conviction of equality. Equality of access and universality of education will serve to bolster this feeling. Bjarnason (1974) in her thesis distinguishes formal equality (before the law), equality of opportunity (as an individualizable characteristic) and "real" or "structural" equality. The pull of the system may be expected to induce subjective interpretations of an open opportunity structure as equalitarian and blind the subject to the counterequalitarian implications of that very structure. An "open" opportunity structure, by the very pull it creates, leads to redistribution of statuses, i.e., to the distribution of status inequality. This is consonant with a functionalist theory of stratification as proposed by Parsons (1940, 1953) and Davis and Moore (1945). The educational system, in particular, is instrumental in this process. The equalitarian interpretation of this mechanism may be enhanced moreover both by traditional and ideologically persistent interpretations of the historically "real" equality of independent farmers and by the opening up of avenues to education, commonly valued with that ideology, however few had access to its institutionalized form¹.

We have made it clear that we would agree with the contention that mobility may be conducive to a belief in equality of opportunity, but at the same time it must be reaffirmed that such a meritocratic

¹Ibid., pp. 51-52.

ideology can coexist with an awareness of a structure of material inequality. Positions in society may be very unequally rewarded, and access to them can, at the same time, be formally open; or a rapid expansion of the higher levels of the occupational structure may generate high levels of actual mobility which, in turn, may affect perceptions of opportunities¹. This does not, however, mean that a functionalist stance is accepted here. An awareness of inequality may be conducive to conflicts of interests and tensions despite adherence to a belief in equality of opportunity.

The question of whether the pattern and extent of mobility in Iceland are unique remains open for empirical scrutiny, in addition to being integral to our theoretical approach to class formation.

I.3.7. The Structure of the Thesis: A Summary

In Diagram I.1., we present a schematic outline of the thesis structure, specifically, the relationship between the empirical aspects which are covered and their theoretical relevance. Thus, the middle column reflects the rationale of our theoretical approach to social inequality, and the last column indicates broadly the substantive issues or myths which are dealt with at each stage. The myth of uniqueness is not specifically located in this scheme, since all comparative findings will have relevance for questions of uniqueness in the Icelandic social structure.

In Chapter II, we provide an overview of some general structural characteristics of the Icelandic society and the developmental pattern in this century. What is included there is largely determined

¹Westergaard and Resler, Class in a Capitalist Society, pp. 280-285.

by its relevance for the ensuing analysis of social inequality. In Chapter III, we begin with the analysis of inequality, i.e., the distribution of some basic material resources or components of the level of living. In Chapter VI, the stratification analysis is continued on a different level, namely, on the level of organizations and class relations. In addition, we deal with distributional conflicts and their outcomes. Before moving to the relational level, however, we assess the consequentiality of the class structure for shaping mobility opportunities of individuals and for class formation in Chapter IV. Lastly, of course, the threads are pulled together, and the relevance of the myths and of our theoretical approach is summarized.

DIAGRAM I.1. Thesis Structure

<u>Chapter I:</u>		
<ul style="list-style-type: none"> • Myths and Themes of Icelandic Society <ul style="list-style-type: none"> • The Theoretical Approach • The Myths Located and Analyzed 		
<u>Chapters II to VI:</u>		
<u>Empirical Analysis (Research)</u>	<u>Analytical Focus (Theory)</u>	<u>Myths and Themes (Issues)</u>
	- Chapter II -	
Modernization	Macro structural conditions and social development	Traditionalism
	- Chapter III -	
Inequality of material conditions	Distributional level	Equality, classlessness
	- Chapter IV -	
Social Mobility	Individual's opportunities and class formation	Equality, openness, classlessness, individualism
	- Chapter V -	
"Intermezzo"	Connecting the levels of analysis	Rediscovering uniqueness
	- Chapter VI -	
Unionism, conflict, and inflation	Organizational and relational level	Classlessness, consensus, conservatism, individualism
<u>Chapter VII:</u>		
CONCLUSIONS: Myths and Reality		

II. MODERNIZATION

II.1.1. Introduction

We have argued that the medieval or pre-modern society in Iceland had a social structure which was different from that of traditional European societies, especially as regards the weak form of feudalism that emerged in Iceland and prevailed until the development of capitalism. Modern Iceland partly shares this kind of origin with societies like the other Nordic societies, and with the latter-day "new" societies, such as America, Canada, Australia, and with a few other countries which have had similar structural features in their development. In that sense, one can concede that R. F. Tomasson is partly right in evoking Louis Hartz's conception of "new" or "born free" societies which progressed towards modernization along a path which differed from that of the traditional feudal societies¹. In the Icelandic case, however, we would evoke the "born free" conception for particularly underlining the influence of the special structure of feudalism on the emergent development to modernity, rather than stress a persistence of the settlers' culture as Tomasson seems to do.

For the most part, the break to modernization was fairly smooth in those societies which were not strongly feudalistic, since change was not as strongly resisted by the feudal interests. Such societies managed therefore to solve many of the problems of modernization by simply applying technology to the development of

¹L. Hartz, The Founding of New Societies (New York, Harcourt, Brace and World, 1964).

the economy and avoided to some extent intense class conflicts and political revolutions on the way¹.

It is perhaps not common to talk about the Scandinavian societies as similar to "new" or "born free" societies, but we are tempted to do so in order to emphasize the role of weak feudalism there as in Iceland. There is evidence at hand which underlines the broad similarity of the feudal structures in the Scandinavian societies to that of Iceland. In that respect, one might expect our argument on the erosion of status hierarchies to apply also in Scandinavia. We can obviously not undertake an extensive historical analysis here, but as regards the social structure of pre-modern Norway, we may do well to quote Vilhelm Aubert who makes the following observation:

In comparison to other European countries, the egalitarian impulse in politics was already strong from 1814 onwards. In turn this ties up with other egalitarian aspects of the old society. There was no real class of landlords nor an extensive agricultural proletariat. There were many independent smallholders and relatively little inequality between independent farmers, tenants and farm workers in many parts of the country. This means that the basis of class distinctions, which has been very consequential in many other European countries, was of less importance in Norway. This is particularly important for the authority relationships².

While Aubert argues that the nineteenth century society in Norway was rather egalitarian in comparison to feudal Europe, he makes it very clear that it was still very unequal, especially in comparison

¹Barrington Moore, Jr., Social Origins of Dictatorship and Democracy (Harmondsworth, Penguin, 1969).

²W. Aubert, "Sociale Classer og Lag," in N. Rogoff Ramsøy and N. Vaa (eds.), Det Norske Samfund (Oslo, Gyldendal Norsk Forlag A/S, 1975), I., p. 152.

to contemporary Norwegian society. This is obviously a similar argument to the one that we advanced for the Icelandic case in the previous chapter, and Aubert's reference to "class distinctions" should perhaps be taken to exemplify the status dimension. Similar evidence can be found for the other Scandinavian countries, indicating broadly comparable features of social structural developments¹.

There was, however, considerable difference in the timing of modernization amongst the Nordic societies. Denmark and Norway started on the path of industrialization and commercialization earlier than Sweden and Iceland². It is particularly interesting that Sweden, which is widely believed to have reached the highest level of modernization amongst the Nordic countries, should have begun so late.

S. Koblik notes that it is usually suggested that between 1870 and 1914 Sweden changed from a primarily agrarian economy into a modern industrial economy³, or underwent its "take-off" period, in W. W. Rostow's language⁴. Iceland and Finland were the latest to embark on such developments, but it seems that the time difference between

¹S. Koblik (ed.), Sweden's Development From Poverty to Affluence, 1750-1970 (Minneapolis, University of Minnesota Press, 1975), W. Korpi, The Working Class in Welfare Capitalism: Work, Unions and Politics in Sweden (London, R.K.P., 1978), W. M. Lafferty, Economic Development and the Response of Labour in Scandinavia (Oslo, Universitets Forlaget, 1971), and F. G. Castles, The Social Democratic Image of Society (London, R.K.P., 1978).

²See previous note, and also S. Kuhnle, "The Beginnings of the Nordic Welfare States: Similarities and Differences," A.S., supplement (1978), pp. 9-36.

³S. Koblik, Sweden's Development, p. 90.

⁴W. W. Rostow, The Stages of Economic Growth (Cambridge, C.U.P., 1960).

Iceland's and Sweden's "take-offs" was not so great, as we will try to show below, though many of the developmental characteristics are, of course, different.

II.1.2. Some Conditions of Modernization

The conditions for industrialization in Iceland were largely established in conjunction with the fight for independence from Denmark during the nineteenth century. The spirit of the Enlightenment made its way to Iceland in the eighteenth century and exerted considerable influence on the inhabitants. This diffusion of new ideas was greatly facilitated by the prevailing relatively high level of literacy, which increased further during the eighteenth century. By the end of the century, the greater part of the population was literate, despite the fact that practically the only elementary education available was provided in the home, usually supervised by the local parson¹.

Towards the middle of the eighteenth century, the renowned entrepreneur, Skúli Magnússon, initiated some efforts to improve the industrial state of the country, with innovations in agriculture, woolen industry, and fishing. For example, a woolen mill, subsidized by the Danish treasury, was erected in Reykjavík, and it operated successfully for a few decades. However, these efforts of the Icelanders were not tolerated by the Danish monopolist merchants, who eventually managed to bring them down. Thus it became evident that there was little hope of progress until the Danish monopoly was partly lifted,

¹P. Jóhannesson, "An Outline History," in J. Nordal and V. Kristinsson (eds.), Iceland 874-1974 (Reykjavík, Central Bank of Iceland, 1975).

but it was not until the middle of the nineteenth century that the trade had been liberalized sufficiently for Icelandic entrepreneurial endeavours to bear fruits.

On the whole, the primary effect of the Enlightenment of the late eighteenth and nineteenth centuries turned out to be the increasing educational standard of the population and the establishment of intellectual societies, for example the Society for the Promotion of Knowledge of the Practical Arts and Sciences (1794) and The Icelandic Literary Society (1816). The National Library was established in 1818. We have previously warned against exaggerating the uniqueness of literacy in Iceland, and the point may be reasserted here by noting that by 1850 less than 10% of the adult population in Sweden and the other Nordic countries was illiterate¹. This was a very low proportion by international standards.

The early decades of the nineteenth century brought heightened social and political activities in the form of the independence movement. With poets and scholars in the vanguard, the movement is frequently described as motivated by a romantic nationalism, the emphasis being mainly on purifying the language and reviving old cultural institutions. The utilitarian spirit was, however, a very prominent feature of the reformist orientation, which largely characterized the movement. For example, Jón Sigurðsson, the undisputed father of the republic, was an ardent preacher of utilitarian values. In addition to his own inspired writings on the subject, he

¹E. Jóhannson (1977), quoted in G. Therborn et al., "Sweden Before and After Social Democracy: A First Overview," A.S., Supplement (1978), p. 42.

translated Benjamin Franklin's autobiography and had it published in Iceland in 1839¹. Chapters from Samuel Smiles' Self Help were published in a reader for public educational purposes by Þ. Böðvarsson (Görðum) in 1874. The whole of the book was published in 1892. Essays on the virtues of saving found easy ways into journals, and the first Icelandic economist proper, Arnljótur Ólafsson, who was an ardent preacher of laissez-faire ideology, published his treatise on principles of classical economics in 1880. Evidently, the "spirit of capitalism" had enthusiastic representatives in nineteenth century Iceland. Structural conditions for the emergence of capitalist modes of production and exchange materialized, however, only in the last decades of the century.

The fight for independence led in 1843-45 to the reinstitution of the Althing (the parliament, originally established in 930), but only as a consultative body. In 1874 the king of Denmark granted Iceland a new constitution giving the Althing legislative power (conjointly with the crown in Denmark), domestic autonomy, and control of the national finances. Home rule came in 1903 and independence in 1918.

The colonial status of Iceland, which had to a large extent obstructed advancement and modernization, was thus gradually phased out, and more favourable political conditions paved the way for modernity. The constitution of 1874 contained all the familiar liberal citizenship rights which have proved to be an integral aspect

¹S. Línal (ed.), "Introduction," in Mennt og Máttur (Reykjavík, H.Í.B., 1973).

of the modernization process in most western societies¹. Thus there were affirmed clauses on general human rights, like freedom of religion, freedom of speech and meetings, the right to form associations, and other civil rights. The institution of private property was also reasserted in the constitution.

Some of the civil rights had already become taken for granted, like the right to form political associations which had actualized during the fight for independence. It would have been hard for the Danish authorities to resist this right in any case, because it was formally granted the Danes themselves in their constitution of 1849². If the authorities had not been lenient on civil rights in Iceland, the fight for independence could hardly have been without physical violence. The right to form associations was also important later for the emergence of labour unions.

The extension of the suffrage was, on the other hand, understandably slow in Iceland before home rule, but from then on it progressed quite rapidly. Before 1915, the suffrage was confined to male taxpayers, twenty-five years of age and older³. In 1915 and 1920, the suffrage of females was fully extended to equality, and the

¹T. H. Marshall, Class, Citizenship and Social Development (Cambridge, C.U.P., 1950), and H. Þorleifsson, Frá Einveldi til Lýðveldis (Reykjavík, B.S.E., 1973).

²F. G. Castles, The Social Democratic Image, p. 14.

³S. Kristjánsson, Conflict and Consensus in Icelandic Politics, pp. 30-33, H. Guðmundsson, Uppruni Sjálfstæðisflokksins (Reykjavík, Ö.Ö., 1979), who reports that in 1874 about half of the males 25 years of age and over were qualified to vote. This appears to be a more restricted franchise than in Denmark, but better than in Sweden and Norway; see S. Kuhnle (1978), op. cit., p. 16.

last property, financial, and age restrictions were abolished by 1934, which is quite an early date for universal franchise¹. As S. Kristjánsson argues, the smooth and rapid extension of these rights reflects a significant degree of consensus within the political system, a characteristic which has also been emphasized regarding the modernization processes in the Scandinavian societies².

The development of capitalism and industrialization requires legally free and mobile labour which was not a particular problem in Iceland. Legally free labour had existed in the country since the early period of settlement³. We showed in the previous chapter that farm labourers were a sizable part of the working population. In addition, the independent smallholders and tenants who lived on the margin of subsistence were potentially mobile, especially in hard years when many were simply driven off their land. This class of people was quite dominant amongst the emigrants who took to North America in the period between 1871 and 1894, and they contributed greatly to the growing urbanization in Iceland in the last decades of the nineteenth century⁴.

The mobility of propertyless agricultural labourers was partly restricted by the bondage law ("vistarband"), but this was gradually abolished in the last decades of the nineteenth century when the

¹Ibid.

²Ibid., and Castles, The Social Democratic Image, pp. 13-14.

³G. Jónsson, "Vinnuhjú á 19. Öld," and S. Thoroddsen, "Vistlaust Verkafólk," and J. Blöndal and Sverrir Kristjánsson (eds.), Alþingi og Félagsmálin (Reykjavík, Alþingissögufélag, 1954), pp. 22-37.

⁴H. S. Kjartansson, "Vesturfarnir af Íslandi."

prohibition was already to a considerable extent ignored¹. It is interesting that the ideas of liberalism were strongly advanced by Arnlióttur Ólafsson, the economist, in the debate on the abolition of the bondage. During the parliamentary session of 1887, he was, however, forcefully opposed to extending welfare provisions and insurance for the poor, since he believed it to smell too much of "communisme." He wanted labour to be legally free and mobile, but insurance and security provision should be personal and not collective².

Social or welfare rights were thus debated in parliament already in the last two decades of the nineteenth century, even with legitimating references to Bismark's pioneering policies of the 1880s which provided an important model for the Scandinavian countries³. But welfare legislation in Iceland is primarily a twentieth century affair, especially influenced by the rise of the labour movement and class-based political parties on the left of the political spectrum⁴.

Before 1936, when a comprehensive public insurance legislation was implemented, only accident insurance had any decisive importance for the common public⁵. The 1936 and 1946 legislations provided landmarks in the development of social and welfare rights, including a national health service, even though some of the legalized aspects

¹Blöndal and Kristjánsson, Alþingi og Félagsmálin, pp. 22-33.

²Ibid., pp. 39-40.

³Ibid., and S. Kuhnle (1978), op. cit., pp. 11-15.

⁴Dagsbrún, vol. 14 (1956), no. 1, and S. Kristjánsson, Conflict and Consensus, especially ch. 3.

⁵J. Blöndal (ed.), Félagsmál á Íslandi (Reykjavík, Félagsmálaráðuneytið, 1942), ch. 5.

were not actually put into practice until decades later, as for example the right to set up unemployment benefit schemes and pension funds.

Organizational conditions in the political system changed fundamentally after independence from Denmark was obtained. The political system quickly became a primarily class-based one with a new social democratic party (SDP) and a farmers' party (The Progressive Party--PP), both established in 1916; a unified conservative party which matured later (The Independence Party--IP); and a communist party which emerged at the beginning of the Great Depression (CP)¹. The Social Democratic Party in Iceland, which was very influential in the 1930s, modelled itself on the Scandinavian SDPs, but the structure of the Icelandic party system developed in a different direction from the usual Scandinavian one. While the Scandinavian SDPs, institutionally linked to the labour movement, came to be the normal parties of government from the thirties onwards (1929 in Denmark, 1932 in Sweden, 1935 in Norway), the parties to the right of the SDPs were typically fragmented². In Iceland the situation came to approach the opposite, to a large extent. The institutional link of the SDP to the labour movement was severed in 1940-1942, and the conservative party (IP) came to be the normal party of government in the post-war period, with the leftist forces remaining rather disunited³. This organizational characteristic of Icelandic society may have had

¹S. Kristjánsson (1977), op. cit., and H. Guðmundsson (1979), op. cit.

²Ibid., and Castles, The Social Democratic Image, ch. 1.

³S. Kristjánsson, "Conflict and Consensus," and Ó. Þ. Harðarson, "Conservative Voting: The Icelandic Case in a North-European Context" (University of London, M.Sc. thesis, 1979).

specific consequences for the latter-day structure of inequality.

Union organizations in Iceland date from the late 1880s, but the main impetus in their development began a decade later¹. In 1916 the Federation of Labour (ASÍ) was established, along with the political arm of labour, the Social Democratic Party. For comparison, it may be noted that the main organizational drive in union establishments in Sweden began in the 1870s, and the confederation of national unions (Landsorganisationen--LO) was formed in 1898². So Sweden preceded Iceland in this respect by close to two decades, but as we will show in a later chapter the organizational structures of the respective labour movements are quite similar.

II.1.3. Industrialization and Employment Developments

Iceland's industrialization was, of course, primarily tied to the exploitation of the rich fishing grounds around the country by means of developing an efficient fishing fleet and a fish processing industry. Small-scale fishing had existed traditionally as a means of supplementing subsistence farming, without much institutionalized division of labour between the two. Since medieval times foreigners had engaged in large-scale fishing in Icelandic waters, but it was only in the last quarter of the nineteenth century that fishing became established as a separate Icelandic industry providing significant numbers of people with the means of livelihood.

Before the nineteenth century, fishing was only carried out from open rowing boats. During the early part of the nineteenth century,

¹Ó. Einarsson, Upphaf Íslenskrar Verkalyðshreyfingar.

²W. Korpi, The Working Class in Welfare Capitalism, pp. 60-61.

decked sailing smacks appeared, but their operations only became significant in the latter part of the century. In 1853 there were 31 smacks in operation in the country, their size ranging from 8 to 15 tons (G.R.T.). In 1881 their number had increased to 65, and by 1904 there were 157 smacks on record. Their size had also increased dramatically, the average in 1904 being 46 tons with the largest smacks carrying up to 90 tons. Rowing boats were still numerous, but their share in total catches declined. Many gained an extended life, however, with the installation of a motor in the early decades of the present century. Thus, the fleet expanded and developed technically, culminating at this early stage in steam-powered trawlers which had become a revolutionary innovation by the end of the first decade of this century¹.

These developments were facilitated by increased availability of investment capital, with the establishment of the National Bank of Iceland in 1885, and a private bank in 1904. The Danish monopoly on trade had at last been abolished in 1853, paving the way for progress; and the growth of Icelandic cooperative societies as well as private distributive enterprises in the last quarter of the century further expanded the flow of capital. The former were quite important for commercializing the agricultural subsistence sector into the market exchange system as well as in expanding trade. This expansion of monetary institutions and the market was very important for increasing investment in Icelandic-owned industries. Previously, most of the

¹S. Jónsson, "The Development of the Icelandic Fishing Industry 1900-1940 and Its Regional Implications" (University of Newcastle, Ph.D. thesis, 1980), pp. 81-94 and 122-148.

prominent entrepreneurs had been foreigners, who exported their profits.

As an indication of the growing role of Icelanders in developing the economy, it may be noted that, by the 1880s, almost two-thirds of all wholesale and retail trade establishments were owned by Icelanders, whereas in 1870 over half of such enterprises had been owned by Danes. By the First World War, Icelanders owned over 90%. The number of these enterprises increased rapidly and continuously until the thirties, when it remained stable. After that, it continued to increase again quite drastically¹.

To get a clearer picture of the Icelandic economy's take-off into modernity, and the basic characteristics of economic developments, it is useful to examine the distribution of the population by employment sectors during the latter half of the nineteenth century.

TABLE II.1. Distribution of Heads of Households
by Economic Sectors 1850-1890

	<u>1850</u>	<u>1860</u>	<u>1880</u>	<u>1890</u>
Agriculture	82	79	74	66
Fishing and fish processing	7	9	12	18
Primary sector	89	88	86	84
Secondary sector	1	2	3	4
Tertiary sector	7	6	6	8
Other	3	4	5	4
Total	100	100	100	100

Source: Tölfræðihandbókin 1974, p. 32

¹Tölfræðihandbókin 1974, p. 116.

The main feature is the gradual growth of fishing and fish processing as means of subsistence and the steady decline of agricultural employment. In so far as comparable figures for 1901 can be obtained, they seem to indicate an increase in this trend towards the turn of the century. Growth of small-scale manufacture and crafts was still very slow but seems to be taking off towards the end of the period. The main change within the tertiary sector (commerce and services) was a growth of distributive trade and a decline in domestic service. It is thus clear that fishing and fish processing were the primary growth poles in the economy and provided the multiplying stimuli for modernization. Manufacturing and commerce, which were already expanding by 1880 increase considerably from then on¹.

It is of considerable interest to examine the Icelandic transformation from an agrarian subsistence economy into an industrial economy primarily based on fishing in comparison to the neighbouring countries. This is, however, difficult to do in a comprehensive and reliable way, but for an indication of the respective patterns of progress we may do well to look at the decline of the agricultural sectors in Iceland, Sweden, and Norway (Table II.2).

It is well known that modernization or industrialization carries with it a continuous decline in agricultural employment². Our indicator is thus a reasonable detector of the beginning and speed of such developments, even though it says nothing about the character or type of industrialization that takes place. The first point of interest

¹Ibid., p. 32, and population censuses for 1901 and 1910.

²W. W. Rostow (1960), op. cit.

TABLE II.2. Agricultural Employment
in Iceland, Sweden, and Norway (%)

	<u>1870</u>	<u>1880</u>	<u>1890</u>	<u>1900</u>	<u>1910</u>
Iceland	76	74	66	68 ^a	54
Sweden	71	66	63	56	49
Norway	60 ^b	52 ^b	49	41	39

Source: Tölfraðihandbók 1974, S. Seierstad (1975),
and L. Lewin et al. (1972).

^aThe census year is given as 1901. Some redefinition was done between 1890 and 1901.

^bThese two figures refer to 1865 and 1875, respectively. The Norwegian figures as a whole include agriculture, forestry, and fishing. The Norwegian and Swedish sets are proportions of economically active population, while the Icelandic figures refer to proportion of population classified according to industry of head of each household. Comparison of such figures with proportions of labour force in 1910 to 1930 indicate that the present figures exaggerate the agricultural proportion in Iceland relative to the other countries. This may be due to the predominantly large size of farming families.

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regarding Table II.2 is that Norway's earlier development, as previously noted, is well reflected here in its relatively small agricultural sector compared to Sweden and Iceland. But the most striking aspect is the relatively little difference between Iceland and Sweden. We have already indicated that Sweden's development began late compared to Denmark and Norway, and it is clear from the first chapter that Iceland is commonly believed to be particularly outstanding with its late development. Iceland clearly is a late starter, but perhaps not much more than two decades behind Sweden in this respect, as well as in the organizational development of the labour movement. It is quite logical that these aspects should go together, since employment

developments shape the conditions for the emergence of a class of wage labourers and their organizations.

This decline of agricultural employment continued, of course, in all the countries, and in the post-war period Sweden surpassed Norway decisively¹. The development of Sweden has clearly been extremely rapid. It started late and has progressed to the highest level of industrialization and modernity in general terms. It is of considerable importance for our theoretical interests to be able to establish, even if only in an indicative way, that while the development of Iceland has been very rapid, it is not far removed from Sweden in that respect. The rapidity of modernization affects, for example, mobility opportunities, class formation, and interest group relations.

But Iceland's industrialization was different in character from that of the other Nordic countries. Given the structural conditions, like political independence and control of national finances, availability of investment finance, and increased possibilities for capital accumulation, the Icelanders set on the road to ownership of more, bigger, and better fishing boats to exploit the fishing grounds as foreign vessels were already doing. The English had roamed the Icelandic waters on steam trawlers from the 1890s², but it was only by 1907 that capital accumulation and build up of know-how made Icelanders ready to pass from schooners to mechanized trawlers. This step is

¹S. Seierstad, "Norsk Økonomi," in Ramsøy and Vaa (eds.), Det Norske Samfund, and L. Lewin et al., The Swedish Electorate 1887-1968 (Stockholm, Almqvist and Wiksell, 1972).

²H. Þorleifsson, Saga Íslenskrar Togaraútgæðar Fram til 1917 (Reykjavík, Menningarsjóður, 1974), ch. 1, and H. Þorláksson (ed.), Reykjavík í 1100 Ár (Reykjavík, Sögufélagið, 1974), pp. 159-189.

commonly identified as Iceland's industrial revolution¹. Considering productivity, profitability, multiplicative effects on other industries, and working conditions, it is hard to dispute that characterization. The trawling industry indeed boomed, despite some short-term fluctuations, and expanded extremely fast. It also set the wheels rolling in Reykjavík and the provincial fishing towns, creating jobs in new industries like fish processing, docking, and provision of supplies. This, in turn, called for more labour and thus stimulated migration to the towns. The work load on the trawlers was intense, and H. Þorleifsson likens it to the factory slavery in early periods of England's industrialization. Herring fishing by motor boats became a very important branch, as well.

The total fish catch in 1929 was about six times that of 1909². The quantity of landed fish in 1969, by comparison, was only twice as big as that of 1929. However, the value of the total catch has increased much faster than the quantity. On the whole, this reflects changing composition of the catch, increased and improved processing, and favourable terms of trade. Thus, the fleet was able to catch tremendous amounts of fish following the trawling revolution, and its productivity has increased extensively since then. That increase is well reflected in the fact that the overall number of fishermen has not changed much since 1910, except for some increase in the thirties, despite growing size of catches and improved quality³. Consequently, the proportion of the labour force employed in fishing

¹H. Þorleifsson, Frá Einveldi til Lýðveldis, p. 186.

²Ibid., and Tölfreðihandbókin 1974, p. 74.

³Mannfjöldi, Mannafli og Tekjur (Reykjavík, Framkvæmdastofnun Ríkisins, 1977), pp. 100-101.

has dropped from about 15% in 1910 to about 5% in 1975, as Table II.3 also shows.

Employment in fishing thus increased very rapidly in the early days of mechanization, but in later decades it declined with increased productivity and further use of advanced technology in the industry.

II.1.4. Is Iceland an Industrial Society?

We have shown the predominant role of the fishing industry in the sparking of large-scale social changes in Iceland. The term "industrialization" has the obvious connotation of considering the main stimulant of modernization developments to be manufacturing and large-scale industry. This is a considerable simplification because different employment sectors have played different roles in the many societies which have advanced towards modern structures of economy and society¹. The main common aspect of the employment developments is, however, the use of advanced technology for increasing productivity in secondary employment sectors, i.e., in industries which convert primary raw material into finished consumer or capital goods. A common consequence of the generally increased productivity in the creation of such wealth is a growth in the service sector, commerce, and general services, which a wealthy society with a high level of private consumption can carry².

It is quite clear that modern industrial societies have developed differential emphasis on productive spheres in their industrialization.

¹W. W. Rostow (1960), op. cit.

²D. Bell, The Coming of Post-Industrial Society (Harmondsworth, Peregrin, 1976), and K. Kumar, Prophecy and Progress: The Sociology of Industrial and Post-Industrial Society (Harmondsworth, Pelican, 1978).

Amongst the Nordic countries, Sweden is the one that has had the greatest emphasis on manufacturing; Finland and Denmark have retained a large competitive agricultural sector, the latter with a very high level of productivity making it competitive in foreign markets. Norway and Iceland have the largest fishing sector, though Iceland is considerably more marked in that respect. If we look further at Iceland's employment developments, it emerges quite clearly that it portrays most of the features of modern industrial economies (Table II.3).

The size of the agricultural sector is now well below 10% and continues to decline at present. The special role of fishing gives the primary sector a rather large share of the labour force, which cannot, however, be taken as an indicator of relatively low level of development. Even though fishing is classified as primary sector activity, i.e., extraction of natural resources, it is hard to equate it with underdeveloped means of collecting raw material from nature. Modern fishing vessels are highly mechanized production means, utilizing the most advanced electronic equipment for locating the prey as well as handling it. Productivity is accordingly immense, and that is the most important aspect.

The fish processing industry, which seems to have reached its maximum relative employment level by the sixties, is Iceland's main large-scale industrial sector. Around the coast, the fish is processed into consumer goods and chemicals in large plants, again in high productivity factories¹. Their productivity is, in fact, on level with that of manufacturing industry, which includes a few

¹S. Ólafsson, Þróun Atvinnulífsins I (Reykjavík, Framkvæðastofnun Ríkisins, 1978).

TABLE II.3. Economically Active Population 1940-1975
by Main Industries (%)

	<u>1940</u>	<u>1950</u>	<u>1960</u>	<u>1970</u>	<u>1975</u>
Agriculture	32	24	16	12	9
Fishing	14	11	8	6	5
<u>Primary Sector Total</u>	<u>46</u>	<u>35</u>	<u>24</u>	<u>18</u>	<u>14</u>
Fish Processing	5	5	10	8	8
Manufacturing/Energy	11	17	16	18	17
Construction	6	10	11	11	12
<u>Secondary Sector Total</u>	<u>22</u>	<u>32</u>	<u>37</u>	<u>37</u>	<u>37</u>
Transport/Communications	8	10	9	9	8
Commerce	8	9	13	18	19
Services	16	14	17	18	21
<u>Tertiary Sector Total</u>	<u>32</u>	<u>33</u>	<u>39</u>	<u>45</u>	<u>48</u>

Source: Framkvæmdastofnun Ríkisins (1977).

Note: Figures for 1970 and 1975 are based on data on insured work weeks, whereas the earlier figures are from population censuses. The figures for agriculture include an estimate of farmers' wives' work, i.e., they are counted as partly (one-quarter) active in farm work.

large-scale heavy industrial plants, like an aluminium smelter and chemical plants. The fish processing industry is thus fully a member of the secondary sector. The production of high quality food is no less characteristic of a modern industrial society than the production of other consumer items.

The manufacturing and construction industries have expanded their labour forces slightly in the last decades, while fish processing has declined with a higher level of productivity. This growth reflects mainly new developments in manufacturing and hydro-electricity plant

construction. The manufacturing industry started to grow during the thirties when, as a result of the Great Depression, some of the needs for products had to be fulfilled without imports from abroad. This was also the period of government-inspired developments in freezing plant construction for the fish processing industry. In 1936 there were six such plants in the country, but by 1944 they had found their way into almost every coastal village, with a tenfold increase.

The most important manufacturing industries now, so far as employment is concerned, are food and beverages, manufacture (and repairs) of metal products, machinery and equipment, textile and wearing apparel, manufacture of wood products, and printing. Most enterprises are, however, relatively small by international standards. The construction industry had a rather large proportion of the labour force in 1975, about 12%, which is considerably higher than is common in neighbouring countries¹. Its growth is primarily a post-war phenomenon.

Growth of employment in the secondary sector is on the whole slowing down, as is evident from the table above, while productivity increases.

In the field of commerce, which expanded its employment tremendously during the fifties and sixties, the growth of corporate power has been quite decisive with the emergence of chains in retailing and the formation of large groups of firms under the same holding companies. The Federation of Cooperative Societies, SIS (established in 1902), is the biggest group with interests in most major industries. From being

¹Labour Force Statistics 1964-75 (Paris, OECD, 1975).

an important social movement in the formative years of Icelandic capitalism¹, the group is now regarded by some as typifying the changed structure of the economy, namely the emergence of independent bureaucratic power, displacement of purpose, and increasing alienation of members (and employees) from participation. Having started off in basic retailing in rural areas in the late nineteenth century, the Federation is now a major force in wholesale importing and exporting, distribution, manufacturing industry, fish processing, merchant shipping, banking, and insurance. Lately, SIS has moved into tourism.

The biggest expansion of employment opportunities has been in the service sector, as in other advanced societies. There, the growing role of public employment has been the most decisive aspect. Between 1930 and 1960, the proportion of public employees in the active labour force went from six to 20. Comparable figures for the period after 1960 do not exist, but there is every indication that this trend has continued, if not increased further. Provision of welfare services has proved to be very labour intensive, and the educational system and the government bureaucracy have taken a growing share of the labour force. The largest part of banking is publicly owned and operated, and government provision of investment funds for industry is very important.

At the same time, private employers' share of the labour force has gone down. Between 1950 and 1960, the absolute number of manual as well as non-manual employees in the private sector actually fell

¹H. Þorleifsson, Frá Einveldi til Lýðveldis, and A. Sigurjónsson, Íslensk Samvinnufélög Hundrað Ara (Reykjavík, Snælandsútgáfan, 1944).

by about 2,560. In relative terms the drop was from about 72% to 60% of the labour force¹.

We have now broadly described the Icelandic employment structure, and to qualify further our argument about the Icelandic society as a proper member of the family of industrial societies, we may provide some comparative observations. The size of the primary sector in Iceland is relatively large, because of the inclusion of fishing, but still the Finnish and the Irish primary employment sectors are larger, to pick two of our close neighbors. And the service sector is at about 50% of the labour force which is quite close to what prevails in the advanced societies of Europe². All in all, it is quite clear that contemporary Iceland is properly classified in terms of employment structure with industrial societies, rather than with typical pre-modern societies. The economy enjoys a productivity level which is very high, and, even though it does not produce all the products of high industrial civilization, the society enjoys them all through trade. In fact, imports do often amount up to 50% of the gross national product³. Differential emphasis in production amongst advanced societies, due to differential access to natural resources, merely reflects aspects of the international division of labour.

The wealth of the contemporary society can be indicated with figures on gross national income (GNI) per inhabitant. According to this

¹Population Census 1960 (Reykjavík, H.Í., 1969), pp. 44-48, and Grímsson and Broddason, Íslenska Þjóðfélagið, p. 157.

²Labour Force Statistics (1975), and Yearbook of Nordic Statistics (1980).

³Tölfræðihandbókin 1974, and Verðbólgu nefnd, Verðbólguvandinn (Reykjavík, Gmt. Publications, 1978).

measure, Iceland ranked second to Sweden amongst the Nordic countries for much of the sixties until the herring fishing collapsed in 1967¹. After the recovery, from 1970 onwards, Iceland has always been above Finland and sometimes in third place. Iceland's place in this league has been rather variable, from amongst the top five countries in the world to one of the twelve to fifteen highest countries. In terms of common indicators of consumption level, this picture is further reaffirmed. For example, Iceland ranks amongst the highest OECD countries as regards per capita private consumption, relative ownership of cars, telephones, and television sets, and consumption of energy². Iceland's GNI fluctuates more than is common amongst OECD countries, and its size may be slightly distorted by variable currency rates, but when all is considered the level of affluence appears as very high indeed by international standards. Iceland clearly has a very modern economy, and we can say that the extent of wealth in the country is broadly on level with the most advanced countries of the western world. This is of primary importance for the social and class structures of the society.

II.1.5. Booms and Slumps: The Growth and Expenditure of National Income

Reliable figures on Gross National Income are only available for the post-war period. Estimates do, however, exist for the period between 1901 and 1945³. The growth of GNI has been extensive during

¹OECD, Economic Surveys: Iceland (Paris, OECD, 1961-1979).

²Ibid.

³G. Blöndal, "Þjóðartekjur á Íslandi 1901-1934," Fjármálatíðindi, 25 (1978), no. 2.

this century, but the post-war period has seen the biggest boom periods. On the whole, it can be said that the progress has been cyclical to a considerable degree. In the early decades of the century, the economy was still to a large extent influenced by external factors, like biological and weather conditions, which might restrict growth, as in 1908 and 1909. A recession coincided with the sale of a large part of the trawler fleet to the Allies in 1917. The world recession at the beginning of the twenties is also reflected in the Icelandic estimates, but 1924 and 1925 were very prosperous years.

Unemployment had very much been a part of working people's existence in the first decades of Icelandic capitalism, but mainly in the form of seasonal and temporary stoppages due to fluctuations in the fishing industry. The Great Depression began to be felt in 1929, and the GNI level of 1928 was apparently only surpassed towards the end of the thirties. During those years, unemployment became a near permanent state of affairs for a large part of the workers. In 1932, for example, the average time period that unskilled manual workers spent in gainful employment was 7.4 months, fishermen had 7.8 months, and skilled workers 9.2 months¹. These are averages for a large sample from these groups, so a very sizable proportion is likely to have been more or less without paid work for most of the year.

In the Second World War, the economy picked up again with a return to full employment and a consequent dramatic increase in real national income. Considerable foreign credits were accumulated during the war. These profits were used to renew and modernize the fishing fleet in the

¹Skipulagsnefnd Atvinnumála: Álit og Tillögur (Reykjavík, Gmt. Publication, 1936), p. 65.

immediate post-war period, but due to adverse development in the terms of trade and reduced fish catches, a recession followed between 1949 and 1952 with a reduction in gross national income, as can be seen from Figure II.1.

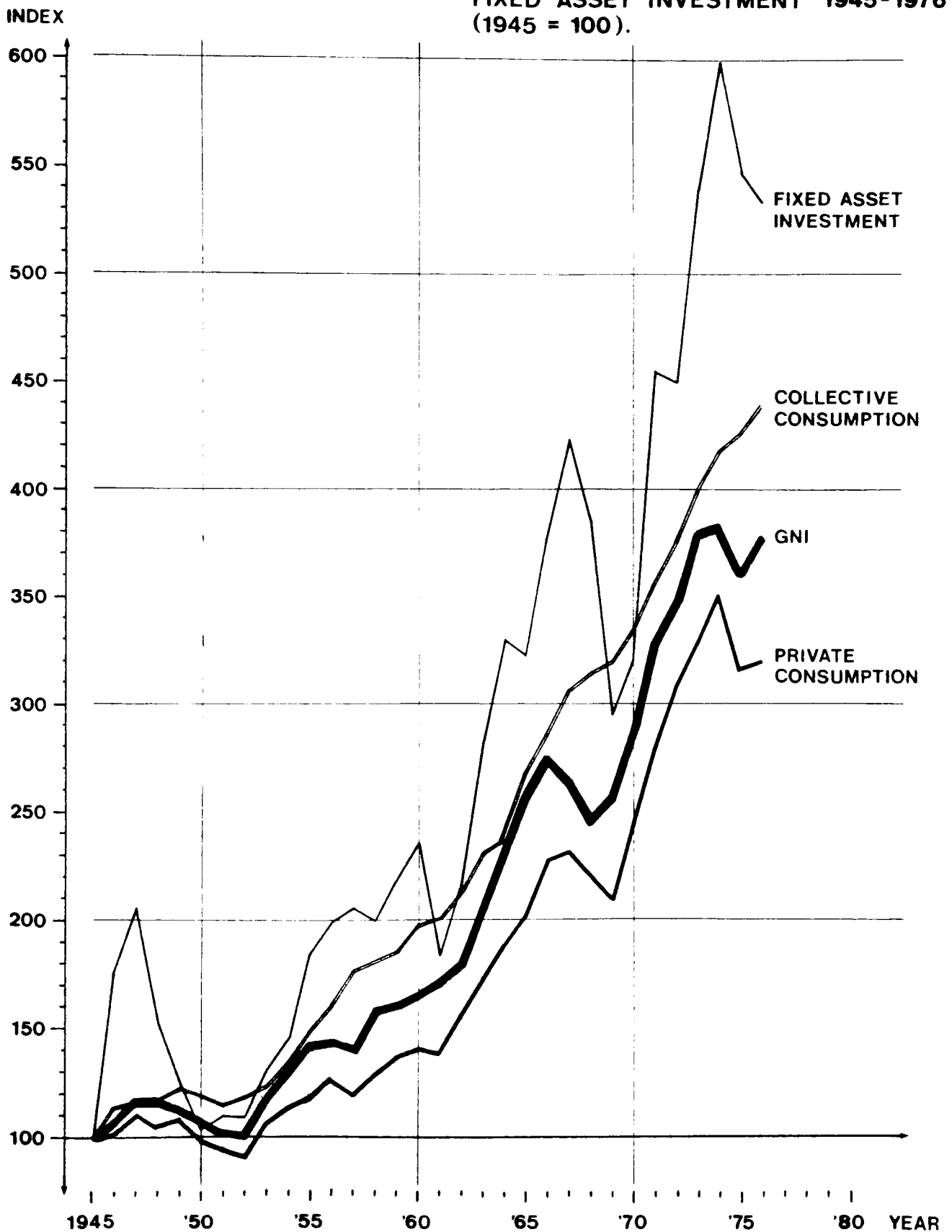
This figure summarizes well the development of GNI and its expenditure in the post-war period. After the recession around 1950, there was another one in 1956 to 1957, but not as serious. The biggest recession of the period is probably the one following the collapse of the herring stock between 1967 and 1969, when unemployment reached a peak and the level of living was considerably reduced. The last one is then the slight recession which came in the wake of the first oil crisis towards the mid-seventies. These fluctuations are quite important for our analysis, since they have been consequential for labour relations, politics, and living standards in the country. On the whole, the fluctuation in national income has been quite marked, more than is common amongst OECD countries, especially when terms of trade are taken into consideration¹. Fluctuations in fish exports and their prices weigh considerably in this context, but since 1960 the development of the terms of trade has, on the whole, been very favourable, considerably increasing the GNI².

Investment in industry has also been cyclical, partly reflecting periodic renovations of the fishing fleet, development of heavy industry, and hydro-electric plant constructions. This build-up is

¹J. Sigurðsson, "Verðbólga á Íslandi 1901-1974," Fjármálatíðindi, 21 (1974), no. 1, p. 37

²Verðbólgu nefnd (1978), op. cit., pp. 190, 198-203.

FIGURE II. 1. GNI, PRIVATE CONSUMPTION, COLLECTIVE CONSUMPTION AND FIXED ASSET INVESTMENT 1945-1976 (1945 = 100).



SOURCE: Verðbólgu nefnd (1978)

most marked between 1945 and 1948 when the trawler fleet was drastically expanded and modernized. In the sixties, the fleet of middle-sized boats for herring fishing was expanded in conjunction with the construction of new plants in industry and energy. And in the early seventies a massive build-up of a fleet of stern trawlers took place, often referred to as the "trawler revolution." This was also a period of large-scale investments in other fields.

Private consumption has, on the whole, lagged behind the development of GNI, but its developmental pattern is broadly similar. Collective consumption, government activities, and social provisions have increased much more smoothly throughout the period, being less affected by the slumps than the other expenditure posts, even though the proportion of national income spent on such collective activities is lower than in many other OECD countries, as we show in a later section.

II.1.6. Population Developments

Population developments are considerably influenced by social and economic conditions. There is typically a limit to the population that a subsistence agricultural economy can feed, and therefore the death rate tends to be high in such countries. With modernization, it goes down, and the population size is greatly increased, usually only to balance again with a rather high level of industrialization and modern ways of life. The Icelandic agricultural subsistence economy provided particularly difficult conditions for the population, largely because of rather unfavourable climatic characteristics. This is well reflected in the fact that at the time when Iceland's economy was beginning to change after a thousand years of subsistence agriculture and fishing, the number of inhabitants in the country was about the

same as when the country had become fully settled in the eleventh century--50,000-60,000¹. High and relatively variable fertility rates were offset by high and even more variable mortality rates, as continuous census data from 1703 shows. Thus, population growth was continually checked by famine, plagues, and natural disasters like volcanic eruptions.

Following economic progress, the mortality rate began to fall by the 1890s, bringing on a period of transitional population growth as the fertility rate remained high². The mortality rate continued to fall until the 1960s. Since then, it has been relatively stable.

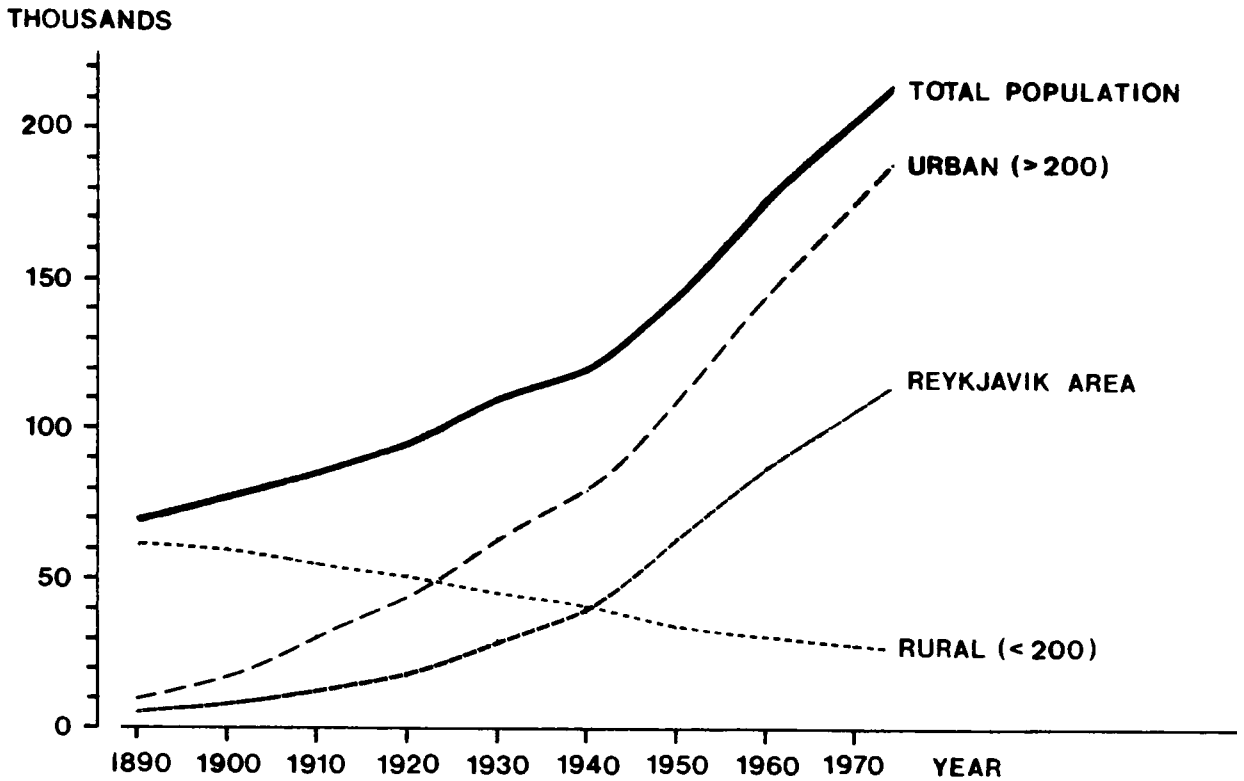
As Figure II.2 shows, the total population growth has continued more or less unhindered during the twentieth century, and it had trebled in size by the seventies.

Still there was a slow-down in the growth during the economic recession of the thirties when the birth rate fell dramatically³. But this drawback was largely compensated for by a baby boom in the early post-war period, a development common to most Western European societies. The high birth rate prevailed until the mid-sixties, when a continued downward trend became evident. Hence, the period of transitional population growth, characterized by high fertility and declining mortality rates, seems to have come to a halt in the late

¹R. F. Tomasson, Iceland: The First New Society, p. 58, and G. Karlsson, "Frá Þjóðveldi til Ríkisríkis."

²Grímsson and Broddason, Íslenska Þjóðfélagið, ch. 2.

³Mannfjöldi, Mannafli og Tekjur (1977), p. 32.

FIGURE II.2. POPULATION DEVELOPMENT IN ICELAND 1890 - 1974.

SOURCE: Statistical Abstract of Iceland 1974.

sixties and early seventies. This is a pattern which has been typical of advanced societies¹. With improved living standards, the proportional number of births goes down, and consequently the average family size declines. Still, in 1975 the birth rate in Iceland was relatively high compared to the OECD average. Of those countries, only Ireland, and probably Turkey, ranked above Iceland in this respect².

The age pyramid for 1977 already bears the mark of a lower birth

¹U.N. Demographic Yearbook 1971 (New York, U.N., 1972).

²Labour Force Statistics (1975).

rate from the late sixties with a significant reduction in the proportional size of the 0-4 and 5-9 age groups, a distinct sign of modern trends¹. In the period since 1975, the relative number of births has continued to decline.

With the advent of economic growth, the familiar demographic concomitant, urbanization, emerged. Figure II.2 bears out the steady contraction of rural population, mainly due to migration to the urban towns and villages. The Reykjavík area² has fairly consistently gained large numbers from the countryside, until in the last few years. Recently, the communities on Reykjanes peninsula (40 miles south of Reykjavík) have gained considerable numbers of migrants. Despite Reykjavík's overriding attraction, geographical distance has been found to affect the direction of population movements within Iceland in the sense that regional towns attract disproportionate numbers of local migrants, especially Akureyri in the northern part of the country³. Usually the migrants are young people, the 20-24 age group being the largest, and therefore the loss has been particularly costly for the provincial regions which lose most, i.e., in the western and north-western parts of the country. Consequently, the major aim of regional policy has typically been to slow down the depopulation of these regions. In a country slightly larger than Ireland with a population of about 220,000, half of which lives in the capital area, depopulation is bound to be a major problem in the provincial areas. Most

¹Yearbook of Nordic Statistics (1980), pp. 22-24.

²Including the suburban towns Kópavogur, Garðabær, Hafnarfjörður, Seltjarnarnes, and Mosfellsbyggð.

³Guðmundsson, "Internal Migration in Iceland," pp. 61-64.

of the provincial villages are fishing villages which grew up where conditions were favourable for constructing harbours and plentiful fishing grounds. It was only after the Second World War that sizable inland villages thriving on manufacture and services emerged¹.

After centuries of mass deaths from famine and plagues, the last plague having been the Spanish influenza in 1918, life expectancy in Iceland of the mid-seventies is amongst the highest in the world. This is a telling tale of advanced living conditions and health care. The average for females was about 76 years, and for males it was 71 years. In the 1850s, by comparison, the corresponding figures were 38 and 32².

Depopulation as a result of migration to other countries was first experienced during the 1870s when a large-scale emigration to North America began. Between 10 and 15% of the population was thus lost from the country³. Such large waves of emigration in the nineteenth century were also experienced by the other Nordic countries, like Norway and Sweden⁴. In Iceland this was a cumulative response to poor living conditions and hardship due to, amongst other things, limited opportunities for agricultural subsistence, imminent starvation due to natural disasters and unusually cold climate, as well as

¹Tölfræðihandbókin 1974, pp. 16-20.

²G. Baldursson, "Population," in Nordal and Kristinsson (eds.), op. cit.

³Kjartansson, "Vesturfarir af Íslandi," and S. Ólafsson, Lífskjör og Landflótti: Tilraun til Skýringar á Búferlaflutningi Frá Íslandi (Reykjavík, Félagsvísindadeild, 1980).

⁴Ø. Øyen, "Norges Befolkning," in Ramsøy and Vaa (eds.), op. cit., and L. Jörberg and S. Åkerman, in S. Koblik (ed.), op. cit.

disillusion with Danish control of the country¹.

Throughout the twentieth century, there has been a net loss of population from Iceland due to emigration. In the post-war period, these developments have taken a rather distinct form. Net emigration has taken place for the most part in short-term waves, and there have been four such waves since the Second World War. Elsewhere we have explained this pattern by means of a general theory of fluctuations in living conditions, which can be related to government economic policies². All of these waves have coincided with large-scale reductions in the level of real wages which have resulted from specific policy measures in periods of slight recessions or no growth of national income. Unemployment has coincided only with two of these waves. Unfavourable comparison of level of living aspects, like work volume, housing mortgages, and general welfare benefits, has provided sufficient uprootedness amongst Icelanders, especially the lower classes, to make them thus responsive to great fluctuations in economic well-being. The biggest majority goes to Sweden where living conditions have been very favourable³. During the emigration waves from Iceland, the proportion of the population thus lost has been higher than Finland's loss, which has been branded as outstanding amongst the Nordic countries in this respect.

Another demographic concomitant of industrialization, besides reduction in death and birth rates, urbanization, and the decline of

¹Kjartansson, "Vesturfarnir af Íslandi."

²Ólafsson, Lífskjör og Landflótti.

³Ibid.

family size, is increasing rates of divorce. Iceland is no exception to that tendency¹. Amongst the Nordic countries, Iceland ranks fourth in this respect, while Sweden has the highest rate and Norway the lowest. In general, Norway seems to have modernized with better adjustments in social aspects than the other Nordic countries, as judged, for example, by divorce and suicide rates².

II.1.7. Labour Conditions

The enlarged scale of operations in the fishing industry, following mechanization and increased number of ships, provided the conditions for the emergence of a class of urban day labourers in Iceland. Processing of the landed fish for exports called for new labour in the coastal villages and an extended division of labour. The fishing industry and the urban population, for example, required considerable supportive services, like the supplying of coal, salt, and food. In turn, increased wealth stimulated trade and made possible various public as well as private undertakings. This heightened level of activities sparked off migration to the villages, especially to Reykjavík, as previously noted. As a result of the rapid increase in the Reykjavík population, housing shortage became extremely severe in the first decades of this century, reaching a peak in the First World War. Many of the new inhabitants found themselves, therefore, in appalling living conditions³.

¹E. Niels, "Hjónaskilnaðir á Íslandi" (University of Iceland, B.A. thesis, 1976).

²E. Allardt, Att Ha, Att Älska, Att Vara: Om Välfärd i Norden (Lund, Argos Forlag AB., 1975), pp. 73-76.

³Þorleifsson, Frá Einveldi til Lýðveldis.

Around the turn of the century, most occupations in the Icelandic economy were manual occupations. Two-thirds of the labour force were still engaged in agricultural work, while fishermen and day labourers together made up approximately a quarter¹. Despite the rather low level of absolute population concentration, urban manual workers were already beginning to form their defensive organizations. As in many other societies, the "aristocracy of labour," the skilled craftsmen, led the way. Printers established the first trade union proper in 1887, and shoemakers organized themselves the following year². Unskilled workers did not, however, take long to follow these examples. Employers in the fishing industry in Reykjavík had formed an organization in 1894 to coordinate their activities. Their first concerted action in that year was an attempt at reducing the pay of deckhands as well as specifying conditions of employment on the ships of all members. In order to resist the cut and pursue further matters of interest to them, deckhands in Reykjavík swiftly formed the first fishermen's union (Báran). Soon the idea spread to other fishing villages and towns where it became common for fishermen and other manual workers to organize together. Because of fluctuating fish catches and export prices, fishermen's pay and employment security were very unstable, and preservation of pay tended, therefore, to be the main concern of the early fishermen's unions³.

Recognition of unions as legitimate bargaining agents for labour

¹Population Census 1901.

²Einarsson, Upphaf Íslenskrar Verkalýðshreyfingar, ch. 3.

³Ibid.

did not involve considerable open fights. Recognition rights were, on the whole, gradually acquired early in this century as employers were faced with the necessity of working out settlements with workers and backing them up with formal agreements. The fact that the early unions were primarily defensive organizations, rather than aggressive contenders for a larger share of the national wealth and power, may have facilitated the acceptance of unions to some extent. The Printers' Union (HÍP), for example, used the strike weapon for the first time in 1899, and by 1904 they were formally recognized by employers. In this respect, they preceded their unskilled colleagues by approximately a decade¹. Another factor in favour of the unions was a persistent support and stimulation from some members of the educated elite, who, in their craving for modernization, felt that occupational organizations had a decisive role to play. Experience of the importance of the labour movement and socialist ideology in Denmark was very influential amongst these labour-oriented intellectuals²

The Printers' Union was the first union to become properly recognized by employers before the First World War. Union demands were therefore rarely backed by strike activity. The war brought a drastic inflation in the prices of goods and forceful resistance from employers to increase the wage rate. This situation changed the relationship between labour's young organizations and employers completely, strikes became common, and the way for recognition of

¹Einarsson, "Bernska Reykvískrar Verkalyðshreyfingar," in H. Þorláksson (ed.), op. cit., pp. 204-225.

²Ibid.

of unions was cleared. Yet the legal framework for collective bargaining and union status was only formally established as late as 1938 in the first comprehensive industrial relations act.

While this date is close to that of the main agreement between employers and unions in Sweden¹, common practice in these matters in the Scandinavian countries, especially Denmark, provided a model for the Icelandic legislation.

As a result of quite intense labour conflicts in 1915, the trawler owners set up a representative organization the following year, Félag Íslenskra Botnvörpuskipaeigenda (FÍB) to coordinate their interests and deal with deckhands. This interest group became the most influential organization on the employers' side since the trawling industry came to be the leading industry in the twenties. The capital intensity of the industry, as well as the large scale of operations, made for relatively mature capitalist relations within it. The trawler owners' organization became the main negotiating opponent of the biggest labour unions, and employers in general, therefore, regarded it as their vanguard organization. It was replaced in this role by the Confederation of Employers (VSÍ) in 1934, which was primarily formed to deal with the Federation of Labour (ASÍ), in other words with the labour movement as a whole².

From the beginning, most unions specified formally the main union goals, especially the craft organizations. The printers stressed common pay rates, limitations on entry to

¹Korpi, The Working Class in Welfare Capitalism, p. 97.

²S. Þórðarson, "Félög Verkamanna og Atvinnurekenda," in Blöndal (1942), op. cit.

the occupation to secure employment, education of members, and the reduction of the working week to 60 hours. Later they set up a fund to provide members with sickness benefits, and by 1909 they had also established a fund for unemployment insurance. When masters and journeymen were represented by the same organization, as for example with shoemakers, joiners, and blacksmiths, the collective interests stretched to the setting up of common price rates, cooperation in securing raw materials at favourable prices, as well as reducing the working week¹.

For unskilled manual workers and fishermen, on the other hand, one of the main issues was the acquisition of the right to be paid in cash rather than in kind. The merchants were usually the main employers of unskilled labour, and they typically paid their workers in the form of credit accounts in their stores. This gave the employers considerable power over workers and stood in the way of improved pay and working conditions. The parliament passed a law in 1902 prescribing monetary compensation for work, but some time was still to pass before that became the common practice². The very influential Reykjavík Transport and General Workers Union ("Dagsbrún"--Dawn) was established in 1906. The declaration of intent stated the aims of increasing employment stability and pay for members (unskilled workers were continually subjected to seasonal unemployment), control over working hours, restricting work on Sundays and church days, increasing education and solidarity of members, and helping workers

¹Einarsson (1970 and 1974), op. cit., and S. Þórðarson (1942), op. cit.

²Ibid., and Blöndal and Kristjánsson (eds.), Alþingi og Félagsmálin.

who were struck by accidents¹.

At their first meeting, the members passed a resolution stating that the basic working day should be from 8 a.m. until 6 p.m., that is 11 hours a day, including one hour for two paid coffee breaks. The basic pay rate should be 0.25 krónur an hour during the winter (when demand for labour was at its lowest) but 0.30 krónur for the period from 1 April through September. The overtime rate should be constant throughout the year at 0.35 krónur. At the time, wages of day labourers usually ranged from 0.18 to 0.25 for the winter period and from 0.25 to 0.30 during the summer, so clearly "Dagsbrún" (TGWU) did not, by any means, claim an excessive wage rate. In 1908 the union tried to get an increase in the basic rate which met with some resistance, but during the following year it was gradually accepted, and it remained in force until 1913 when "Dagsbrún" bargained with employers for a new increase of 0.05 kr. That was the first formal agreement between the union and employers. A major employer in Reykjavík at this time refused to pay the new rate unless workers would work two extra hours a day on the basic rate, but after a two-months strike, he gave in, and a formal agreement was inevitable, thereby conveying recognition on the union². Svanur Kristjánsson has shown that, in pay bargaining, the unions were to the largest extent guided by development in the cost of living and the state of industry³. Their stance was thus rather moderate, and their strength

¹Einarsson (1970 and 1974), op. cit.

²Ibid.

³S. Kristjánsson, Íslensk Verkalyðshreyfing 1920-1930 (Reykjavík, Ö.Ö., 1976), p. 23.

tended to follow fluctuations in the economy, as was common in the early days of other western labour movements¹.

Working conditions for the large part of the labour force which made its living by manual work were generally very harsh in the early days of Icelandic capitalism. Even though the Reykjavík TGWU pledged itself to a basic 60-hour working week, hours were frequently much longer in practice. Workers were willing to work more when the opportunities allowed, since wages were very low and employment was often very unstable. At sea, fishermen worked even longer hours than day labourers in the villages, since all the crew had to be on deck when fishing. Contemporary descriptions indicate that two days and two nights of continuous fishing without any breaks for sleeping were common. On the third day, the men would normally get some sleep². If fishermen resisted, they would be offered to "take their sack." The slavery on the fishing fleet did cause some concern amongst liberal and leftist politicians who were approached by deckhands, mainly of the trawling fleet, with request for support³. Since owners and deckhands had not been able to negotiate working hours, the parliament eventually passed a law in 1921, "the wake law," securing deckhands on trawlers the right to six hours of rest out of every 24 at sea. This was extended later to eight hours. Fishermen's overall pay was, and is, partly determined by the size of their catches, and therefore the law was never strictly adhered to.

¹H. Phelps-Brown and M. H. Browne, A Century of Pay (London, Macmillan, 1968).

²Þorleifsson, Frá Einveldi til Lýðveldis, pp. 154-155.

³Sverrir Kristjánsson, "Vinnuvernd," in Blöndal (1942), p. 143.

Throughout the nineteenth century, it had been very common for women to do heavy manual work. With the rise of the fishing industry, female labour became the normal labour for fish processing (mainly cleaning, cutting, and salting of fish, at that time). On average, they received only 50 to 60% of men's wages for manual work. It was not until 1914 that the first union of female labourers ("Fransókn") was established, but the sex differential in wages did not change much in these early years. During the thirties, the female rate was still only about 60% of the male rate¹.

An unskilled manual worker was considered fairly lucky to make 750 krónur in gross income in 1914². This is a rather low estimate considering that a worker could earn an hourly wage of 0.30 krónur and work a full 60-hour week, but in most cases seasonal unemployment is likely to have reduced the gross yearly income. In addition, some employers did not pay according to union rates. At the same time, a teacher at the grammar school in Reykjavík was earning 4,000 krónur, that is between five and six times the income of the worker. Top administrators were, of course, earning still higher incomes. According to contemporary newspapers, a worker's family could not afford to eat meat, butter, nor drink milk, but had to make do with the "cheapest small fish, bread, margarine, black coffee, sugar, cabbage, and porridge"³. The inflation in prices during the First World War was

¹Millipinganeftnd í Launamálum 1934 (Reykjavík, Gt. Publication, 1939), S. Þ. Erlendsdóttir, "Reykviðskar Konur í Atvinnulífinu 1880-1914," in K. Ástgeirsdóttir (ed.), Reykjavík Miðstöð Þjóðlífsins (Reykjavík, Sögufélagið, 1977), pp. 41-61, S. Þórðarson (1942), op. cit., and S. Kristjánsson (1976), op. cit.

²Þorleifsson, Frá Einveldi til Lýðveldis, p. 156.

³Ibid.

not matched by increases in wages, but employers' profits increased considerably, and conditions for intensified class conflict emerged. Deckhands on trawlers, who were generally believed to have higher incomes than day labourers in the villages, came out in a very influential strike in the spring of 1916 in support of their claim for a retention of their traditional share of the value of catches after an increase in the export price of fish. This applied specifically to the sale of liver which had traditionally provided trawlermen with a bonus on top of the basic wage. The trawler owners sparked off the conflict by claiming the extra revenue from price increases for themselves¹.

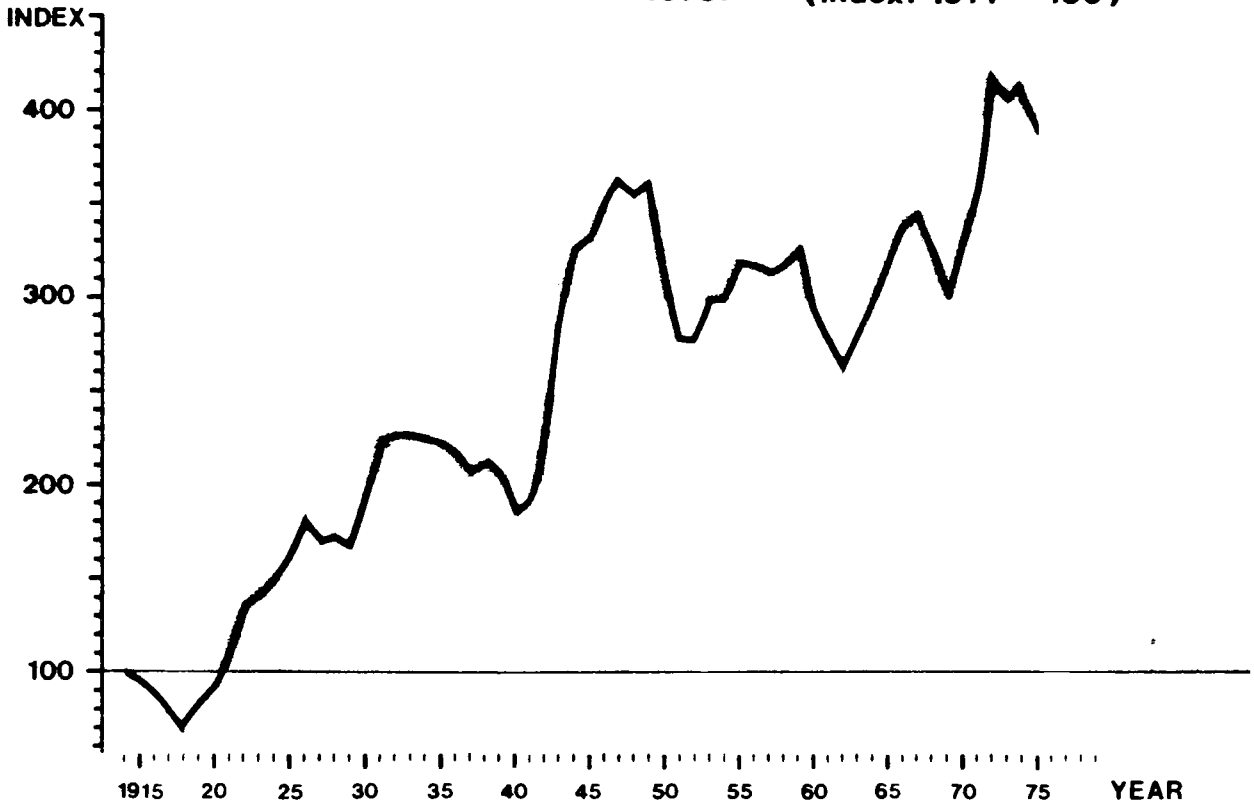
Figure II.3 gives a good insight into the progress in labour's pay achievements since 1914. Most of labour's struggles have revolved around pay issues as primary demands², and such a survey of the developments amongst a representative group of manual workers is likely to be indicative for the majority of occupational groups within that class, since bargaining is always constrained by inter-group comparisons. This does not, however, show fully the earnings developments of these workers since wage drift and bonus remuneration systems are quite common, as will emerge clearly in later chapters.

The continuous reduction in real wages during World War I is clearly born out in this diagram. As prices galloped, wages lagged behind despite the intensified pressure from the unions. It was not

¹Ibid., pp. 159-160.

²E. Sigurðsson, "Stofun Dagsbrúnar og Kaupgjaldsbarátta í 50 Ár," Dagsbrún, 14 (1956), no. 1, and S. Traustadóttir, "Verkföll á Íslandi 1930-1942" (University of Iceland, B.A. thesis, 1977), p. 40.

FIGURE II. 3. DEVELOPMENT OF DOCK LABOURERS' BASIC REAL WAGE IN REYKJAVIK 1914 - 1975. (Index: 1914 = 100)



SOURCE: Verðbólgu nefnd (1978)

until 1919 that this trend was reversed, and it took two years to regain and surpass the level of wages from before the war. From 1921 onwards, prices came down again, a trend which lasted the whole decade, except the year 1924. The Society of Trawler Owners (FÍB) had formally accepted the Union of Deckhands in Reykjavík ("Hásetafélagið") as a legitimate bargaining agent following the conflict in 1916, and employers in other industries and regions came also to recognize more workers' unions in the years after the war.

By 1930 most unions were, in practice, granted bargaining rights¹. Thus, the bargaining power of the Federation of Labour (ASÍ) was markedly increased from the early twenties onwards. When the prices in export markets fell, as they did between 1920 and 1923, employers soon attempted to lower the basic wage in line with prices. While the unions accepted some cuts, the prices fell even faster; thereby the real wage was increased. Fishermen, who were in the vanguard at the time, fought a tough battle with employers in 1923. This conflict ended with a compromise which, in effect, secured fishermen a wage rate which was similar to what it had been before prices started to come down in 1920². Labour was clearly using its increased power to preserve and increase the real wage. This also highlights the predominant form of labour's struggle as a defensive struggle, as we will emphasize further below.

The year 1924 was the only year during the twenties that prices actually increased considerably, and immediately the real wage rate dropped, as can be seen from Figure II.3 above. This reflects on the fundamental threat of inflation to labour. While unions could often preserve obtained wage rates, even in the face of lower prices, real wages could usually be cut behind their backs by a rise in the cost of living. There would always be a time lag in the response to such cuts, providing business with some gain, and it has always been more difficult to raise wage rates than to hold on to already obtained rates.

In 1925, Fishermen won another increase in their pay, and shortly after that the prices came down again. Consequently, real wages were

¹S. Kristjánsson, Íslensk Verkalyðshreyfing 1920-1930, p. 25.

²Verðbólgu nefnd, Verðbólguvandinn, pp. 182 and 190.

considerably increased in that and the following year. From then on, they remained relatively stable until the thirties. When prices fell in 1930-31, wages increased slightly and then remained at the same level until 1937, when they were increased again. Paradoxically, then, real wage rates of unskilled workers increased slightly with the onset of the Great Depression. The primary crisis effect for labour was therefore the unemployment problem. Previously, seasonal and temporary unemployment had been a fact of life for workers in Iceland, but with the crisis it became a near permanent condition for sections of the labour force, even though some seasonal variation was still observed¹. At this time, the unions turned their fight towards government and local authorities in the hope of getting them to increase employment. Strife for higher pay and improved working conditions inevitably took a second place. In 1932 the defensive struggle rose to an all-time peak when the Reykjavík council attempted to lower the wages for public work. This was done because of pressure from employers who wanted to cut the rates but required an independent precedent to legitimate their attack. Already experiencing lower living standards because of the poor employment conditions, workers in Reykjavík were determined to resist all attempts to cut their wages. Because of fear of the outbreaks of further intense and violent struggle, the council eventually gave in to workers, and the wage rate was preserved².

¹Blöndal (ed.), Félagsmál á Íslandi, p. 201.

²E. K. Haraldsson and Ó. Einarsson, Gúttóslagurinn 1932: Baráttuárið Mikla í Miðri Heimskreppunni (Reykjavík, Ó.Ó., 1977).

Most fishermen, on the other hand, suffered immediate reductions in their pay when the price of fish in foreign markets fell. This was because their pay was partly dependent on the value and size of fish catches. Fishermen on small boats were particularly badly hit, as they were paid solely on the basis of this share, unlike trawlermen who had a fixed basic wage as well as the share. Even in good years, the variation in inshore fishermen's pay would be considerable. When hit by the depression, the main demand of fishermen on smaller boats was therefore a secure basic wage, and this was achieved in Reykjavík in 1936. The contract between the Fishermen's Union (formerly the Deckhands' Union) and the Society of Motorboat Owners extended only to herring fishing, though, to begin with¹.

S. Þórðarson argued that workers in the provincial areas were unable to defend their wage rates to the same extent as workers in Reykjavík, because their unions were not as strong, and large groups of workers there were not unionized, as, for example, road-building workers². He also made the observation that workers were less willing on the whole to use the strike weapon during the years of the depression than during earlier periods. The restriction on international trade which followed the crisis proved a useful impetus for developing new manufacturing industries in Iceland. During these years, workers in such industries formed a union ("Iðja"), and they were fairly successful in obtaining pay increases before the end of the decade³.

¹S. Þórðarson, "Félög Verkamanna og Atvinnurekenda," p. 240.

²Ibid., and S. Kristjánsson, Íslensk Verkalyðshreyfing 1920-1930.

³S. Þórðarson, "Félög Verkamanna og Atvinnurekenda," p. 241.

Following Britain's occupation of Iceland in 1940, there was an immediate expansion in the demand for labour. The persistent unemployment of the thirties disappeared more or less overnight as the armed forces commissioned large-scale construction work, and prices in export markets became increasingly favourable. Prices started to go up very rapidly in Iceland at the same time, and wages lagged behind to begin with, since a wage freeze had been imposed in 1939 with only 75% compensation for increases in the cost of living¹. Remembering the bitter experiences from the First World War when price rises drastically reduced real wages, the unions started to fight for full indexation of wage rates to prices². At the beginning of 1941, this was increasingly agreed to by employers, but it remained a hotly debated issue. The wage freeze was also lifted at the same time. Consequently, real wages were preserved and even rose slightly through new bargaining agreements. Towards the end of the year, however, the government became increasingly concerned with the problem of inflation. Faced with large wage claims (16-30%) from skilled workers, and widespread strikes in early January 1942, the government passed temporary legislation banning all wage and price increases. An arbitration court was set up to deal with conflicts and authorize "adjustment" when reasonable grounds would allow. Strikes were also banned, and heavy fines were to be imposed in cases of violations. This, along with the wage freeze law from 1939, was the most serious attack from a government on the labour movement's

¹H. Sigurðsson, Kjaradeilur Ársins 1942 (Reykjavík, Framlag, 1978), p. 5, and S. Traustadóttir, "Verkföll á Íslandi 1930-1942," especially the appendix.

²S. Traustadóttir, op. cit.

bargaining rights, and it signalled the advent of a new era of active government involvement in the bargaining process¹.

The intense demand for labour enhanced unions' power to fight for better conditions despite the legislation. All around them, workers saw evidence of rising prosperity, and they were determined not to let employers be the sole beneficiaries, as during the First World War. The fear that there could be a return to crisis conditions and unemployment after the war increased the feeling of urgency amongst workers as well². Already in February they started pressing for wage increases by means of wildcat strikes which the unions refused to condemn. Success was quickly achieved in the form of wage drift. Faced with threats of walk-outs, employers usually offered to pay for two extra hours of overtime which were not worked. This, in turn, sparked off demands for a shorter working week, that is, an 8-hour working day on basic rates.

By May, the wage drift had become so common that the newly founded Union of Public and Municipal Employees (BSRB) used it to justify a demand for 20% increase in basic salary rates to keep in line with the private market. The Reykjavík council used the same trick, i.e., wage drift, to bypass the law that private employers had used, and thus the union demands were fully met³. The determination of workers, coupled with a very high level of demand for labour, thus accounted for labour's gain in real wages despite attempts to block

¹H. Sigurðsson, Kjaradeilur Ársins 1942.

²Ibid., p. 41.

³Ibid., p. 43.

that gain by government and employers. The acceptance of the 48-hour working week and 50% and 100% additions to pay for overtime and night work, respectively, were also achievements of 1942. Together, these gains were amongst the biggest step forward for labour in the fight for higher pay and improved conditions to date. Printers had been the first to win an acceptance of a 48-hour working week in 1921, way ahead of other unions¹. In 1935 some groups of workers in the manufacturing industry achieved this right, but the bulk of manual workers were still on the 60-hour week in 1941. After 1942 workers' basic real wages continued to rise until 1947, as Figure II.3 above indicates, making this period monumental in the history of pay struggles. Then there was a slight drop in 1948, probably due to a partial indexation, but the previous level was regained the following year.

These increases in basic wage rates, shortening of the basic working week, full employment, and abundant overtime produced the most rapid change in workers' living conditions in this century. Since manual workers suffered unemployment to a larger extent in the past, employment changes should have improved their overall pay relative to other occupational groups.

Workers were hit by unemployment again in 1946, and it increased to substantial proportions in the period from 1950 to 1952². At the same time, real wages fell considerably, but after a lengthy strike by the Reykjavík TGWU ("Dagsbrún") and other unions in December 1952, some increase was obtained³. This is, however, only reflected in our

¹S. Þórðarson, op. cit., p. 241.

²Tölfraeðilhandbókin 1974, p. 61.

³Þorleifsson, Frá Einveldi til Lýðveldis, p. 263.

diagram of Figure II.3 in 1953. After a five-week widespread strike by manual workers in 1955, another gain in nominal wages was secured, but this is not reflected in the real wages of dock labourers. In order to facilitate a settlement, the government had promised the unions to set up an unemployment insurance fund which covered all unionized workers. In exchange for that, the unions accepted a lower increase than they were originally set to get. Such trade-offs were to become more common in later bargains. The leftist coalition government which was in power from 1956 to 1958 guaranteed labour its pay by honouring a proper indexation of wages to prices. A redistribution of wealth was to be achieved by means of a tax on substantial property. The wage raises thus remained on level with prices until 1959, when wages rose slightly faster.

The coalition of conservatives and social democrats which came into power in the autumn of 1959 and stayed in power until 1971 introduced some major new policies, concentrating on the liberalization of trade. A part of the new deal was an outright ban on wage indexation following a very large devaluation of the currency in 1960. This ban, the first of its kind since wage indexation in various forms came to prevail in 1941, lasted until 1964. The immediate effect of the devaluation was a rapid increase in prices which was not matched by wage rises. Thus, the real wage of workers fell drastically from 1960 to 1962, as Figure II.3 above bears out. This was the biggest setback for workers since the beginning of the fifties, and it was quite remarkable, given that this was a period of full employment. The main concession which labour was offered for this meagre deal was a reduction in taxation. The subsequent rise was more modest; the real

wage rate surpassed the 1959 level only by 1966, i.e., at the height of the herring boom. As a means of containing inflation, government and employers managed a number of times to get unions to trade wage rises for other benefits during the sixties, for example with workers' housing construction and more paid holidays (1964), a shorter working week in 1965 (from 48 to 44 hours), and pension funds for all unions in 1969¹. From 1965, partial indexation was implemented, so the increases in real wage which were obtained resulted from persistent pressures from unions in bargaining, as we show in a later chapter.

After the indexation became a matter for collective bargaining again, in 1967, differential indexing was agreed upon for the first time in 1968 with low wages being fully compensated for higher prices whereas higher wage earners received the same flat rate or less. Overtime rates were only partially compensated. Unemployment set in again in 1968 and 1969 after the collapse of the herring stock and falling prices on the American market, considerably reducing the bargaining power of unions, which were faced with forceful arguments about the serious economic conditions. Consequently, the unions had little choice but to accept cuts in living standard through partial wage indexing in this period of rapid price rises, which were primarily caused by devaluations of the currency².

In 1970 the real wage picked up again after resumption of full indexing and new bargaining settlements. From then to 1972 followed a period of very rapidly rising real wages, with gains comparable to

¹Verðbólgu nefnd, Verðbólguvandinn, pp. 296-309.

²Ibid.

those of the war period, 1942-47. This all-time peak was retained until 1975. Further gains for labour were secured through a government legislation prescribing a 40-hour working week and four weeks of paid holidays a year in 1971¹. Printers, the leaders in bargaining for rights and benefits, had negotiated 12 paid holidays early in the century, but it was not until 1941 that unskilled workers generally got any paid holidays, and then only six². In the following year, "Dagsbrún" (TGWU) bargained for 12 days, 15 in 1952, and 18 in 1955³. The last achievement prevailed until 1964 when they gained another three days, and by 1972 the number of paid holidays reached 24.

On the whole, then, the development of real wages of workers has been somewhat cyclical so far in this century. There are three periods of major decline: the First World War, the beginning of the fifties, and the early sixties. Smaller setbacks occurred from 1926 to 1929, at the beginning of the Second World War, and during the temporary recession of 1967-69. In the years of the Great Depression, the rate remained fairly stable. Then, there were two periods of very rapid gains, 1942 to 1947 and the early seventies. The remaining periods are ones of slow growth or stability.

Inflation became a permanent condition of the economy in the post-war period, and preservation of negotiated wages became, therefore, a major concern of labour's organizations, as is evident from the present survey. This was no easy thing to achieve, especially after

¹Ibid.

²S. Þórðarson, op. cit., pp. 241-242.

³Tölfraeðihandbókin 1974, p. 154.

government attacks on the purchasing power of wages by imposing partial indexation, or banning it altogether, became common. These attacks stemmed from the economic policy which was prevalent for much of the period. The main aim of the policy was usually to secure profits in the export industries, mainly fish processing, which were frequently subject to fluctuations in market prices. The most common solution has involved a devaluation of the currency which has secured sufficient profits in these industries, but at the same time prices of imported goods have risen. In order to dampen the consequent inflationary effect, wage raises have been restricted relative to prices. This state of affairs has put the unions in a somewhat peculiar defensive position, in which bargained pay contracts could be overruled by governments a few months after their completion. In fact, unions have sometimes accused employers of entering into agreements which involved significant gains for labour on the understanding that the government would shortly put matters right for them. Another interesting feature of these developments is a form of differential indexation which, in theory, should give those on low pay higher increases. If effective in the long run, such a measure should have reduced the degree of income inequality. Usually, though, it has only been temporarily applied, but it will be of interest to examine the effect, if any, on income distribution in a later chapter.

II.2.1. The Occupational Structure 1930-1975

As we outlined in the first chapter, our theoretical approach places much emphasis on the occupational division of labour as a "backbone" of the class structure. The occupational structure has manifold implications for the shaping of class structure. For example,

a place in the occupational hierarchy can exemplify, to a large extent, a shared type of work, shared work environment and conditions, structured channels of opportunities, and shared degree of job quality with concomitant possibilities for job satisfaction and realization of rewards. It also has direct influences on class formation as represented in the form of unionization, as we will show in a later chapter. Having surveyed briefly conditions in the labour market throughout this century, it therefore remains to examine the occupational structure and its development, in particular during the latter part of this century.

The occupational structure is, of course, determined by the industrial structure of the economy, as well as the level and type of technological application. In line with the development of the economy from primary sector employment, through manufacturing, to the latter-day predominance of growth in service industry, the distribution of occupations has understandably expanded in the direction of white-collar jobs and away from manual occupations. This relative decline in the number of manual occupations and expansion of white-collar occupations, formerly associated with "middle class" position, is well known in advanced societies, but it has generally not been as sizable as the shift in industrial structure¹. The service industries do also generate manual jobs, even though the creation of white-collar jobs there is relatively predominant.

¹G. Therborn, "The Swedish Class Structure 1930-1965: A Marxist Analysis," in R. Scase (ed.), Readings in the Swedish Class Structure (Oxford, Pergamon Press, 1976), P. Dombos, "Some Recent Changes in the Swedish Occupational Structure," A.S., 22 (1979), no. 4, and, for Britain, Goldthorpe, Social Mobility and Class Structure in Modern Britain (Oxford, O.U.P., 1980).

The Icelandic occupational structure has also been subjected to a similar transformation, as Table II.4 shows. In 1930 the manual working class occupations were by far the most numerous, including more than two-thirds of the labour force. Of these, approximately a quarter were fishermen, and just over a fifth were in domestic service. The latter worked primarily in the agricultural sector, and no doubt many of them were dependents of farming families. Foremen were only about 3% of all manual workers, or 2.2% of the whole labour force. The remaining 35% consisted then mainly of wage labourers. By 1960 the proportion of the total manual class was down to 57%. By comparison to Sweden, this seems to be a rather rapid decline, indicating that this aspect of modernization in Sweden took place largely in the earlier decades of this century¹.

Our figures for 1975 are estimated from a different data base (tax records), which means that direct comparability with the earlier census figures cannot be asserted, but the trend seems to have continued in the same direction. Of the manual workers in 1960, fishermen were about 15%, as against 25% in 1930. Thus, the need for fishermen has declined as operations aboard bigger boats and trawlers have become increasingly mechanized.

Domestic service is a sphere of work that has almost died out in the course of this century. In 1930 such servants formed more than 20% of the manual working class, and by 1960 they were down to about 9%, the great majority (96%) being in agriculture. Clearly, then, the number of wage labourers and craftsmen has increased during

¹G. Therborn, op. cit., p. 166.

TABLE II.4. Distribution of the Labour Force
by Occupational Classes 1930-1975
(Males and Females)

	1930	%	1940	%	1950	%	1950	%	1975	%
Employers, all	10,114	21	10,562	20	11,232	18	11,672	18	11,638	13
Self-employed	4,277	9	4,279	8	5,022	8	7,482	12	6,892	8
With employees	5,837	12	6,283	12	6,210	10	4,190	6		
-Farmers	6,597	14	6,896	13	5,977	9	6,203	9	4,746	5
Managers, directors	376	1	456	1	1,364	2	1,408	2	..	2
Non-manual other	5,054	11	7,676	15	9,519	15	14,471	23	30,922	33
Non-manual, total	15,544	33	18,694	36	22,115	35	27,551	43	42,560	48
Manual, total	32,015	67	33,811	64	41,480	65	37,079	57	45,857	52
Fishermen	7,646	16	..	..	5,718	9	4,318	8	6,042	7
Domestic help	5,485	12	..	..	4,247	7	3,437	5	..	..
Farm workers	10,664	22	..	..	..	..	4,105	6	2,970	3
Population active	47,559	100	52,505	100	63,542	100	64,630	100	88,417	100

Source: Population census 1930 and 1960 and Statistical Bureau Bulletin 1977.

Note: The figures for 1975 are estimated from statistics on tax payers which affects their comparability. They can only be taken as broadly indicative.

the period, even though the overall proportion of manual jobs has gone down.

Independent employers were quite numerous in 1930, just over a tenth of the labour force, and self-employed individuals, mainly artisans, made up another 9%. While the number of independent farmers was continually going down, they were still a sizable group in 1930 (14%). Managers and directors in business were a very small minority (1%). The remaining section, non-manual workers, counted for just over a tenth of the labour force, a proportion of the same order as that of independent employers. The non-manual group consisted mainly of sales (2.7%), clerical (2.1%), and general service workers (5.8%). Directors in public institutions belonged also to this group (0.8%).

The number of employers in the private sector went down very drastically during the period. By 1960 their proportion (6%) was only a half of what it had been during the thirties. This reflects two main developments--firstly, the increasing role of government, cooperatives, and local authorities as employers, and secondly, increased concentration in the private sector. Public employment grew especially rapidly during the fifties when the absolute number of employees in the private sector actually declined. The change in concentration in private employment can be inferred from the ratio of employees to employers. In 1930 there were, on average, six employees to every employer. By 1960 the ratio had gone up to about nine as a result of increased size of firms and formations of corporate chains.

The group of self-employed individuals was the only one within the class of independent employers to increase its proportional size, but that development took place solely during the fifties. This

increase is probably accounted for by independent transport workers, that is, own-account truck and delivery drivers, who became very prominent as an occupational group at that time. Some redefinition of that category seems to have taken place as well in the 1960 census. The independent farmers were down to 9% of the labour force in 1960. Managers and directors continually increased their numbers during the period, and by 1960 they were up to 2% of the labour force.

As service industries expand and productivity increases in the manufacturing and fishing industries, a faster growth in the number of non-manual or white-collar occupations is to be expected, as has been typical in the development of industrial societies. This expectation is indeed born out by the figures for Iceland in Table II.4. The non-manual group doubled its size between 1930 and 1960. Since 1950 clerical jobs, along with professional and technical occupations, expanded the fastest. The typical consequence of these developments was, of course, the rapid expansion in the demand for female labour. According to census figures, female participation in the labour market fell during the thirties and forties but took a decisive upward turn after that as the industrial structure changed¹.

As we show in the next section, the growth in non-manual occupations has mainly been tied to lower level white-collar jobs, like sales and clerical workers, who often enjoy working conditions and rewards on a level with some manual occupations².

¹Population Census 1960.

²H. Braverman, *Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century* (New York, Monthly Review Press, 1974).

Our estimates of the occupational distribution clearly indicate a continuation of the same trend after 1960, namely a gradual reduction in the proportional size of the manual working class and independent employers, coupled with a decisive growth in non-manual occupations. While some of the advanced industrial societies have obviously progressed further with the division of labour than Iceland, the pattern which has been outlined here is basically in the same direction. Furthermore, the distribution of the labour force by basic occupational classes in Iceland is now quite similar to the pattern which prevails in other Nordic societies, as the table below shows.

TABLE II.5. Occupational Classes in
the Nordic Countries in 1970

A. The Whole Labour Force:

	<u>Iceland</u>	<u>Denmark</u>	<u>Finland</u>	<u>Norway</u>	<u>Sweden</u>
Employers	15	19	22	17	9
Non-manual	32	36	31	83	91
Manual	52	45	47		

B. The Non-agricultural Labour Force:

Employers	10	12	7	9	6
Non-manual	39	40	39	91	94
Manual	51	48	55		

C. The Non-agricultural Labour Force, Males Only:

Employers	15	14	8	10	8
Non-manual	33	32	28	90	92
Manual	52	54	64		

Source: Yearbook of Nordic Statistics 1977.

The large discrepancy in the size of the employers' class is largely due to the differing sizes of the agricultural sectors, as section B of the table bears out. This effect is most important in Finland, Norway, and Denmark. Excluding the agricultural sector still leaves Denmark with the largest proportion in the employer class, closely followed by Iceland. Both of these societies have a relatively large group of self-employed individuals.

All the Nordic countries, except Sweden, have the largest proportion of the non-agricultural labour force in the manual working class, despite the steady growth of non-manual occupations for most of this century¹. If, on the other hand, we look solely at males (section C of the table), the manual working class is easily the largest in numerical terms in all of these societies. This reflects the concentration of economically active females in the non-manual jobs, and Sweden has the highest rate of female participation in economic life. Females do not inflate the non-manual class to the same extent in Iceland as in the other Nordic countries, because of the fish processing industry's role as an employer of females in manual occupations.

The size of the employer class in the non-agricultural male labour force is a good indicator of the degree to which concentration of firms and corporations, as well as government employment, has advanced. The figures imply that Sweden, Norway, and Finland have led the way in these developments.

¹Yearbook of Nordic Statistics 1979, p. 45, and Korpi, The Working Class in Welfare Capitalism, ch. 3.

II.2.2. Occupational Developments from 1964 to 1975

In order to clarify the occupational structure further, we now look at a breakdown of the major occupational classes, by sectors and sex, for the ten years up to 1975. This is also a useful background to the examination of the general and occupational income distribution in the next chapter (Table II.6).

Looking first at the private sector, it emerges that its male labour force has more or less retained its size, i.e., about half of all employed males, whereas its female labour force has contracted considerably. The biggest group of males in this sector is unskilled manual workers, but their share went down in the period by 1% to 21.5% of the whole labour force. Skilled manual workers, on the other hand, increased their share slightly, almost up to 12%. But the pace in the increase of clerical and sales workers was the fastest amongst these groups, from 6.5 to 7.3%. At the top of the occupational hierarchy, there was a slight increase in the numbers of employers and managers as well as professionals. Regarding the latter group, it should be noted that the biggest number of professionals is probably employed by the government, and they are therefore included in the general group of civil servants. Some independent professionals are classified as employers/managers--for example, lawyers and architects. The main contracting groups, apart from unskilled workers, are foremen and the self-employed, the latter group mainly consisting of artisans and small shopkeepers.

The situation of females in the private sector of the occupational structure is very different¹. They tend to be concentrated in two

¹Note that the figures for females exclude married women. The absolute number is therefore too low, but the distribution is indicative even though the reliability is less satisfactory than in the case of males.

TABLE II.6. Distribution of Taxpayers by Occupational Groups, Sectors, and Sex in 1964 and 1974

	<u>Males</u>		<u>Females</u>		<u>Reykjavík Area Only, Males</u>	
	<u>1964</u>	<u>1975</u>	<u>1964</u>	<u>1975</u>	<u>1975</u>	<u>% of Total</u>
The Private Sector:						
Employers, managers	4.2	4.4	0.5	0.3	4.9	58.2
Professionals	0.4	0.6	0.1	0.1	1.0	84.5
Self-employed	2.5	1.7	0.5	0.3	2.9	90.0
Foremen	3.0	2.7	0.2	0.1	2.9	54.9
Clerical, sales	6.5	7.3	17.3	17.2	10.6	74.9
Skilled manual	11.7	11.9	0.8	0.6	13.1	56.3
Unskilled manual	22.4	21.5	26.0	21.3	19.6	47.2
The Public Sector:						
Doctors, dentists	0.6	0.8	..	..	1.1	71.9
Teachers, headmasters	1.9	2.2	1.4	1.5	2.0	47.5
Civil servants	5.0	8.0	4.0	5.5	11.1	71.8
Local govt. employees	2.1	2.1	1.3	2.1	2.8	66.7
Welfare services	0.4	1.2	7.1	11.5	1.7	72.2
Manual workers	2.2	2.1	0.1	0.9	2.6	63.4
The Fishing Sector:						
Officers	2.5	2.4	..	..	1.2	25.1
Deckhands	7.4	5.6	0.1	0.2	2.9	26.5
The Agricultural Sector:						
Farmers	9.1	5.8	2.1	1.4	0.7	5.1
Farm workers	2.3	1.7	3.7	2.7		
Mixed Sectors:						
Bank, insurance empl.	1.3	1.5	2.0	3.0	2.1	72.2
Car drivers	4.9	3.8	0.1	0.1	3.7	49.7
Others	9.6	12.5	32.8	31.3	13.2	54.8
Total	100.0	100.0	100.0	100.0	100.0	51.8

Source: Statistical Bureau Bulletin 1966 and 1977; Economic Development Institute.

Note: The last column of the table shows Reykjavík's share of the labour force in each occupational group.

occupational groups, unskilled manual workers (21.3%) and clerical and sales workers (17.2%). The large drop in the numbers of unskilled manual workers accounts for the overall contraction in the female labour force in this sector. The best part of female manual workers is employed in the fish processing industry where employment is often insecure and wages low. The number of females in other occupational groups, besides clerical and sales jobs, is rather insignificant, and on the whole they have declined.

The public sector in this classification is the big growth area of the economy in terms of employment, especially female employment, which has gone up from about 7.5% to 21.5%. The proportion of males in public employment has also gone up, about 4% to just over 16% of the overall male labour force. Most of the males are actually employed in the government bureaucracy, and that is where the increase has been the most significant (from 5 to 8%). Employees in welfare services (hospitals, nurseries, etc.) and the teaching profession have firmly increased their share of the labour force, even though they remain relatively small groups.

Most females in the public sector work in the welfare services, and that is also where their employment expanded the fastest (from 7.5 to 11.5%). The government bureaucracy and local authorities are the other main providers of female jobs. The teaching profession continued to be an important occupation for women. Evidently, female jobs in the public sector are almost wholly "white blouse" jobs, as less than 1% of the female labour force is employed in manual occupations in that sector.

Understandably, the fishing sector is a wholly male dominated

sphere of employment. There, the number of officers (captains, engineers, steersmen, boatswains) has increased enough for them to retain their proportional size. But the number of deckhands has fallen considerably, reducing their proportion of the labour force from 7.4 to 5.6%. This, of course, accounts for the decline in the sectoral labour force, and it reflects clearly on the extent of replacement of men by machines, which has been most marked on the trawling fleet. It is also a telling tale of increased productivity in the sector.

The agricultural sector is again the most rapidly declining sector in terms of employment (11.4 to 7.5%). The decline, which has been associated with some increases in productivity¹, applies primarily to independent male farmers who form the main part of the sectoral labour force. Icelandic agriculture has always been characterized by a limited scale of operations, with most holdings being fairly small in this predominantly mountainous country. Therefore, the industry has not required nor been able to support a sizable class of agricultural labourers.

Lastly is the mixed sector, which crosses the boundary between the private and public sectors in this classification. These industries have increased their share of male employment in the period. This has mainly been due to new jobs in the aluminium and power industries, as well as in banking and insurance. The banks have primarily recruited females, though, for new jobs.

The last group in the table, "others," consists mainly of pensioners. The fact that its proportion is so much larger amongst females is due to the exclusion of married females from these figures

¹S. Ólafsson, Þróun Atvinnulífsins I.

and to the fact that women live longer than men. The employment participation of older females is also lower than amongst older males.

The two final columns of Table II.5 above bring out the character of the occupational structure of the male labour force in Reykjavík in comparison to the whole of the country. It is important for us to specify the Reykjavík labour force thus, since the dual nature of the Icelandic society is very important for social analysis, i.e., the urban versus the provincial village and rural society.

Approximately a half of the country's male taxpayers are resident in the Reykjavík area, and their occupational composition is different from that of the rest of the country. The main feature of this difference is the overrepresentation of white-collar jobs in Reykjavík.

Reykjavík's disproportionate share of public sector jobs is outstanding. Nearly 67% of those jobs are occupied by Reykjavík residents. The government bureaucracy counts for about half of those, or 11% of the Reykjavík labour force. All other public sector occupations, except the teaching profession, are also overrepresented there, ranging from 63 to 72% of the total number of these jobs in the country. The slight underrepresentation of school teachers in the Reykjavík area is interesting in the light of the capital's role as the center of university-level education in the country. This indicates that the teacher/pupil ratio is lower in the provinces. The provision of primary and secondary education in the provinces is relatively widespread, and many boarding schools in secondary education have been established lately. Undoubtedly, Reykjavík is the center of the administrative system, and a high proportion of government jobs there would be expected on that

account¹. But its share of local authority employment is also rather high (66.7%), which probably reflects a higher level of services in the capital area.

The capital is also, to a large extent, the center of trade, but its share of private sector occupations is not particularly far above what would be expected on the basis of equal proportional distribution. But the distribution of jobs within that sector tells a different story. The fishing and fish processing firms are spread all along the coastline of the country, and there is considerable manufacturing industry in Akureyri in the northeastern part. This partly retains the regional balance in private sector employment. Thus, the overrepresentation of private employers in Reykjavík is not that great. The overall proportion of manual occupations in the capital area is similar to the national proportion, but the composition of the manual working class is different in Reykjavík where skilled workers are above the national average, and unskilled workers are correspondingly underrepresented.

It is understandable that the best part of salaried professionals (84.5%) should live and work in Reykjavík, but, on the other hand, it is somewhat surprising that 90% of self-employed males should reside there. Most of them are probably maintenance and construction craftsmen and self-employed transport workers--like taxi drivers--for whom Reykjavík is the biggest market. Turning to trade, again, it is very notable that Reykjavík has a dominant role in that field, as it has about three-quarters of all male sales and clerical occupations, as well as in banking and insurance. In the light of the much lower

¹Ó. R. Grímsson, "Miðstöð þjóðlífsins," in H. Þorláksson (ed.), op. cit.

overrepresentation of employers in the capital, we can safely say that the ratio of employees to employers in the private sector is considerably higher in Reykjavík than in the provincial towns.

The Reykjavík area is virtually without agricultural occupations, and its share of fishermen is only about a quarter of the nation's fishermen. On the whole, then, the Reykjavík occupational structure is representative of all non-agricultural occupational groups, but the balance of different grades is decisively in favour of the non-manual ones and against fishing and unskilled manual jobs.

III. INEQUALITY OF MATERIAL CONDITIONS

III.1. Income Inequality

III.1.1. Introduction

In this chapter, we start our systematic examination of distributional inequalities in Iceland. We place considerable emphasis on delineating the various features of the distribution of incomes. This is because income is, in many respects, the most important distributional advantage in modern society. It is the determinant of consumption capacity and plays a considerable role in the accumulation of wealth and opportunities. In addition to being the most essential medium of life in a market economy for the individual, monetary remuneration from work is the main preoccupation of contemporary trade unionism, and it also generates many, if not most, conflicts within the political system. But other related advantages and disadvantages enter this picture as well, and we shall try to deal with some of the more important of those, like rights, benefits, welfare, opportunities, and differential work efforts.

Because of the theoretical themes which guide us in this work, it is of considerable importance to be able to place the Icelandic pattern of income inequality into perspective by comparison with other societies. We are interested in finding out whether, in terms of this fundamental aspect of inequalities, Iceland is far removed from other western capitalist societies, or whether it stands closer to exhibiting a "family resemblance" with such advanced neighbouring

societies. Such a comparative exercise is, however, always subject to methodological restrictions and pitfalls, and great care must be taken in deriving and interpreting conclusions¹. Because of problems of comparability and reliability, such comparative studies are often, to some extent, inconclusive, and the present effort is likewise not without restrictions. The theoretical claims which we want to put to test are, however, sufficiently strong for tentative conclusions to serve us to a large extent. The themes which primarily provide us with questions in this chapter are, besides the myth of uniqueness, the myth of equality in the distribution of material conditions and the myth of classlessness. The latter concerns the issue of whether distributional inequalities are patterned along class lines in a typical way or not.

We shall want to examine the trend in income inequality as well as the contemporary pattern, and we apply a number of means to that end. We shall be concerned both with the personal and with the occupational distribution of incomes, even though the latter will feature more, since it has more interpretive implications for the social structure. One may also note at this point that the two measures, the personal and the occupational, can sometimes show contradictory results. For example, the personal distribution, as measured by percentile shares of incomes or summary measures like the Gini coefficient, may show a trend towards increasing equality, while the income differential between occupational classes may remain unchanged, or even increase. The egalitarian trend might thus be due to a redistribution of individuals within the occupational structure, as,

¹R. M. Titmuss, Income Distribution and Social Change (London, Allen and Unwin, 1962).

for example, would occur if the number of individuals in low pay occupations declined, while the number in middle range jobs increased. It is important, thus, in analyzing the structure of income inequality to look at these two perspectives, as well as to assess the distribution of individuals within the occupational hierarchy.

The data which we use comes partly from published sources and partly from our own research. The Economic Development Institute in Iceland provided access to income tax records on magnetic tape, which we subjected to an extensive computer analysis. This gave us considerable advantage in improving comparability, as well as in bringing new data to the analysis. The incomes data remain, though, on the whole, somewhat fragmented, and we try to improve that by using subsidiary evidence, such as wage rates and social structure data. The most serious drawback is perhaps the inability to analyze male and female incomes separately to a sufficient extent, the result of which is a very inadequate treatment of the place of women in the structure of inequality. We shall, however, be able to assess the effects of age and career types in the pattern of incomes distribution.

III.1.2. A Broad International Comparison

We start this attempt at comparing the degree of income inequality in Iceland with neighbouring societies by producing summary measures of income distributions in the Nordic countries. These are the societies which Iceland is likely to have closest affinity with, both because of cultural origin and persistent contacts, and because of similar social structural development.

Table III.1 shows the Gini coefficient for various sub-populations of the Nordic countries. This measure is, of course, only a summary

TABLE III.1. Income Inequality in the Nordic Countries
in the 1970s as Indicated by Gini Coefficients

	<u>Iceland</u>	<u>Denmark</u>	<u>Finland</u>	<u>Norway</u>	<u>Sweden</u>
Household incomes:					
Married employee households	0.26	0.28	0.29	0.22	0.25
All households:					
Scandinavian survey in 1972	..	0.38	0.37	0.28	0.30
Survey of Europe today 1969	..	0.34	0.44	0.30	0.29
OECD survey 1976	0.33	..	..	0.35	0.35
Personal income among employees and pensioners	0.41	0.36	0.35	0.29	0.32

Source: H. Uusitalo (1973, 1975); F. Geirsson (1977); M. Sawyer (1976).

description of the personal distribution of incomes, or of the Lorenz curve, and we shall also have to examine the distributions themselves¹. The first row of the table shows the extent of income inequality amongst households of married employees. The Scandinavian figures are highly comparable, since they all come from the same source, i.e., the Scandinavian survey in 1972². The Icelandic figure, however, comes from

¹Some care must be taken in interpreting the Gini measure on its own, since distributions with similar Gini coefficients may be differentially patterned, for example, if the Lorenz curves cross. On the methodological issues involved, see A. B. Atkinson, "On the Measurement of Inequality," in Atkinson (ed.), Wealth, Income and Inequality (Harmondsworth, Penguin, 1973), pp. 46-68.

²E. Allardt, Att Ha, Att Älska, Att Vara, and H. Uusitalo, Income and Welfare: A Study of Income as a Component of Welfare in the Scandinavian Countries in the 1970s (University of Helsinki, R.G.C.S., 1975), no. 8.

a slightly different base. Unlike the Scandinavian distributions, the Icelandic one includes employers and farmers who are typically found to increase the equality in the distribution relative to the whole population¹. On account of that, the Icelandic coefficient for married employee households would seem to be too low, or to exaggerate equality, relative to the other countries. But there are counteracting tendencies in the Icelandic distribution which may cancel that biasing effect. This is because the Icelandic population, in this case, includes people over 64 years of age as well as single parents, unlike the Scandinavian counterparts. The relative effect of this bias in the Icelandic sample is likely to be to increase the coefficient, or exaggerate inequality². It is difficult to say whether these two offsetting tendencies even out, but it seems likely that the comparability is quite reasonable in this case.

After his thorough examination of income distributions in Scandinavia, both on the basis of the 1972 Scandinavian survey sample and official statistics, H. Uusitalo concluded that Norway and Sweden are clearly more equal in this respect than Denmark and Finland. This is also reflected in the present figures of Table III.1. In terms of the distributions amongst households of married employees, Iceland would thus appear to be in between the more equal and more unequal of the Nordic societies.

Figures on all households, i.e., including single parents and individuals who live alone in separate households, are reproduced from

¹H. Uusitalo, Income and Welfare, p. 120.

²Ibid., p. 123.

three sources which differ somewhat in the dates of research and in population frames. The survey of Europe and the OECD figures are based on official, national statistics, whereas the Scandinavian survey comes from a representative sample of the population between 15 and 64 years of age. These differences partly explain the divergences in the figures. The Icelandic coefficient of 0.33 is derived from F. Geirsson who tried to estimate the number of individual taxpayers who did not fall under the definition of "household." On that basis, he adjusted the distribution of all income units and recalculated the Gini coefficient to be comparable to the results from the OECD survey¹. The number of unknown factors in the calculation is rather high, but the result is likely to be sufficiently close to allow careful interpretation. In terms of the OECD figures, Iceland appears more equal than Norway and Sweden, but in terms of the Survey of Europe figures, it lands in the middle again.

The last row for personal income amongst employees and pensioners is included mainly to provide a qualifying perspective. The Icelandic figure is, no doubt, too high, since it includes employers and farmers as well as taxpayers who are older than 65 years of age. The bias in the data is thus all one-way, i.e., in the direction of exaggerating the extent of inequality in the Icelandic distribution relative to the other countries.

On the whole, we can at this stage tentatively conclude that, as regards the inequality in the personal distribution of incomes,

¹F. Geirsson, "Um Tekjudreifingu Meðal Manna" (University of Iceland, Cand. Econ. thesis, 1977), pp. 67-69. The research was undertaken at the National Economic Institute and used official tax returns data. An extract from the thesis was published in Hagnál (1977), 19, pp. 67-80.

Iceland is on level with the Scandinavian societies. But let us look more closely at the distributions themselves and include other societies from the OECD survey (Table III.2).

TABLE III.2. Household Incomes (Pre-tax)
in Selected OECD Countries

<u>Households</u>	<u>Income Shares:</u>						
	Iceland 1975	Sweden 1972	Norway 1970	UK 1973	USA 1972	France 1970	Australia 1966-67
Lowest 10%	1.3	2.0	1.7	2.1	1.2	1.5	2.1
2nd 10%	3.3	4.0	3.2	3.3	2.6	2.8	4.5
3rd 10%	4.9	5.3	4.9	5.1	4.2	4.2	6.2
4th 10%	7.8	6.1	6.7	6.9	5.8	5.7	7.3
5th 10%	9.1	7.9	8.2	8.3	7.5	7.1	8.3
6th 10%	10.6	9.5	9.8	9.8	9.3	8.7	9.5
7th 10%	12.0	11.2	11.3	11.2	11.1	10.4	10.9
8th 10%	13.7	13.1	13.3	13.0	13.4	12.6	12.5
9th 10%	15.7	16.1	16.4	15.6	16.4	16.0	15.1
Highest 10%	21.6	24.4	24.5	24.7	28.4	31.0	23.8
Gini (pre-tax)	0.33	0.35	0.35	0.34	0.40	0.42	0.31
Gini (post-tax)	0.30	0.30	0.31	0.32	0.38	0.41	0.31

Sources: M. Sawyer (1976); F. Geirsson (1977);
H. Uusitalo (1973, 1975).

In this table, the proportion of the total income accruing to each decile of households is given, from the lowest tenth of households through to the top-income-receiving tenth. The Icelandic figures are Geirsson's adjusted figures, previously referred to. Of the OECD societies which were recognized as sufficiently comparable,

Australia has a slightly lower Gini coefficient than Iceland, whereas Japan, Britain, Norway, and Sweden have similar or slightly higher coefficients. France, the USA, and West Germany seemed to have the highest degrees of inequality in the personal distribution of income¹.

In comparing the distributions, it emerges that the income share which Icelandic households in the lowest two deciles receive are slightly smaller than in the other countries. But as regards the income share of the top decile, Iceland appears to have the smallest proportion. So the lowest and the highest tend to have relatively small income shares in Iceland, but the middle range groups are rather high in this respect. The low proportion in the top tenth in Iceland is important for the size of the Gini coefficient. It is difficult to know why the top tenth should be so low in Iceland, but it is generally recognized that high incomes are typically underreported in such official data². There is, however, no data to support the hypothesis that such underreporting was greater in Iceland than in other advanced societies. It might be argued that Iceland had fewer extremely wealthy individuals, or that the wealthy there are not so rich as the top economic elite in these other countries, but this very top group in the incomes hierarchy is generally such a small part of the population that it does not affect the overall distribution to a significant extent. The data source is, however, too insecure to assert anything on this issue. We can safely establish, though, as far as these measures indicate, that Iceland's personal distribution

¹M. Sawyer, "Income Distribution in OECD Countries," in Economic Outlook: Occasional Studies (Paris, OECD, 1976), p. 16.

²Ibid., p. 4.

of incomes belongs to the family of advanced industrial capitalist societies, and is, in fact, far removed from typical underdeveloped countries of the Third World which generally have a much higher degree of inequality in income distribution, often with Gini coefficients ranging from 0.5 to 0.7¹.

To change the focus now to the incomes hierarchy as it is grounded in the division of labour, we compare broadly the earnings gaps between taxpayers in occupational classes in selected countries. The comparability here is not as good as in the previous tables, since the definitions of occupational classes are likely to be broadly based and the data bases may vary somewhat between countries. The tentative nature of this comparison must therefore be emphasized, and we shall only use it in a very broad indicative sense (Table III.3).

The Icelandic data is adapted from tax returns sources, and it may include more part-time employees than the other data sets². If this is the case, the level of unskilled manual workers' earnings may be slightly underestimated, thus equally exaggerating the gap between the occupational classes.

¹Examples of some recent comparative studies of income inequality which use the Gini measure are to be found in the following: P. Cutright, "Inequality: A Cross-national Analysis," in ASR, 32 (1967), pp. 562-578; R. Robinson, "The World Economy and the Distribution of Incomes Within States: A Cross-national Study," in ASR, 41 (1976), pp. 638-659; R. Robinson and D. Quinlan, "Democracy and Social Inequality: A Reanalysis," in ASR, 42 (1977), pp. 611-623; and V. Bornschier and T. Ballmer-Cao, "Income Inequality: A Cross-national Study," in ASR, 44 (1979), pp. 487-506.

²See Hagtiðindi (1965), pp. 222-236. The other figures come from Economic Survey of Europe in 1965, Part 2: Incomes in Post-War Europe (Geneva, UN, 1967), ch. 5. This data set has been used in many influential studies in the field of income distribution or social stratification; see, for example, F. Parkin (1971), op. cit. and H. Phelps-Brown, The Inequality of Pay (Oxford, O.U.P., 1977).

TABLE III.3. International Comparison of Earnings
of Males in Selected Occupational Classes

	Iceland 1964	Denmark 1965	Sweden 1963	Norway 1964	France 1964	USA 1958	U 19
<u>Manual and clerical</u>							
Unskilled manual	1.00	1.00		1.00	1.00	1.00	1.
Skilled manual	1.4	1.2	1.00	1.2	1.5	1.6	1.
Foremen	1.7	1.8	1.4	..	2.3	2.0	1.
Clerks	1.3	1.2	1.2	1.0	1.5	1.8	1.
<u>Managerial and professional</u>							
Lower:							
--technical	1.7	1.5	1.9	1.5	2.4	..	1.
--administr.	1.5	2.1	1.8	1.3	3.2	..	1.
Higher:							
--technical or professional	2.6	4.0	3.2	2.4	4.9	2.4	3.

Source: UN, Economic Survey of Europe in 1965; and the Icelandic Statistical Bureau Bulletin, Hagtiðindi.

Looking first at the earnings differential within the manual working class, it appears that the difference between skilled and unskilled workers is high in Iceland compared to the Scandinavian countries but relatively low compared to the USA, and similar to France and the UK. Foremen do not, however, stand particularly highly above unskilled manual workers in Iceland in comparison to the other countries, except Sweden. The difference between unskilled workers and clerks is very low in the Nordic countries but quite high in the

USA and France. In most of these countries, the skilled manual workers earn higher incomes than clerks. It seems to be an emergent feature of the capitalist industrial societies that the incomes of lower white-collar occupations lag behind those of higher manual workers, even though they have not developed as far in that direction as the socialist societies of eastern Europe. Iceland seems to be no exception to that pattern¹.

Turning to the lower managerial and professional groups, it would appear that the gap between those groups and unskilled workers was smallest in Norway, Iceland, and the UK. But in the case of the higher technical or professional group, Norway, Iceland, and the USA are outstanding as regards the low income level of these higher managerial and professional groups. But those figures are, to begin with, likely to be underreported, and differential tax systems may affect their comparability to a considerable extent.

The evidence on females is unfortunately very scant, but from what is published in the UN survey, it seems that the difference in incomes between unskilled manual workers and clerks is minimal in the Nordic countries, but considerable in France and the UK. The level of higher white-collar incomes in Iceland, Norway, and Sweden is also markedly lower than in France and Britain again.

In general, we can conclude, then, that the structure of income inequality in Iceland is decisively similar to that of many other advanced societies, especially the neighbouring Scandinavian societies

¹D. Lane, The End of Inequality: Stratification Under State Socialism (Harmondsworth, Penguin, 1971), pp. 73-79; and H. Phelps-Brown (1977), op. cit.

which are, on most accounts, amongst the more equal societies as regards income distribution.

III.1.3. The Trend in Income Inequality in Iceland

In this section, we examine the development of the overall pattern of income distribution since 1927, which is the earliest date for which comparable data can be obtained. The data set for the period between 1963 and 1975 is highly comparable, whereas the earlier sets are not as securely established, probably because of incomplete coverage of the tax data in the period between the wars. But the comparability appears to be sufficiently good to allow us to delineate the broad trends that have emerged.

As can be seen from Table III.4, the overall distribution of incomes has undergone quite a change in the direction of equality since before the Second World War. This is well reflected in the Gini index which has fallen from about 0.5 to about 0.4 in the sixties. Such a development towards equality is, however, not a unique occurrence in the development of industrial societies. The pattern and extent of change in the Icelandic society is, in fact, quite similar to what Lee Soltow found in his study of income distribution in eight towns in Norway during almost the same period, except that his figures show an increase in inequality during the thirties¹.

The slight move towards equality in Iceland in the decade from 1927 to 1937 is somewhat surprising, given the persistence of unemployment throughout the thirties. But the main explanation for the reduction in the Gini index seems to be the reduction in the

¹L. Soltow, Towards Income Equality in Norway (Madison, University of Wisconsin Press, 1965).

TABLE III.4. The Personal Distribution of Incomes 1927-75

<u>Income Units</u>	<u>Income Shares</u>				
	<u>1927^b</u>	<u>1937^b</u>	<u>1963^c</u>	<u>1968^c</u>	<u>1974^c</u> <u>1975^c</u>
Lowest 40%	9.9	9.2	13.8	12.8	14.2 14.6
Next 20%	11.5	12.2	18.1	17.4	16.9 16.9
" 20%	19.7	22.8	26.4	26.5	26.2 26.1
" 10%	17.2	18.6	17.3	17.9	17.5 17.4
" 5%	13.3	13.2	10.6	10.8	10.5 10.4
Highest 5%	<u>28.5</u> 100	<u>24.0</u> 100	<u>13.8</u> 100	<u>14.6</u> 100	<u>14.8</u> 100 <u>14.5</u> 100
Gini index ^a	0.54	0.51	0.39	0.41	0.39 0.39
N	24,822	29,881	..	88,608	100,863 102,842
% of population	24%	25%	..	44%	47% 47%

Source: For 1927 and 1937, Félagsmál á Íslandi (Reykjavík, 1942); for 1963-75, National Economic Institute, based on tax returns, published in OECD (1976).

$$^a G = 1 - \sum_{i=1}^n (Q_i - Q_{i-1}) (P + P_{i-1})$$

^b "Taxable income," i.e., excluding personal allowance. Applies for 1927, 1937.

share of the top 5% of income units (receivers)¹ and the increase in the share of the fourth quintile. The share of the bottom 60% remained unchanged, on the whole, but the lowest 40% received a slightly reduced share. The apparent trend towards "equality" during the thirties, then, is primarily caused by this shift within the group of the very rich, possibly as a result of an increased level of taxation during the period.

Unfortunately, the inadequate breakdown of the bottom groups does not allow one to verify fully the conjecture that the bottom 10 or 20% had suffered a significant reduction in incomes as a result of the prolonged unemployment. But despite a little increase in the basic wage rate for unskilled manual work in Reykjavík in 1931², the decline in the share of the bottom 40% would seem to indicate some support for this hypothesis.

The extent of inequality in these decades between the world wars was indeed extensive. In 1927 the bottom 40% of income receivers obtained only a quarter of what their share would have been if income had been equally distributed. The top 5%, on the other hand, received nearly six times their "parity share."

By 1963, the bottom 40% had increased their share by just over 4%, the next 20% had added 6.5% to their share, and the fourth quintile a similar amount (6.5%). The next 10% of income units, the ninth

¹"Income unit" is used to refer to potential taxpayers, or households, as they appear in the tax statistics. Income unit includes married women who in most cases are taxed conjointly with their husbands. The population of income units also includes single parents and individuals over 15 years of age who may still be living with their parents.

²See Chapter II, and Tölfraeðihandbókin 1974, p. 153.

decile, retained the same proportion whereas the top 10% were down by about 17%. That reduction fell primarily on the top 5% of income receivers.

The salient feature of this dramatic shift, then, is the declining share of the very top group in the incomes hierarchy and the increased share of the middle groups. The bottom 40% of income receivers gained only a third of what the next 40% gained. At this stage, one can say that either low-income groups were lagging behind in the strife for monetary rewards, or that the composition of the low-income groups had changed in such a way as to increase the proportion of units with very low or no income. Increasing employment during the period in question and increasing provision of welfare benefits does, though, make the latter proposition seem rather implausible.

During the sixties and early seventies, the period of very rapidly rising affluence, the personal distribution of incomes remained fairly stable. The top 5% slightly increased their share between 1963 and 1975, and so did the bottom 40% as well (by about 0.8%). The main reduction was in the share of the third quintile. In the years 1968 and 1969, a break in the pattern emerges, no doubt caused by the temporary recession in the economy (see Chapter II). For a part of that period, unemployment reached about 4% of the labour force. Consequently, the share of the bottom 40% of income receivers went down by about 1%. The next 20% of income receivers were also hit. On the other hand, the proportional share of the top 5% went up by about 0.8% as compared to 1963. On the whole, the top 20% gained an increased incomes share during the recession to the detriment of those lower down in the incomes hierarchy. After the recession, i.e., 1969

and onwards, the bottom 40% regained their share and even improved it, while the top 5% largely retained their proportion of the total income¹.

To get a full picture of the personal distribution of incomes, we reproduce the complete breakdown by deciles for the years 1963 and 1975 in Table III.5.

TABLE III.5. Income Shares
by Deciles in 1963 and 1975

<u>Income Receivers</u>	<u>Income Shares</u>	
	<u>1963</u>	<u>1975</u>
Lowest 10%	1.2	1.1
2nd 10%	2.8	3.0
3rd 10%	4.1	4.3
4th 10%	6.0	5.8
5th 10%	8.0	7.5
6th 10%	10.2	9.5
7th 10%	12.1	11.1
8th 10%	14.3	14.4
9th 10%	17.2	17.6
Highest 10%	24.2	25.1

Source: OECD (1976).

The first five deciles of income units all received less than their parity share, as the table clearly shows. Within the bottom 40% of income units, previously not broken down, the inequality gradient

¹See also F. Geirsson, "Tekjudreifing Meðal Manna," pp. 37-38, who argues that the increased inequality ties up with the economic policy measures which were applied during the recession, i.e., reduction in employees earnings and recessionary unemployment. He points out that income inequality did not increase during the 1974-75 recession when different policy measures were applied, and unemployment was largely avoided.

is quite steep. It should be noted at this point that Geirsson claims that the income shares of the lowest decile is overestimated as a result of the method of interpolation used in the basic calculations¹. The Gini coefficient is generally a little too low as a result of this.

As an example of the degree of inequality within the bottom 40% of income units, it may be pointed out that the fourth decile received close to six times the share of the lowest decile, while still only getting 60% of its parity share, i.e., what they would get if incomes were equally distributed. Between 1963 and 1975, the income share of the bottom 10% has varied from 0.9% (1969) to 1.9% (1972). Part of this variation is, however, likely to be caused by inadequate breakdowns in the source data².

On the whole, the picture which emerges so far is one of a great long-range trend towards a more equal distribution of incomes between ranks of income receivers, while the structure appears to have reached considerable stability by the early sixties. This is so despite a number of social structural changes during the last two decades which should have produced some changes in the distribution. For example, the participation of females in active employment has increased drastically, and, as Broddason and Karlsson show, there is a greater tendency for wives of lower class men to work outside the home³.

¹Ibid., pp. 41-42.

²Ibid., p. 26.

³P. Broddason and K. Karlsson, Könnun á Jafnréttismálum (Reykjavík, Jafnréttisnefnd, 1977), pp. 95, 118, 141, 161. This tendency is most marked in the Garðabær suburb, which has a particularly large population in higher occupational classes.

This means that the growth in female work should have increased the equality in the income distribution by generally raising the incomes of lower paid groups. Decline in the number of farmers should also have increased equality since they are typically low-paid. But there are also countervailing tendencies like an increase in the number of students in higher education and of senior citizens, i.e., people over 65 years of age. Such, and other, diverging tendencies may thus have cancelled out during the period¹.

III.1.4. Explaining Occupational Earnings Differentials

What follows here is an attempt at providing a sociological framework for explaining trends in occupational earnings and, specifically, to aid in relating the data to social structural features. We are not concerned with how earnings differentials come about but rather with how they have been maintained or changed over time, as the case may be. The central idea is the notion of occupational markets. Contrary to proponents of the neo-classical marginal productivity theory in economics, sociologists have long maintained that workers do not compete freely in a single labour market. The original impetus for such orientations may perhaps be traced to Weber's work on the regulation of markets². We will presently take our main lead from Theodore Caplow's description of different types of occupational labour markets which imply structurally different systems of earnings determinations. Other writers who have worked with similar ideas of

¹F. Geirsson (1977), op. cit., pp. 44-46.

²M. Weber, The Theory of Social and Economic Organization (Glencoe, Free Press, 1947).

occupational markets, in different contexts, though, are, for example, C. Kerr, Parsons and Smelser, Stinchcombe, Form and Huber, and Doeringer¹.

The principles by which different labour markets are here typified include the following:

1. Control of recruitment of labour (for example, by means of credentials and/or experience barriers, licensing, and discrimination);
2. Specific features of the demand for the type of work (e.g., its stability and the degree of demand);
3. Promotional possibilities;
4. Types of rewards (monetary/non-monetary);
5. Institutional mechanisms for bargaining or earnings determination; and
6. The character of the organized groups which influence the norms of the employment contracts (unions, professional associations, etc.).

On the basis of such general criteria, Caplow² specified four basic types of markets: a market for bureaucratic work, one for

¹C. Kerr, "The Balkanization of Labour Markets," in E. W. Bakke (ed.), Labour Mobility and Economic Opportunity (Cambridge, Mass., MIT Press, 1959); T. Parsons and N. Smelser, Economy and Society (Glencoe, Free Press, 1956); A. Stinchcombe, "Social Structure and the Invention of Organizational Forms," in J. G. March (ed.), Handbook of Organizations (Chicago, Rand McNally, 1976); P. Doeringer, "Low Pay, Labour Market Dualism, and Industrial Relations Systems," in Wage Determination (Paris, OECD, 1974), and W. Form and J. Huber, "Occupational Power," in R. Dubin (ed.), Handbook of Work, Organizations and Society (Chicago, Rand McNally, 1976).

²T. Caplow, The Sociology of Work (University of Minnesota Press, 1957), especially ch. 5.

professional work, one for skilled manual work (the craftsman's market), and lastly a market for semi- and unskilled manual work. We will give a brief outline of the characteristics of these basic market types.

As far as supply and demand of labour are concerned, a bureaucracy is largely self-regulating, with specific entry ports for new employees and sponsored promotions. In this sense, it is a typical "internal labour market," in Doeringer and Piore's sense¹. Productivity cannot be measured in a meaningful way to base remunerations systematically on effort. For these reasons, supply and demand processes do not determine bureaucratic salaries in any clear fashion. Earnings in bureaucratic structures tend to correlate highly with formal qualifications, training and experience, and authority level. They tend also to be stable and secure. Usually, it is attempted to let general increases in salaries follow increases in rates in other markets. This is typically a major concern of unions in public bureaucracies. Monetary rewards in this market may, in some cases, be lower than in the market for manual work, but non-monetary rewards tend to be more important forms of compensation in the bureaucratic market.

Professionals are commonly employed in bureaucratic markets (for example, in the civil service and health services). In such cases, their rewards tend to some extent to be shaped by bureaucratic principles. In the case of independent professional practitioners, on the other hand, the market in which they sell their services has a major influence on the level of their remuneration. Due to the high level of required educational qualifications, the supply of

¹P. B. Doeringer and M. J. Piore, Internal Labour Markets and Manpower Analysis (Lexington, Mass., 1971).

professional practitioners cannot respond to short-term increases in demand. An increase in demand, then, frequently tends to strengthen the entire system of professional control. Often, professional associations manage to control recruitment of new practitioners in the long run, through the provision of training facilities. Such associations also frequently lay down codes for their members' conduct and enforce adherence to principles of professional practice. Again, the value of a unit of work is practically unmeasurable. It is assumed, as a matter of course, that the service is unique in each case, making considerations of marginal productivity extremely abstract. The fixed supply in the face of varying demand often allows the professions to fix, within limits, the price of their services. The limits are determined by what the market will bear, or, more precisely, the clients' ability to pay. Increasing bureaucratization and public provision of welfare services, however, is likely to reduce the importance of the independent professions in modern society.

The market for skilled labour, the craftsman's market, refers primarily to work in building construction, maintenance, and some skilled service occupations. Despite the lower level of qualifications, the recruitment process is in many ways similar to that of the professions. The essential elements include apprenticeship, certifications, and continuous union membership. Entry to the craft is to some extent controlled by the craft organization. Typically, craft-monopolized operations are legally protected, so even if they may be very simple to do, amateurs are barred from responding to demand.

In theory, then, the supply of craft labour is controlled, and consequently there is a limit on the extent to which additional

labour can be attracted by increasing wages, or on the use of oversupply to cut wages or to resist wage demands from workers. Demand for this kind of work is at the same time often highly variable, especially in construction, and this affects rewards. At the height of demand, overtime and bonus benefits are likely to be increased, whereas during the slack season unemployment or work sharing may be felt. Clearly, then, the distribution of work between seasons becomes a major concern of the craft organization. Bargaining in the craft market usually takes place between masters, on the one hand, and journeymen and apprentices, on the other. The masters do not formally bargain with the customers, who are typically numerous, economically weak, and unorganized. In Iceland, the Prices Board does sometimes regulate increases in basic wage rates for skilled work, but the craft organizations design and largely operate the bonus systems, which are widely used¹.

The market situations which apply for these relatively powerful occupational groups connect well with stratification theory, for example, by means of F. Parkin's thesis on social closure as a way of accumulating power, or control, for maximizing rewards². The lower down one goes in the occupational hierarchy, the more difficult it is to realize this means of increasing advantage, and, amongst the above mentioned groups, this is likely to be most notable amongst the lower white-collar groups, whose market situation has tended to decline

¹H. Jóhannsson, "Byggingariðnaðurinn" (University of Iceland, Cand. Econ. thesis, 1977).

²F. Parkin (1974), *op. cit.*, and Parkin, Marxism and Class Theory: A Bourgeois Critique (London, Tavistock, 1981).

with higher development of modern capitalism¹. Braverman and a number of other writers have, for example, connected this trend with the thesis of proletarianization of the middle class².

Caplow describes two labour markets for lower level manual work, the industrial market and a market for common labour. The industrial market refers to semi-skilled work in industries which are not highly specialized technically or regionally. The degree of unionization is characteristically high in this market. Common labour, on the other hand, refers to casual work of various types, hired on a day-to-day basis. The composition of the population which competes in this market is characterized by their marginal participation in the world of work--for example, the partly retired, pensioners, the handicapped, drifters, the temporarily unemployed, migratory farm workers, and part-time students. Conditions in this market for common labour resemble the anarchic world of the neo-classical economic theory³. The distinction between common labour and industrial labour is of little significance in the present context, mainly because of the high degree of unionization in this field in Iceland and because of the smallness of the group of common labour as the concept is here defined. Consequently, I will apply the industrial market type to the situation of semi- and unskilled workers.

The principal factors which affect the market situation for

¹D. Lockwood (1958), op. cit., and H. Phelps-Brown, The Inequality of Pay.

²H. Braverman, Labour and Monopoly Capital.

³For a practical example of such workings, see the study by L. Fisher, "The Harvest Market in California," Q.J.E., 55 (1954), pp. 463-491.

these workers are: the organization of collective bargaining on a regional or national basis, the right of fairly casual layoffs which managers still exercise, and often the existence of a flexible reserve labour force. Compared to other markets, earnings determination in this market is more responsive to economic fluctuations, since these occupational groups have less means of controlling the recruitment process. Theoretically, the minimum wage is set by the workers' subsistence level and the maximum by the profitability of the firm, or the going rate paid by competitors.

Minimum rates are usually established through collective bargaining, but within the maximum and minimum limits there is room for considerable fluctuation which may or may not be based on rational considerations. The highest wages might be expected in industries where labour cost is a small proportion of the total cost of the product, where machinery or raw materials are valuable and easily damaged, or where interruptions of production are especially costly, as in capital intensive industries. Within a given industry, the lowest wages are likely to be paid by marginal firms which are not securely enough established to look to the long-range stability of their labour force, and to whom the immediate reduction of out-of-pocket expense is a dominant motive.

When differential wages have become structured, the force of custom and comparative bargaining is likely to exert influence on the pattern of change. Increases by percentage rates which preserve proportional differentials tend therefore to be adhered to in the long run. Changes in the cost of living, profitability of firms, or productivity of workers provide the main sparks for recurring bargaining

conflicts between unions and employers, and considerations of inequitable remunerations typically have a secondary importance in practical bargaining. Power contests tend to be more open and intense in the market for unskilled workers than in the other markets. Hence, bargaining power is of primary importance for groups in this market. Crucial factors which affect the degree of bargaining power are: the net demand for the type of work (with labour shortage enhancing the power of labour organizations, and vice versa), the degree of organization and solidarity on either side, the willingness to sustain a strike, the economic arguments which are advanced, and the ideological importance attached to the struggle.

A further market for owners, managers, and directors of large firms has been described by W. Form and J. Huber¹. This type of occupational market, the self-controlled market, takes its name from the fact that these occupational groups make decisions on incomes and conditions of work for themselves as well as for other employees. Hence, the economic power, or size, of the enterprise is likely to be the dominant factor in shaping the absolute level of incomes and other rewards. Recruitment to this top level is most commonly based on criteria of ownership and/or performance. Incomes of executives increase with hierarchical rank rather than with corporate profit in the short run. Executive salaries may well remain high when losses become high. Formal qualifications are not as important determinants in this market as in the professionals' market, which explains that the educational level of this group is frequently lower, even though remuneration may be higher than amongst professionals.

¹W. Form and J. Huber, "Occupational Power," in R. Dubin (1976), op. cit.

Lastly, it remains to typify the special market for fishermen in Iceland. Demand for labour in the fishing industry is to a large extent seasonal, except on trawlers, and fishermen do not enjoy a high degree of job security. During the gap between seasons, which can last a number of months in some cases, or during lengthy stoppages resulting from breakdowns or maintenance work, fishermen are frequently laid off. As regards the control of labour supply, the occupational group, or the unions, have very restricted means of closing off the market in order to enhance their power to obtain increased rewards. The supply of officers and engineers is restricted, though, in the long run to the extent that a vocational qualification is needed. Deckhands do not typically need any formal qualifications, but in cases of competition for places, experience at sea tends to be favoured. For deckhands, there are no career opportunities. In order to improve their incomes, they can only hope to get a place on a "better" boat, i.e., with successful captains or on larger boats in general. Modern trawlers usually provide the best earnings capacities. Officers are also likely to give consideration to types of vessels. There may also be a slight element of promotion involved in their careers in the sense that they often start off as junior officers. Demand and experience are the factors which determine the pace of promotions in these cases. Captains on smaller boats frequently run their own boats.

In terms of the recruitment process, this occupational market resembles the uncontrolled market for industrial labour. It might therefore be expected that the forces of supply and demand would affect fishermen's earnings considerably, for example, by producing

marked seasonal variations in incomes. While incomes do vary seasonally, and otherwise, there is little evidence of the use of pay to directly affect the supply of labour. On the contrary, pay is determined by a special system of bargaining which is described in Chapter VI.1.3.

The differential income shares of crew members are fixed by custom. A captain typically receives twice the bonus share of a deckhand, with the other officials ranging from a quarter more to 75% more than a deckhand. On the trawlers, the gap between a captain and his subordinates could become larger.

This market, then, shows many of the features which would lead to the expectation that processes of supply and demand largely affect occupational earnings. On the contrary, one finds an institutional set-up which determines the absolute level of earnings on account of productivity, and differential shares based on a customary hierarchy.

At this stage, these typologies are inevitably broadly, and to some extent arbitrarily, selected. Their main function is, firstly, to provide a sociological framework for the explanation and qualification of trends in occupational income differentials. Secondly, the aim is to provide a link with stratification theory which goes beyond simply taking occupational incomes as indicators of features of the stratification system. These typologies consider the relative power of occupational groups to control recruitment, working conditions, and rewards (income as well as other advantages). This approach leads to considerations of power as the primary means of securing rewards in economic life, and, more specifically, to the interchangeability of power and advantage as outlined in the first chapter. This approach

inherently involves an examination of the mechanisms which are used for control in the labour market, i.e., the social structural and economic bases of power which determine the distribution of rewards. It does not disregard the conditioning forces of supply and demand, but it gives a different interpretation which is alien to the neo-classical marginal productivity theory. For example, increased demand for a particular kind of work is interpreted as potentially enhancing the bargaining power of the group in question, rather than as inducing employers, without outside pressure, to raise earnings in the occupation in order to attract new recruits. Whether such a potential increase in bargaining power materializes to produce higher rewards depends, in turn, on organizational power, degree of occupational control over the market in question, and economic strength of the enterprise or the industry--to mention only a few of the more salient factors.

III.1.5. Trends in Occupational Class Differentials, 1934-1975

The earliest available data on occupational earnings is from the year 1934, and it only covers the Reykjavík area¹. From an analysis of the tax returns for 1975, I have tried to extract comparable groups in order to assess the change in differentials over time. I try to supplement the data as far as possible with relevant material, as well as with a more detailed analysis of the period from 1964 to 1975.

¹This data, which comes from a survey of tax records in 1934, is published in Skipulagsnefnd Atvinnumála: Álit og Tillögur, pp. 58-74. See also Millipínganefnd í Launamálum 1934.

By the thirties, the technical division of labour had already taken on some of the features associated with expansions of government bureaucracies and services and with increased mechanization of production, as we showed in Chapter II. White-collar work, though, was mainly confined to the Reykjavík area. Agricultural and fishing occupations, on the other hand, were predominant in the provincial areas of the country. The Reykjavík area is therefore fairly representative for the basic features of the occupational hierarchy. Regarding the structure of occupational incomes, it must, however, be emphasized that while overall differentials in Reykjavík may be representative for the whole country, the absolute level of incomes in the provincial areas was lower, as will emerge from the analysis below.

The available occupational classification excludes large-scale entrepreneurs, except in fishing, and most self-employed males, for example in commerce. The remaining groups do though provide examples from the broad occupational markets outlined in the previous section. Females are excluded due to lack of comparable data for 1975.

Returning to the data, the first point of interest regarding occupational incomes is that, by the early thirties, an occupational rewards hierarchy was already established, with a rank order which had not changed much by 1975 (Table III.6). The degree of inequality in occupational earnings was considerable in 1934, with managers in fishing earning on average five times the incomes of unskilled manual workers. A highly qualified professional, a physician, or a lawyer, for example, was earning about three and a half times the average for unskilled work. Officers at sea (captains on fishing boats, steersmen, and engineers) have traditionally been highly regarded and fairly

TABLE III.6. Average Incomes of Occupational Classes
in Reykjavík, Males in 1934 and 1975

	Median Incomes		% of Unskilled Workers' Incomes		Size of Classes in the Samples	
	1934 (kr.)	1975 (000 kr.)	1934	1975	1934	1975
Managers in fishing	11,737	1,976	516	219	0.1	0.2
Higher professions	8,130	2,801	358	311	1.1	1.6
Officers at sea	6,661	1,936	293	215	4.2	1.7
Civil servants	5,329	1,738	234	193	9.2	20.2
Sales and clerical employees	4,105	1,411	181	157	13.9	15.4
Skilled manual workers	3,802	1,563	167	174	22.4	19.1
Transport workers	3,351	1,371	147	152	4.7	5.3
Deckhands	3,007	970	132	108	12.5	4.2
Unskilled manual workers	2,273	900	100	100	<u>31.9</u>	<u>32.3</u>
					100	100

Sources: Skipulagsnefnd Atvinnumála: Álit og Tillögur, I (1936), and
tax records 1976.

well paid. Their average was just over twice the average for deckhands, and close to three times higher than that of unskilled land workers. Public employees rank next after fishing officers. This group includes all non-manual employees of the state and local authorities. From a social stratification perspective, it is problematical, as it includes the broad bureaucratic hierarchy. Lastly, the differential between skilled and unskilled manual workers (skilled/unskilled x 100) was 167 in 1934, which seems to have been relatively high by international standards¹.

By 1975, the skill differential within the manual working class had increased to 174, which seems to go contrary to the experience of many Western economies. A clear trend towards a decline in the differential within the manual working class seems to be the norm, except in Iceland². Below, we will examine how this relates to the trend in basic wage rates. The differential between officers and deckhands in fishing has, on the other hand, narrowed slightly to just about 200, which is still close to what would be expected from the workings of the bonus system in the fishing industry when conditions are favourable. The white collar groups and fishing officers seem to have experienced a fall in their relative earnings, managers by far the most, then fishing officers and public employees. Manual workers, on the other hand, show little change in their position, relative to the average. Deckhands have lagged slightly behind, though.

¹G. Routh, Occupation and Pay in Great Britain 1906-60 (Cambridge, C.U.P., 1965), p. 107.

²H. Phelps-Brown, The Inequality of Pay, ch. 3; also A. Rees, The Economics of Work and Pay (New York, Harper and Row, 1979), ch. 11.

It is always very difficult to secure comparability of such statistics between societies. But if one considers fairly well defined groups like the higher professionals and unskilled workers, a reasonable indication of the average range can be obtained. Compared to G. Routh's figures for Britain, it seems that the range between these grades was shorter in Iceland during the thirties¹. The picture is slightly more complicated if one looks at the middle range groups. The range between their average incomes and those of unskilled workers is greater in Iceland.

We turn now to an analysis of the processes behind the trends in occupational earnings differentials.

There are only two cases of a change of rank in the earnings hierarchy during this period. Managers have changed place with professionals, and sales and clerical workers have dropped below skilled manual workers. The decline of the average income of lower level white-collar workers is a well known phenomenon in Western economies, as well as in Soviet type economies, as was noted above. The drastic decline in the incomes of managers in fishing, on the other hand, is somewhat unusual, and some qualification of the data is called for. The figure for managers in 1975 does include incomes of entrepreneurial proprietors to a large extent, unlike the 1934 figure, and this affects the comparability. The inclusion of proprietors reduces the average income of the group in 1975 as a result of the increasing replacement of private firms by limited liability companies, i.e., firms' profits no longer appear wholly as the owners' income. Also, the very significant increase in the tax rate on high incomes during the period

¹G. Routh (1965), op. cit.

has, no doubt, inspired growing use of fringe benefits as a form of payment immune to taxation, in addition to other means of tax evasion. We would thus treat reported entrepreneurial income with due scepticism, as well as those of self-employed individuals¹.

With extensive economic growth in the post-war period, the economic power of the fishing industry has grown tremendously. Given the power of the managerial grade to control its own remuneration, the measured decline in their median incomes becomes even more suspect. While this elite group has expanded, it still remains small, and the owners section of it is represented by well organized federations. Entry by inheritance is still common, but in larger enterprises which are partly, or wholly, owned by local authorities, for example in Reykjavík and Hafnarfjörður, performance or qualifications criteria are likely to provide entries to the group.

The observed decline in the earnings of sales and clerical workers in the private sector calls for different explanations. These are typically lower grade non-manual jobs in business establishments. The proportion of males employed in such jobs has increased, but a major influence in this market has been the great influx of females, especially in the post-war period. Males have partly fought a losing battle over these jobs with females who are usually lower paid, as a result of discrimination. Despite government legislation (1973) securing females the same pay as males for the same kind of work, the sex differential is still quite marked, as will further emerge below. Females in this market are organized in the same unions as males (LÍV), but these

¹See M. Sawyer, "Income Distribution in OECD Countries," who notes this form of underrepresentation. Also H. Uusitalo (1975), op. cit., and R. M. Titmuss (1962), op. cit.

unions have traditionally taken a rather moderate stance in bargaining. Males in these jobs have evidently not been in a particularly strong bargaining position, or at least not made use of it, despite an expansion in this field of work. Increased mechanization of lower white-collar jobs may also have increased the "proletarianization" trend¹.

As these jobs would be expected to be rewarded in accordance with the principles of the bureaucratic market, one is led to a consideration of the recruitment process. Provisional examination of available social mobility data does indicate a fairly heterogeneous origin of recruits at this occupational level. This, as well as the generally low level of skill required in these jobs, would indicate a less efficient control of the recruitment process by these occupational groups, or their organizations, than is expected in a strictly bureaucratic market. The increased standard of education in the population at large is another factor which has worked against these groups in their pursuit of greater control over their work environment, and consequently their chances of increased rewards have not materialized².

The increased educational standard of the population is usually the main ingredient in a "human capital" explanation of the fall of lower white-collar earnings, namely, the supply and demand effect of this factor. An oversupply of labour qualified for these jobs is then seen as reducing the need for employers to provide potential applicants

¹H. Braverman, Labour and Monopoly Capital.

²L. Thurow, Generating Inequality (London, Macmillan, 1976), and Thurow and R. E. B. Lucas, The American Distribution of Incomes: A Structural Problem (Washington, D.C., Joint Economic Committee, U.S. Congress, 1973).

with the monetary incentive to acquire the necessary qualifications and to select these jobs rather than alternative ones. Hence, the pay drifts towards "the equilibrium level" at which demand and supply of such work is balanced¹. Evidently, this is a different perspective from the one adopted here.

But this drop in the relative rank of lower white-collar workers is also due to the relatively successful performance of the skilled manual workers who, for example, have improved their position vis à vis unskilled manual workers. The main key to the success of the craftsmen lies in the combination of high demand for this kind of work, hence enhanced market power, along with the fairly closed control of supply. The construction industry has been in a very prosperous state for the last 10-15 years, mainly as a result of extensive new private housing developments. This has meant that the amount of available work has, for the most part, been fairly evenly spread over the year, with maintenance work primarily left over to the slack season, the high winter months. At the same time, the apprenticeship system has been strictly operated, which means that the local craft organizations have controlled the supply of new recruits themselves.

Still, this control over a favourable market does not automatically lead to higher basic wage rates. Usually, the negotiated basic rate follows the average which the Federation of Labour (ASf) negotiates for unskilled manual work, reflecting the force of custom and comparisons. This is borne out by the evidence in Table III.7. In fact, for a part of the period from 1963 to 1976, the basic bargained pay of skilled workers has lagged fractionally behind (columns 1 and 2). Columns

¹A. Rees, The Economics of Work and Pay.

TABLE III.7. Differences Between Basic and Actual
Wage Rates for Manual Work, 1963-76
 (1963 = 100)

	<u>Basic Wage Rates</u>		<u>Actual (Paid) Wage Rates^a</u>	
	<u>(1)</u> <u>Unskilled</u>	<u>(2)</u> <u>Skilled</u>	<u>(3)</u> <u>Unskilled</u>	<u>(4)</u> <u>Skilled</u>
1963	100	100	100	100
1964	127	123	125	126
1965	151	147	149	155
1966	181	183	178	190
1967	192	191	186	198
1968	203	202	197	205
1969	237	227	223	227
1970	289	284	274	286
1971	330	335	314	341
1972	428	427	413	442
1973	532	533	523	558
1974	820	853	804	900
1975	1,080	1,094	1,034	1,146
1976	1,412	1,432	1,363	1,491

Differentials

(Skilled/Unskilled x 100)

1963	131	121
1976	133	132

Source: Fréttabréf KN., no. 36.1977.

^a Excluding weekend and holiday allowances.

3 and 4 which show the change in actually paid rates tell a different story. There, the pay of skilled workers runs significantly ahead. This gives an indication of how the extra advantage is actualized--namely, by means of the bonus system in construction which is very

widely used to increase productivity when demand is high, or by means of wage drift which is probably more likely to be found also outside the construction industry.

We turn now to the independent higher professions, which resemble the craft occupations in their control of supply. The professional market has, of course, expanded significantly, but perhaps more so in the public than in the private sector. At the same time, it has also become much more heterogenous. As a whole, the group has experienced a slight relative decline in earnings. If, on the other hand, one looks solely at an old and established professional occupation like doctors, it appears that they have improved their position. That group is clearly more successful in controlling its market and enhancing its bargaining position, even though the bulk of their income comes from the state. New professions are likely to experience difficulties in controlling their own conditions, especially while the demand for their services is not well established. This may partly account for the drop in the relative position of the group as a whole. Also, the qualification of the statistics for the use of fringe benefits and tax evasion is likely to apply here as with the managerial group, since many in these occupations run their own firms (for example, lawyers, accountants, and architects).

Employment in the public services has expanded extensively, yet the average income has lagged considerably behind the average for all the occupational groups. As this category includes such a wide range of occupations which are also very unequally rewarded, the relative decline may easily be the result of a greater expansion of the lower paid jobs within the hierarchy. On the basis of our examination of

the occupational structure, we can indeed conclude that jobs in education, the post office, welfare services, and lower clerical jobs, which mostly had a median income below the average for the whole of the public services, have expanded the fastest.

Traditionally, the bureaucratic occupations have been secure, and considerable prerequisites are frequently tied to them. Pay in the public sector in Iceland was fixed by special legislation until 1962¹. The Union of State and Municipal Employees (BSRB) was usually, though, involved in the preparatory work for such legislation. Since 1962, the union has had the right to negotiate with the government, but without the right to strike in support of pay claims. After a certain period of unsuccessful negotiations following the termination of a contract, the case would automatically go to an arbitration court ("Kjaradómur"). In 1978 the union was granted a limited right to strike. Usually, the governments have pledged themselves to let public service pay increase at a similar pace as pay in the private market, but employees in the public sector have increasingly questioned the success of that policy, with the grievances culminating in the demand for the right to use the strike weapon.

Besides the likely effect of changing occupational composition of the group of public employees, there is evidence of relative persistence of earnings differentials amongst them from pay legislation since the late thirties. During the Great Depression, it was widely felt that the pay of public employees should be reduced at the same time as other groups were experiencing a lowering of living standards due

¹A. Backmann and G. Eydal, Vinnuréttur: Um Lög og Rétt á Vinnumarkaði (Reykjavík, M.M., 1978), ch. 8.

to unemployment. Accordingly, a commission was set up to inquire into the pay of public servants, compare it to pay in private enterprises, and suggest ways of reducing the wages bill of the government¹. The recommendations, which were not accepted at the time, however, involved some marked cuts in higher salaries. Recently, there has been a considerable pressure on governments to keep down the earnings of public employees, but it is difficult to assess the effects of this so far.

Apart from managers in the fishing industry, the relative drop in earnings of officers on the fishing fleet is the largest. Deck-hands' relative earnings have also fallen, but not to the same extent, hence the narrowing of the differential between these extreme groups in the hierarchy on the fishing fleet. The proportional size of the fishermen's groups has declined drastically in the Reykjavík area, more so than in the rest of the country. As already explained, this in itself should not have directly affected the earnings of fishermen. However, it has become apparent recently that earnings in fishing in some provincial areas, especially in the Westfjords, have outgrown those in the Reykjavík area. This is born out by the figures on the development of employment earnings of married fishermen from 1951 to 1969 (Table III.8). Fishermen's earnings in Reykjavík have continually lagged behind those of fishermen in towns and villages of the provincial areas.

In Reykjavík, fishermen's earnings lagged also significantly behind the national average for skilled manual workers. The national

¹Millipínganefnd í Launamálum 1934; see also G. M. Magnúss, Um Menntamál á Íslandi 1944-46 (Reykjavík, Menntamálaráðuneytið, 1946), pp. 158-168.

TABLE III.8. Development of Fishermen's and Skilled Manual Workers' Employment Earnings, Males 1951-1975

	Fishermen				Skilled Manual Workers
	<u>Towns</u>	<u>Villages</u>	<u>Reykjavík</u>	<u>Country</u>	<u>Country</u>
1951	100	100	100	100	100
1952	111	126	104	112	115
1953	125	129	110	120	130
1954	142	162	116	135	140
1955	161	181	137	156	160
1956	173	215	156	176	184
1957	173	223	142	170	185
1958	208	284	169	207	208
1959	261	345	194	249	219
1960	244	343	204	246	236
1961	306	412	235	296	250
1962	381	449	289	356	307
1963	391	525	350	401	373
1964	541	653	484	540	477
1965	691	961	548	688	590
1966	790	1,116	632	798	753
1967	641	793	512	623	724
1968	617	850	561	638	753
1969	788	1,057	710	807	850
1970	..	..	..	996	1,075
1971	..	..	..	1,258	1,363
1972	..	..	..	1,564	1,615
1973	..	..	..	2,349	2,083
1974	..	..	..	3,346	3,235
1975	..	..	..	4,484	4,129
Incomes kr.					
1951	36,994	27,209	41,994	36,123	34,343
1969	291,267	287,711	298,216	291,469	291,830

Source: Hagtiðindi 1971, Þjóðarbúskapurinn 1976.

average for fishermen has, on the other hand, developed differently. It increased at a slower pace than that for skilled workers during the fifties, but from 1959 to 1966 the fishermen's earnings ran ahead following the herring boom. With the fishing recession in 1967, their earnings fell drastically only to increase faster again with the great influx of new trawlers from the early seventies onwards. As explained in the previous section, trawlers provide for higher earnings capacities, both because of the special bonus system which determines the crew's share and possibilities of higher productivity.

By 1973, the increase in fishermen's national average income had caught up with that of the skilled land workers. This indicates that the previously observed decline in the relative earnings of fishermen in the Reykjavík area (Table III.4) is primarily a regional effect, explainable by the restricted development of the fishing industry in the Reykjavík area. Indeed, the herring boom did benefit the provincial areas more than Reykjavík, especially the northern and the eastern areas. These areas were closest to the main herring grounds. The renewal of the trawling fleet did also have a purposive regional "bias." Active regional policy was very consequential in assisting regional interests in acquiring these profitable vessels. Lastly, the traditional fishing grounds for the fleet from the Reykjavík area have recently become less abundant, and this has not been without effect on fishermen's earnings¹.

In 1951, fishermen in Reykjavík were earning more on average than their provincial colleagues. By 1969, they were close to parity. With the continuation of the trend, they are likely to have dropped

¹See Framkvæmdastofnun Ríkisins, Ársskýrsla 1974-80.

behind in the last few years. These regional variations in fishermen's earnings are not likely to figure prominently in the process of earnings determination, described in Chapter VI. The implicit policy aim has usually been to let average earnings in fishing increase in line with those of manual workers, but the union representation in the process is not regionally based, and judging by analyses in official economic reports, the main considerations of earnings development concern the national average¹. Further, there seems to be a widely held belief that in good years, earnings rises in fishing produce explosive wage rounds in other occupations with inflationary consequences. Such a belief could not be adhered to if analyses were done on a regional basis, nor if the dependence of earnings capacities on size of vessels or type of fishing were considered. The active process of comparison with the reference groups clearly relies on the use of national averages.

Because of the peculiar system of earnings determination in the fishing industry and the minor role of the unions in it, they have often concentrated on gaining non-monetary benefits and rights for their members. These concerns have included, for example, legalized minimum holidays, control of work effort, safety regulations, and tax benefits. For example, they have acquired 10% extra personal tax allowance for fishermen. But they still have a long way to go before acquiring comparable work load and benefits which prevail in other industries. The bargaining power of the fishermen's unions is still considerably eroded by the sheer difficulty of organizing their members and coordinating their activities. Consequently, their control over

¹Verðbólguvandinn, pp. 83-90.

the market is very limited, and the shaping of the fishermen's rewards is very much dependent on government economic policy, branches within the fishing sector, and the power of local employers' organizations.

Finally, we come to unskilled manual workers. Compared to the average for all of these occupational groups, they seem to have lagged slightly behind in the struggle for higher incomes. It is difficult to estimate with certainty the change in the numbers of unskilled manual jobs, but their proportional size in the occupational structure has gone down, as was pointed out in the section on the development of the broad occupational classes. In the Reykjavík area, the proportional size of this group is lower than in the provincial areas. Furthermore, the figure for 1975 (Table III.4 above) is too low, as the occupational classification is not exhaustive for that year; some typically new occupations which are not directly comparable to the 1934 structure are excluded, i.e., probably close to 15% of classified males. Hence, the relative constancy in the size of this group which is indicated in the table is fallacious.

Collective bargaining in the market for semi- and unskilled labour became formally institutionalized with a legal backing in 1938. Still at that time, there were considerable regional variations in wage rates¹. The increase in national bargaining during the post-war period has gradually eroded that difference. Yet, as can be seen in Hagtiðindi, 1971, the average earnings of workers in the towns and villages outside Reykjavík were lower in 1951. This is probably due to the fact that seasonal unemployment continued to be a fact of life in many

¹Millipinganefnd í Launamálum 1934, pp. 32-34. This regional inequality is reflected equally in accepted wage rates as well as in incomes reported to the tax authorities.

TABLE III.9. Development of Skill Differentials in
Employment Earnings of Married Manual Workers 1951-75
(1951 = 100)

	<u>Reykjavík</u>		<u>Towns</u>		<u>Villages</u>		<u>Country</u>	
	<u>Un- skilled</u>	<u>Skilled</u>	<u>Un- skilled</u>	<u>Skilled</u>	<u>Un- skilled</u>	<u>Skilled</u>	<u>Un- skilled</u>	<u>Skilled</u>
1951	100	100	100	100	100	100	100	100
1952	103	110	122	130	122	108	111	115
1953	121	128	139	138	146	126	130	130
1954	135	133	151	155	153	148	142	140
1955	142	153	177	175	174	155	156	160
1956	168	175	201	202	205	182	182	184
1957	166	169	204	208	213	197	183	185
1958	190	190	249	231	260	227	217	208
1959	215	205	257	242	259	224	233	219
1960	220	221	264	258	286	248	241	236
1961	220	225	287	279	328	278	254	250
1962	270	280	349	350	356	319	305	307
1963	338	348	406	425	455	373	373	373
1964	456	447	513	520	590	509	489	477
1965	557	565	620	632	720	596	595	590
1966	641	727	778	821	870	703	711	753
1967	647	679	787	799	858	738	715	724
1968	654	705	791	825	872	788	722	753
1969	764	786	949	952	1,021	881	852	850
1970	..	..	..	..	..	..	1,039	1,075
1971	..	..	..	..	..	..	1,208	1,363
1972	..	..	..	..	..	..	1,554	1,615
1973	..	..	..	..	..	..	2,099	2,083
1974	..	..	..	..	..	..	3,155	3,235
1975	..	..	..	..	..	..	4,023	4,129

Source: Hagtiðindi 1971, Þjóðarbúskapurinn 1977.

of these places. Table III.9 does, at the same time, bear witness to a clear trend toward parity, with the increase in earnings being fastest in the smallest villages and the provincial towns. This is primarily associated with progress in the fishing industry and, of late, regional policy.

It has already been shown how the pay of unskilled manual workers in Reykjavík lagged behind that of craftsmen. The more rapid increase of unskilled workers' earnings in the provinces produces a skill differential on a national basis which is closer to stability over the period than was found in Reykjavík. This may seem like a coincidence effect of a number of different balancing effects. However, it is likely that the development of these national averages has a consequence in the process of collective bargaining. We have already pointed to the use of these statistics in the discussion of fishermen's earnings. The comparison of the development of pay amongst skilled and unskilled workers and fishermen has become largely institutionalized. The national averages are available to the bargaining parties, and they provide a way of securing that no group becomes left too far behind. During the sixties (1966), a new law was passed which let farmers in on the deal; namely, it was prescribed that their earnings should not lag behind those of the "comparative classes." Farmers' earnings are, of course, determined by the setting of the prices of their products, a task which is undertaken by an institutional mechanism ("Sexmannanefnd"), similar to the one operated in the fishing sector¹.

The comparisons do facilitate the operation of the principle of custom in the case of skilled and unskilled manual workers. Fishermen,

¹Verðbólgunefnd (1978), op. cit., pp. 93-94.

on the other hand, provide to some extent an open dynamic in the process because of the effect of productivity on their earnings. Therefore, it is difficult to maintain their differential as against manual workers in a stable manner by use of the principle of customary comparison. The institutionalized comparison does not necessarily coerce the first group in the bargaining round to moderate its claims. In high inflationary conditions, as have prevailed in Iceland, the cost-of-living index and assessments of the "capability of the economy to increase real wages" are the major considerations behind the setting of bargaining goals.

We argued above, on the basis of the idea of occupational markets and occupational control, that unions representing workers in semi- and unskilled jobs had little means of obtaining control over the recruitment process in their pursuit of enhanced bargaining power. Hence, the strike weapon is their only means of fighting for improved working conditions and higher pay. The employment situation is always a very important factor affecting bargaining power in this market. Workers in manual occupations are most subjected to the threat of unemployment, especially in fish processing and construction. Employers in fish processing, where a very high proportion of unskilled manual workers are employed, do sometimes close down the industry in a joint effort at resisting pay claims from unions and in accumulating pressure on governments to increase their revenues, usually by devaluing the currency or with special grants. The threat of unemployment and the trade-off between higher pay and unemployment always looms high, then, in the ideological battles associated with collective bargaining in this market. And as would be expected from the present explanatory framework,

the groups and organizations of unskilled manual workers typically figure prominently in industrial conflicts.

III.1.6. Trends in the Occupational-Incomes Hierarchy 1963-75

In this section, we seek to qualify further the findings which have appeared in the analysis of long-run trends in earning differentials in the Reykjavík area. The present data is national and highly comparable between years, since the same occupational classification is used throughout the period and the incomes data come from the same sources. The incomes concept is "gross income" which, in the case of married people, includes the income of spouses. As we pointed out above, the wives of males in lower occupational classes are more likely to work outside the home, and this may therefore exaggerate the incomes of lower classes relative to the higher groups, accordingly underrepresenting the inequality in the hierarchy. We have already pointed to the common finding that entrepreneurial incomes are underreported, and this applies at least equally to the Icelandic case, similarly masking the degree of inequality. Another factor which works in the same direction is the actual occupational classification which the Central Statistical Bureau in Iceland uses. This lumps together all employees of the central government, and the top civil servants who are highly rewarded for their work disappear into the average for the whole of the government bureaucracy. We do, however, have a reasonably representative group for the higher professions, doctors and dentists. But their average income is also likely to be underrepresented, since dentists are independent of the National Health Service, and the qualification for entrepreneurial incomes applies therefore partly in this case as well.

The data leaves thus something to be desired in analyzing the actual degree of inequality, but the occupational groups which are included give us a sufficiently common ground with other similar studies to realize the overall patterns which characterizes the Icelandic case. A further qualification is also in order, this time in another direction, i.e., qualifying for an exaggeration of the degree of inequality. This may be caused by the inclusion in these statistics of individuals who are only partially employed during the year. As elsewhere, this applies largely to females, but in the present case students who earn incomes during the four months long summer vacation may be an important factor which is not likely to be found in the neighbouring countries to the same extent.

An important issue to consider here is the question of stability in the occupational incomes hierarchy over time. In the preceding section, we showed that there have been two changes of rank in the hierarchy in the Reykjavík area between 1934 and 1975, involving a relative lowering of employers, managers, and clerical sales workers. The first case was disqualified on grounds of faulty data, whereas we pointed out that the development of the lower white-collar incomes is a feature which is, to a large extent, common to advanced industrial societies. We may also note that professional incomes which usually are highest amongst employee incomes seem to be rather low in Iceland, while the differential between unskilled and skilled manual workers is rather large. But on the whole, the structure seems to have all the main familiar features found in advanced societies.

In Table III.10, we produce the national data for the contemporary period separately for males and females. It should be reemphasized

TABLE III.10. Gross Incomes by Occupational Classes
in 1969 and 1975

	Males			Females		
	1964 Income (% of \bar{X})	1975 Income (% of \bar{X})	Growth 1975 / 1964x100	1964 Income (% of \bar{X})	1975 Income (% of \bar{X})	Growth 1975 / 1964x100
<u>Private sector:</u>						
Employers, managers	154	160	104	..	..	..
Professions (higher)	164	176	107	..	..	..
Self-employed	121	115	95	..	..	..
Foremen	140	154	110	..	..	..
Clerical, sales	102	103	101	122	111	91
Skilled manual	104	112	108	..	..	..
Unskilled manual	83	74	89	111	94	85
<u>Public sector:</u>						
Doctors, dentists	217	254	117	..	..	..
Teachers, headmasters	140	134	96	220	183	83
Civil servants (general)	131	129	98	163	140	86
Local authority employees	129	123	95	163	136	83
Welfare institutions	100	101	101	135	121	90
Manual workers	92	77	84	96	56	58
<u>Fishing Sector:</u>						
Officers	173	146	83	..	..	..
Deckhands	108	93	86	..	..	..
<u>Agricultural sector:</u>						
Farmers	88	76	86	117	104	89
Farm workers	47	41	87	70	69	99
<u>Mixed sectors:</u>						
Banks, insurance employees	121	131	108	263	142	54
Social organizations' employees	114	117	103	131	126	96
Transport workers	110	110	100	69	81	..
Total average	100	100	100	100	100	100

at the outset that the quality of the latter data set (females) is markedly inferior to the former, since married females are excluded from the statistics. The data is broken down into broad employment sectors which provide some additional analytical relevance.

Looking first at the degree of occupational class inequality, it emerges that employers and managers in the private sector are only second in the rank with just over twice the gross income of unskilled manual workers. In addition to the previous qualification of entrepreneurial income, we can now provide a different kind of evidence to that end. Ö. Karlsson, in his comparison of entrepreneurs and unskilled manual workers, found an extremely marked difference in ownership of, for example, housing and cars¹. While the reported earnings of his entrepreneurs were a little less than twice the earning of the workers, the value of their cars was close to five-fold. In addition, a number of entrepreneurs had more than one family car (not counting business cars), and their vehicles were also much more recent models. Their houses were about 50% larger and much better equipped, while a half of the workers lived in rented accommodation. J. R. Sveinsson has also shown that low income earners of the working class tend to rent accommodation permanently, while middle class people and the young in general rent temporarily, i.e., usually while they are trying to acquire their own housing². Ownership of housing is, however, relatively high in Iceland; probably between 80 and 90% of private housing is owner-occupied³. In general, Karlsson found a significant

¹Ö. Karlsson (1977), op. cit., pp. 93-94.

²J. R. Sveinsson, "Leigjendur í Reykjavík," ch. 4.

³Ibid. Official records in the field of housing are seriously deficient, but an extrapolation of trends since the census year 1960 indicates that owner-occupancy may be of this order at the present.

difference between his groups of entrepreneurs and workers on all his background variables, i.e., income, education, ownership and size of housing and cars, and residence. On the last variable, it emerges that a large proportion of entrepreneurs live in the new suburbs, like Garðabær and Seltjarnarnes, which Broddason and Karlsson and others have shown to be predominantly upper class areas¹.

Another study of social stratification was undertaken by E. Héðinsson and I. V. Jóhannsson in the towns of Keflavík and Njarðvík². The respondents were split up into three classes, or social groups: the manual working class (55%), a middle class (36%), and an upper class of entrepreneurs and professionals (9%). Some questions of ownership, similar to the ones referred to in the Reykjavík studies, were included. In addition to those questions, they also asked about summer holidays, i.e., how many days taken and what type of travel (travel abroad, travel within the country, or no travel). On all aspects, they found a significant difference between these social groups, especially between the manual and non-manual groups.

It should be qualified further that such studies of consumption standards or life-style are very unlikely to reflect the actual extent of ownership amongst the privileged classes. No information emerges, for example, on ownership of housing other than that directly occupied by the family, such as holiday cottages in the country or abroad, stock,

¹Broddason and Karlsson, Könnun á Jafnréttismálum, and B. Reynarsson, "Hið Félagslega Landslag í Reykjavík," in Fjármálatíðindi (1977), no. 1.

²E. Héðinsson and I. V. Jóhannsson, "Eúseta og Félagsleg Lagsskipting í Keflavík og Njarðvík" (University of Iceland, B.A. thesis, 1975), pp. 15 and 41-56.

and other aspects of ownership, all of which are well known to be very unequally distributed.

Turning back to the table on earnings differentials, we may reiterate that the same qualifications of underreported earnings apply to some extent to the groups of self-employed individuals who appear to be suspiciously low in the hierarchy. On the professions, we have already noted that they seem to be relatively lowly paid in Iceland. Comparing the general group of professions in the private sector with doctors and dentists in the public sector, it is striking that the latter, which is much more homogeneous in composition, is much higher in income. Still, there is likely to be some effect of underreporting of incomes in this group since the dentists are independent of the National Health Service and run their own private clinics. There is also some room for private practice amongst N.H.S. physicians.

The group of foremen appears rather high, in fact, almost as high as employers and managers, which is particularly suspect. In addition to the above-mentioned qualifications, it should be revealed that this group contains airline pilots who are a small group but highly paid, and they are likely to increase its average income. The clerical and sales workers are again clearly below the skilled manual workers.

In the public sector, the teachers appear rather high in the classification at hand, but this is primarily a function of the homogeneity of that group, as against the overall group of civil servants which includes large groups of low paid clerical staff along with the top government bureaucrats. Manual workers are, in all classes, very clearly separated from the rest of the occupational classes. But the

fishermen are evidently the highest paid manual occupations on average in the economy. Farmers appear as very low in earnings, but it should be noted that their employment status is one of self-employment, and it seems that a relatively high level of investment amongst them has lowered their taxable incomes as they appear in these statistics¹. The groups in the "mixed sectors" are all plagued by considerable heterogeneity of composition which reduces their comparative value for the present purpose.

The statistics on females are not directly comparable with those for males, because married women are excluded, and partial and part-time employment is much more common amongst females. This has something to do with the fact that, in the classification which is used here, the group of teachers appears to be the highest income group amongst females. This is no doubt largely due to the homogeneity of that group, as well as to the fact that full-time work is more common amongst women in that occupation than in many other jobs. Male teachers are, by comparison, not at all amongst the highest paid occupations. Since females are rarely in the position of headmasters, their average pay in this group would be likely to be slightly lower than that for males, even though the pay is near equality for the sexes in this case. The fact that this group ranks so high amongst females is in itself some indication of the inequality in pay between the sexes in other occupational groups.

In the private sector, it is notable that there seems to be a significant difference between clerical sales and manual occupations. But in other grades, the number of females is too small to warrant

¹Verðbólgunefnd (1978), op. cit., p. 265 (note).

comparison. A further notable feature is that female employees in financial institutions seem to be relatively highly paid.

Now to the question of trends (columns 3 and 6). To interpret the figures, it should be noted that 100 means that the group has stayed in line with the overall average for all occupational groups during the period; less than 100 means that the group has lagged behind the overall trend, whereas more than 100 shows a disproportional increase.

The most striking feature in the case of males is that unskilled workers and fishermen have lagged considerably behind the other occupational classes. Amongst employees, the only other groups which have lagged behind are teachers and other public employees. Those who have gained most are typically the top groups--doctors/dentists, foremen, employers/managers, and general professions. An interesting fact is that skilled manual workers have also gained considerable increase, mainly due to bonus pay and wage drift, as we showed in the previous section. As regards fishermen, it is likely that their position has improved after 1975, especially that of trawlermen.

The character of these trends would seem to suggest that inequality has been increasing in the last two decades, and it lends general support to the long-term analysis of the Reykjavík area in the previous section.

In the case of females, the indicators all show a decline relative to the overall average. This is because participation of females in the labour market has increased so much that their general level of incomes has grown decisively. Due to this effect, it is best to compare the indicators relatively, for example, against the indicator

for unskilled manual workers in the private sector. This would seem to indicate, then, that as in the case of males the unskilled manual workers and public employees have lagged behind the other groups. Clerical/sales workers and employees in welfare institutions (like hospitals and nurseries) and social organizations have improved their incomes slightly more. We shall examine the differential between males and females further in a later section.

To secure our conclusions on trends further, we can point to similar evidence for the sub-groups of married males¹. This group which normally shows a lower degree of earnings differentials has all the same broad trend characteristics. Between 1963 and 1975, the gross incomes of the professions, employers, foremen, along with skilled manual workers, increased the fastest, while manual workers and civil servants lagged behind.

III.1.7. Causes of the Trend Towards Equality in the Personal Distribution of Incomes

We can pause now and consider some of the facts which have emerged so far and relate them together. We have shown that during the last half of a century, the Gini coefficient of income inequality has lowered from about 0.5 to about 0.4. But at the same time the evidence on occupational class differentials is not as conclusive in the same direction. Admittedly, some of the higher paid groups show relatively lower earnings in 1975 than in 1934, even though the gap seems to be increasing again lately. But what is probably more important for the overall trend is that unskilled manual workers, who are the worst paid, have lagged considerably behind other groups. Since this group is the

¹Ibid., pp. 183-184.

largest occupational class, this trend towards increased inequality is probably very important for the overall trend. This would seem to suggest that the equality trend in the Gini measure is not caused primarily by a reduced earnings gap between the occupational classes.

This equality trend could then, in the main, be due to mobility developments in the occupational structure, i.e., the decrease in the number of individuals in lower paid jobs and a relative increase in the numbers in middle and higher occupations. If we multiply together the increase in the number of individuals in the main classes and the relative changes in earnings differentials (see Table III.6), the combined effect of changes in the earnings hierarchy and of sizes of these classes emerges. This indicates that the groups which have grown most in size, i.e., in terms of number of individuals (public employees, sales and clerical, and manual workers) weigh most in the trend toward equality. It would thus seem that this trend towards equality is primarily due to the effects of the changing occupational structure, which is further suggested if we consider the rigidities of comparative wage bargaining within the trade union movement. Similar developments also explain to a large extent the comparable trend towards increased equality in Sweden and Norway¹.

III.1.8. Females in the Labour Market

Traditionally, women have played a considerable role in the Icelandic economy. After fishing became a large-scale industry, urban females acquired a more or less permanent role in fish processing, typically functioning as a reserve labour force called upon when

¹R. Bentzel, Inkomstfordelingen i Sverige, quoted in R. Scase (ed.), op. cit.

catches were plentiful and left solely to housework in the slack season. Unskilled male workers were, to a large extent, in the same position during the early decades of the century, but their employment security has improved more than females' with increased labour demand. According to census figures, about a third of married females were active to some extent in the labour market. Their proportion seems to have remained largely on the same level from the early decades until the mid-sixties, when it began to increase steadily at a very fast rate¹. By 1970, Iceland was considerably higher than Norway in this respect, similar to Sweden, but lower than Denmark and Finland². Since that time, the females' participation has grown continuously. By 1974, 53% were counted as fully active (68% had some activity), and in 1976 60% were reckoned to be fully active³.

With such a large-scale participation of women in the labour market, the extent of gender inequality is obviously of great importance for the overall structure of inequality in Icelandic society. Unfortunately, the data on incomes does not allow a sufficiently reliable comparison with males, but we will try to piece together some of the

¹Population Census 1960, p. 35, and F. Geirsson (1977), op. cit., who reports figures from a working paper done at the National Economic Institute. This research is based on reported employment earnings of married females in tax records, and the volume of work is estimated on the basis of wage rates for unskilled female workers. Earnings equal to, or more than, three months' wages of unskilled workers are counted as reflecting full participation in employment. See also G. Vilhjálmsdóttir and O. R. Grímsson, Jafnrétti Kynjanna (Reykjavík, Ö.Ö., 1974), pp. 81-101.

²Yearbook of Nordic Statistics 1977, p. 46.

³National Economic Institute (Working paper, personal communication by G. Vilhjálmsdóttir).

available material.

In the early decades of capitalism in Iceland, as elsewhere, it was of course an accepted practice to pay women lower wage rates than males, even for the same jobs. During the thirties, for example, the basic wage rate for female workers was close to two-thirds of the rate for males¹. This varied somewhat between parts of the country, due to a low degree of institutionalized bargaining, ranging from 58% to 80% of the rate for males. The relative female rate was amongst the lowest in Reykjavík where the male rate was highest, which shows that females were not able to follow up on the greatest successes of Reykjavík males in pressing up their wage. The rate for women was, however, highest in the fishing town of Siglufjörður in the northern part of the country, where demand for female work was particularly high.

Public employees in general were the first to acquire legal equality for the sexes with the pay laws of 1945². Some isolated occupations, like teachers and top civil servants, had, however, acquired this right earlier. In accordance with the U.N. resolution on equality of pay for men and women from 1951, a law was passed in Iceland in 1961 which prescribed that actual equality in pay should be gradually acquired between 1962 and 1967. Since then, the law has provided for equality, but while there has been a steady progress towards equal wage rates for the same jobs, there was still a slight difference between the sexes during the early seventies, when females'

¹Millipinganeftnd í Launamálum 1934, p. 32, S. Kristjánsson (1976), op. cit., and G. Vilhjálmssdóttir and Ó. R. Grímsson (1974), Jafnrétti Kynjanna, p. 142.

²G. Vilhjálmssdóttir and Ó. R. Grímsson, Jafnrétti Kynjanna, p. 142.

wages were close to 98% of males' in fish processing. Amongst sales workers, there has been a much more restricted progress¹.

According to the tax statistics, the overall average of women's incomes is less than half of males' incomes. This is no doubt exaggerated since partial work amongst females is much more common, and these figures are not qualified for that effect. But even if such figures on just fully employed males and females were available, the average earnings of women would be considerably lower. For comparison, it may be added that, in Britain, women who are fully active earn a little more than a half of males' earnings². This is due to a number of reasons. Firstly, females are predominantly in lower paid occupations, especially in the private sector, as we showed for Iceland in the sections on the occupational structure. They predominantly work in unskilled or lower white-collar jobs. This seems to be the greatest discriminating effect.

Secondly, even when males and females work in the same occupations, women tend to be slightly lower paid still, and males are more likely to enjoy bonuses and supplementary pay. G. Vilhjálmsdóttir and Ó. R. Grímsson report a number of work place studies which show this difference in effect³. In addition to suffering discrimination because of a lower educational level, women are often discriminated against on the basis of other criteria, like household responsibility and broken careers due to pregnancy and childbearing, even when they have similar

¹Ibid., pp. 144-146.

²Westergaard and Resler, Class in a Capitalist Society, pp. 100-102.

³G. Vilhjálmsdóttir and Ó. R. Grímsson (1974), op. cit., pp. 148-200.

educational levels as males. But in the light of evidence on the gradual erosion of actual wage differentials for the sexes in similar jobs, we would conclude that women suffer most because of their placements in typified female jobs in the occupational class structure and the limited opportunities which they offer.

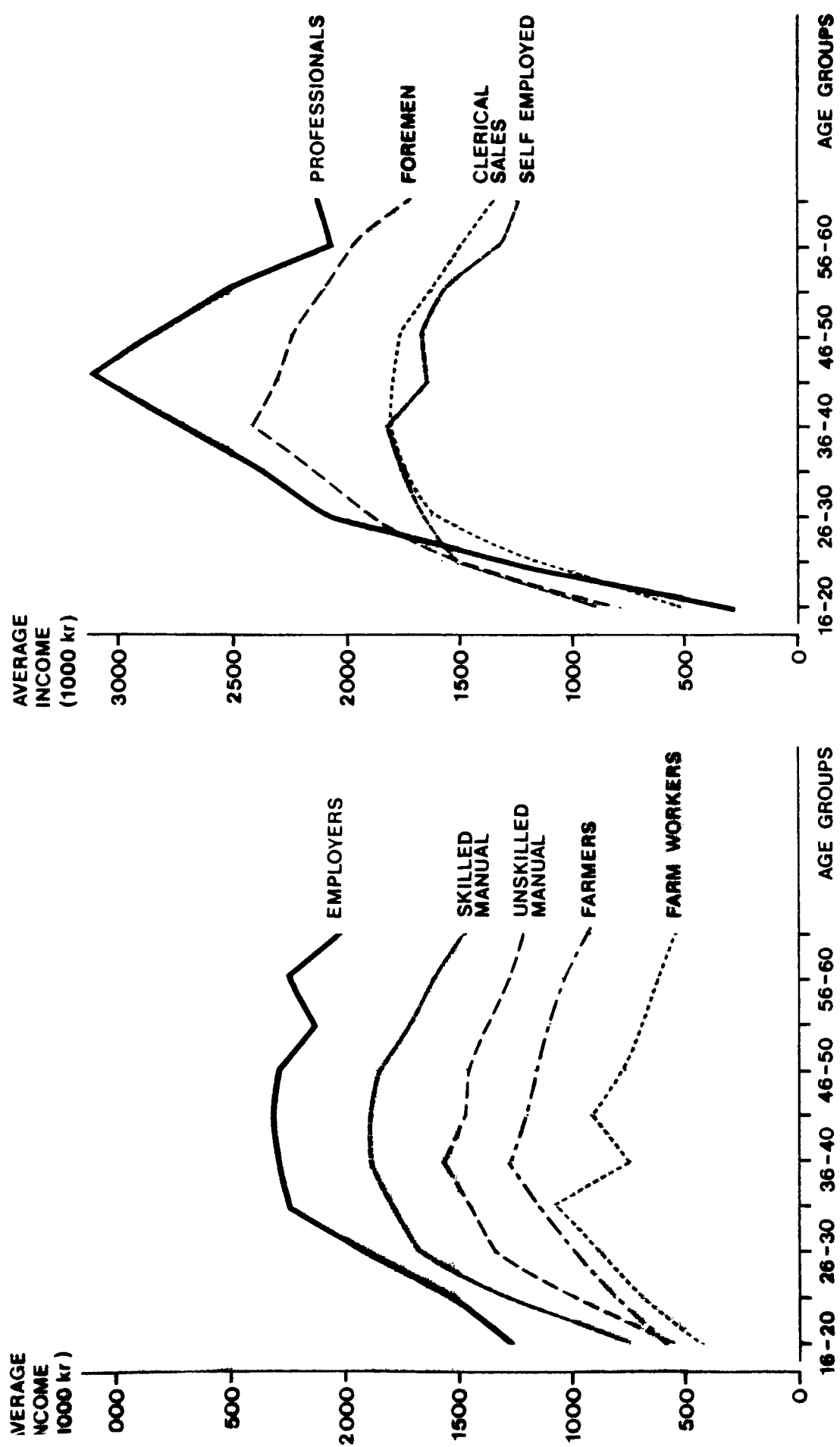
III.1.9. Career Prospects in Occupational Earnings

The comparison of the average incomes for occupational classes does not reveal all the aspects of occupational income inequality. The averages include individuals in all stages of careers, and the incomes do change during the career for some groups. In other words, it is common knowledge that, with growing length of service, individuals rise in seniority and pay. What we want to do now is to examine the extent to which such advantages obtain in different occupational classes, for both sexes.

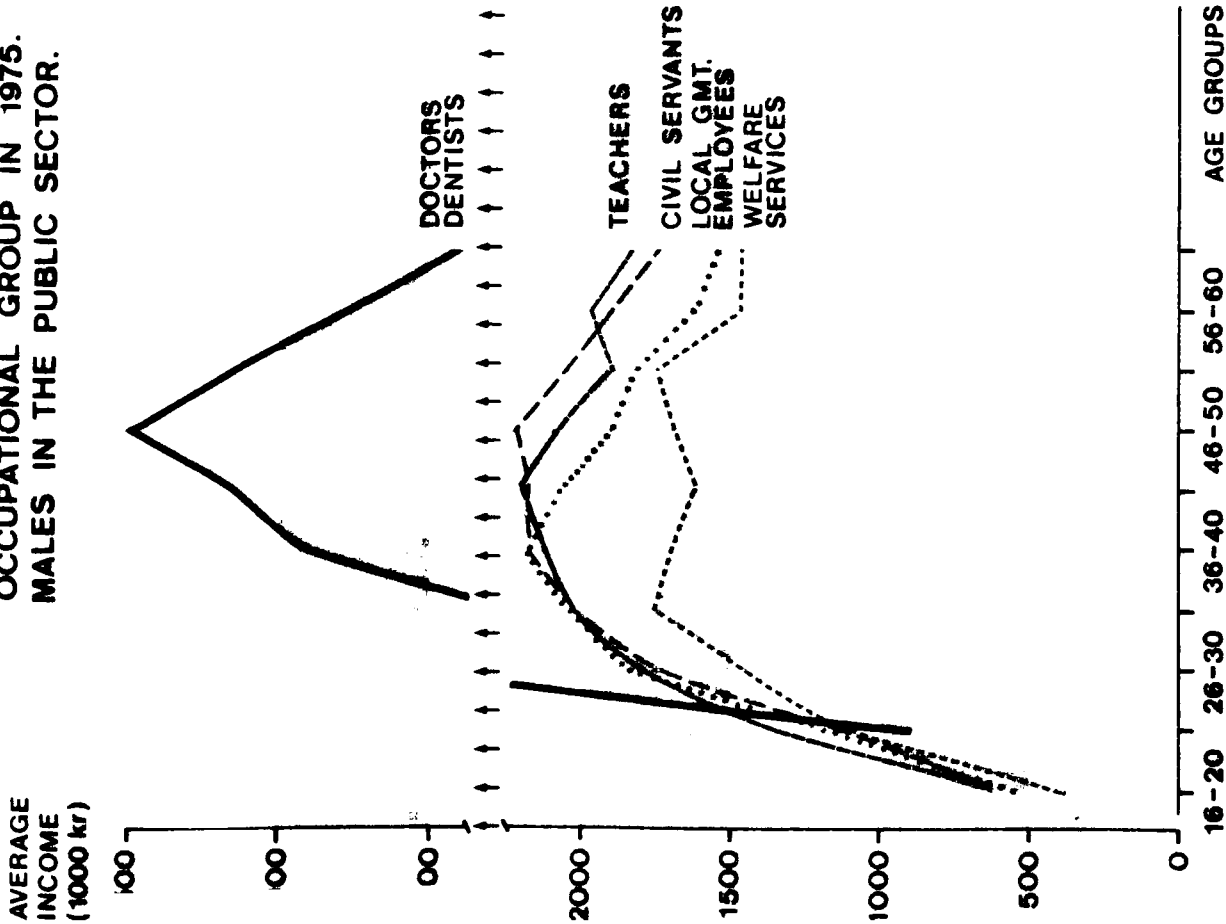
In Figures III.1 to III.3, we produce age-earning profiles for the occupational groups which the tax data provides¹. The first point to note about these diagrams is that, at the beginning of the working career, the difference between the occupational groups is rather small, but it increases to reach a maximum, usually in mid-career. Then, towards the end of working life, the difference narrows down a little. Looking first at males (Figures III.1 and III.2), it emerges

¹The figures on which these diagrams are based do not actually show the career paths of separate individuals. Such data would be far more complicated to present and analyze. Instead, these figures represent the earnings of separate age groups in each occupational class. As such they are indicative of the usual form of career paths. Such data sets have been used for that purpose; see, for example, H. F. Lydall, "The Life Cycle in Income Saving and Asset Ownership," in *Econometrica*, April (1955); also Westergaard and Resler (1975), *op. cit.*, pp. 80-84.

**FIGURE III. 1. AGE EARNINGS PROFILES BY OCCUPATIONAL GROUP IN 1975.
MALES IN THE PRIVATE SECTOR AND AGRICULTURE.**



**OCCUPATIONAL GROUP IN 1975.
MALES IN THE PUBLIC SECTOR.**



**AGE EARNING PROFILES BY
OCCUPATIONAL GROUP IN 1975.
MALES IN THE FISHING SECTOR.**

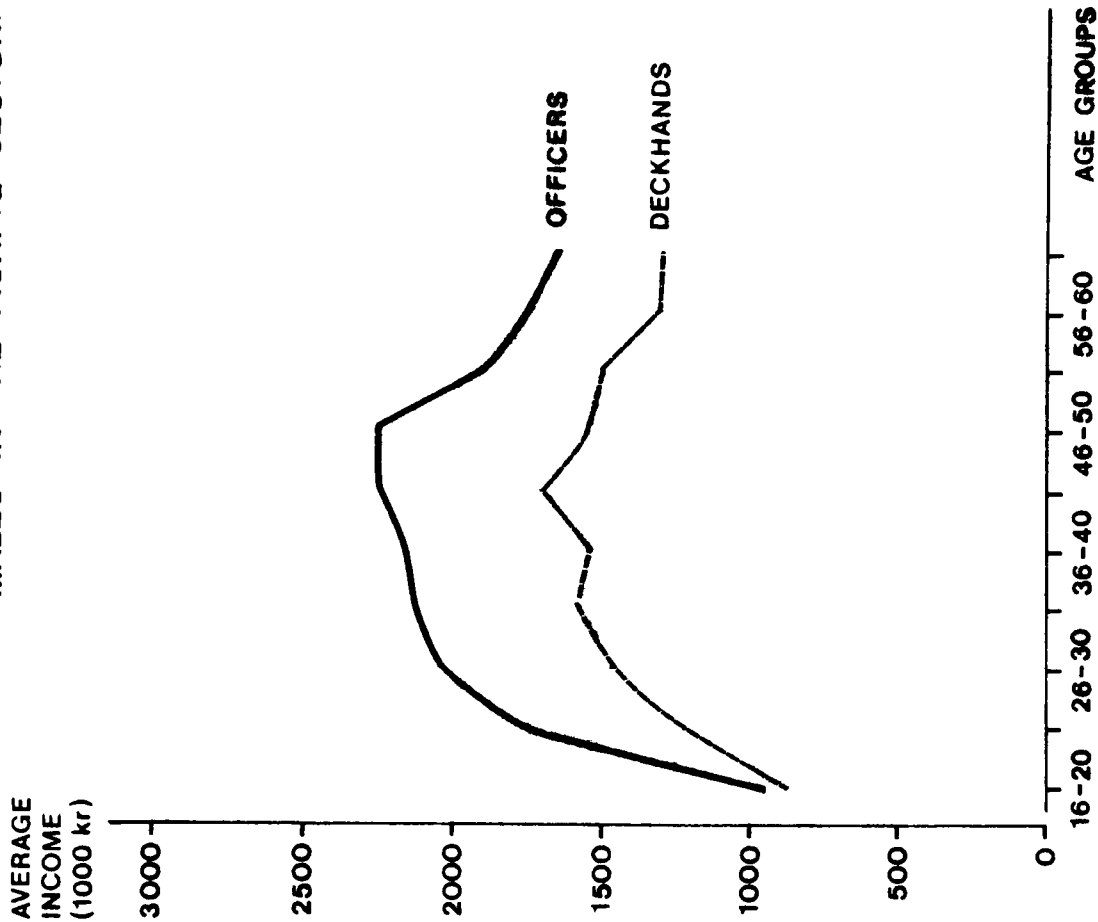
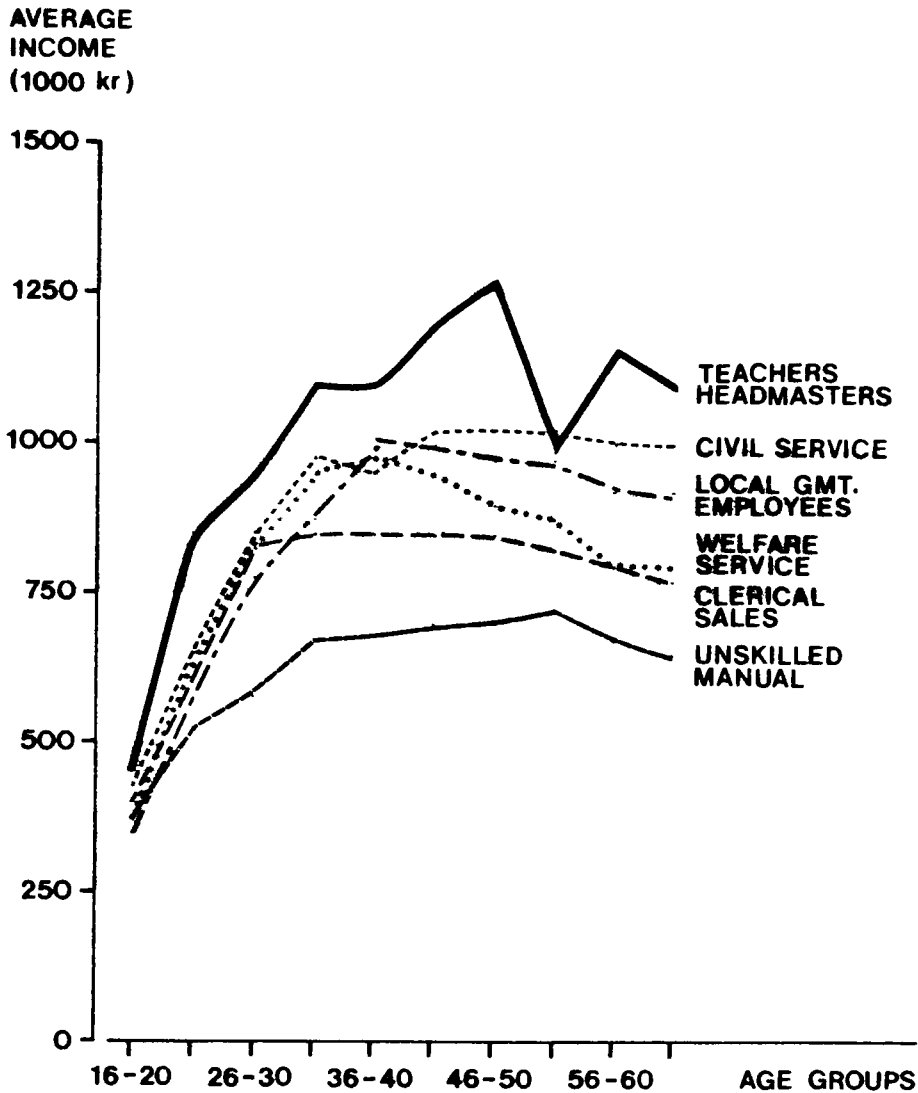


FIGURE III. 3. AGE EARNINGS PROFILES IN MAJOR FEMALE OCCUPATIONAL GROUPS IN 1975.



that unskilled manual workers, farmers, and foremen reach their peak in the late thirties and then gradually decline. In many cases, the ability to increase work volume is the primary means of increasing earnings in manual occupations¹. Mobility studies have typically

¹Westergaard and Resler (1975), op. cit., pp. 83-85.

shown foremanship to be the highest that most unskilled manual workers can climb during their working career. By contrast, professional occupations and entrepreneurships offer usually much better prospects for rises in seniority and earnings capacities, and this is well born out for the Icelandic case in these diagrams. The earnings of higher white-collar groups do, thus, in general reach a peak later in the career than amongst the lower manual groups, and the former do also frequently maintain their level better. The latter effect is not as strong, though, in Iceland by comparison with Britain, for example, perhaps because of more rapid industrial development in the former case. Heavy demand for work in construction and fishing may also have raised the earnings amongst able workers in their prime career to a somewhat unusual extent in Iceland.

Skilled manual workers reach their earnings peak later than unskilled ones, and clerical and sales workers have a fairly similar path as unskilled workers. Employers, though no doubt too low in the picture, maintain their level typically well throughout their career. The self-employed and farmers decline somewhat in the incomes rank with age, but the number of farm workers in the higher age groups is too small to be significant.

The well-defined top professional group in the public sector, doctors and dentists (Figure III.2), shows particularly well the features of top white-collar career paths. The humped form of the lines would seem to indicate that higher level employees do also put in a lot of effort during their prime career to raise their earnings and then slow down a bit when higher age sets in. Comparing fishermen, officers, and deckhands with the white-collar occupations in the public

sector, the very steep fall in earnings after the age of 40 is reached is particularly outstanding. This reflects well the demanding nature of work in fishing and the role of intensive effort in raising earnings amongst younger men. But on the whole the path for deckhands and manual workers is fairly similar.

For females, the paths are, in general, much more compressed, and the effects of career advances are significantly smaller (Figure III.3). Amongst the two largest occupational classes, unskilled and lower white-collar workers, the relative absence of career increases in earnings are particularly marked. The lower professional group of teachers shows the only marked upper white-collar characteristics in career progressions. These effects among the other white-collar groups in the public sector and in banking are, however, hidden by the heterogeneous composition of these groups.

On the whole, then, we find broadly similar patterns in career prospects for earnings in the Icelandic occupational structure as are typically found in other advanced societies, and the disadvantaged opportunities for females in the labour market are again quite significant.

III.2. Taxation and Provision of Collective Welfare

Taxation and welfare provision by the state are of considerable importance in the present context. Taxation has frequently the aim, secondary to obtaining public revenues, of increasing equality in income distribution, i.e., achieving a redistribution by biting harder into higher incomes with direct taxes. Public handouts and free welfare services have similarly aimed at improving the living standard of the poor by supplementing their inadequate rewards and providing some

essential service free of charge¹. It is important for us to assess the relative importance of these factors in the Icelandic case, especially since it is often believed that taxation causes a fundamental change in the overall distribution of incomes.

III.2.1. Redistribution of Income by Means of Taxation

During this century, the redistributive effect has increased somewhat with the rise in the general tax level. As can be seen from Table III.11, the level of taxation was very low in 1927, and a redistributive effect can hardly be traced at all in these figures.

TABLE III.11. Taxation and Redistribution of Incomes

		<u>1927</u>	<u>1975</u>	<u>1927</u>	<u>1975</u>
		<u>Net Income</u>	<u>Net Income</u>	<u>Redistributive Effect</u>	
Income Receivers:					
Lowest	40%	10.0	16.2	+0.1	+2.1
Next	20%	11.5	17.5	0.0	0.8
Next	20%	19.9	26.4	+0.2	+0.1
Next	10%	17.3	17.1	+0.1	-0.5
Next	10%	41.4	22.6	-0.4	-2.5

Source: Estimated from data on income distribution and taxation level by income brackets. J. Blöndal (1942), and F. Geirsson (1978).

A sign of a slight transfer from the top 10% of income receivers to the rest of the top 40% is evident, though, in the 1927 figures. In 1935, a new tax law was passed in the parliament (Althing) which

¹H. Uusitalo (1975), Income and Welfare, F. G. Castles, The Social Democratic Image of Society, Westergaard and Resler (1975), op. cit., and R. M. Titmuss (1962), op. cit.

considerably increased the average tax rate for incomes above the overall average. The effect of this can be verified with figures for the year 1937¹. With the expansion of social welfare provision after 1936, and generally increased government activities, the level of taxation was bound to continue to increase. As can be seen from the last column of the table above, the redistributive effect had become quite significant by 1975. These measures bite hardest into the incomes of the top 10% of income receivers, with a 2.5% reduction in their share. The lowest 50% are the main beneficiaries in relative terms, with 2.9% increase on average. The very low rate of direct taxation during the inter-war period, as compared to later periods, may have decisive implications for the reliability of reported incomes. It is, for example, unlikely that the incentive to underreport high incomes was as strong during those early decades as it is today. This applies mainly to entrepreneurs and self-employed individuals who usually have the best opportunities to take such advantages. At any rate, the deviation of top incomes from the mean is now only a fraction of what it was in the twenties and thirties². The expansion of limited liability companies may also explain this trend to some extent, i.e., the concomitant separation of the firm's incomes from those of the owners' with all the known possibilities for tax evasion.

While the pattern of redistribution through taxation in 1975 is

¹J. Blöndal (ed.), Félagsmál á Íslandi, pp. 50-53.

²This can be verified by comparing the detailed distribution of personal incomes as well as the occupational earnings, as emerged in the third section of this chapter. Cf. J. Blöndal (1942), op. cit., and our own analysis of tax returns in 1975.

markedly in the direction of equality, it is revealing to note that the equalizing effect is smaller than what obtains in Norway and Sweden. While the Gini coefficient for Sweden and Norway is lowered by 0.05 and 0.04 points, respectively, the Icelandic one appears to decrease only by 0.02-0.03 points (see Table III.2 above)¹. But admittedly, the redistributive effect of direct taxation is hardly anywhere as effective as in Scandinavia, and yet the overall change in the distribution is minimal, as these figures show.

In the Icelandic case, the redistribution is clearly skewed along occupational class lines, even though its effect is relatively slight. In Table III.12, we show the size of disposable income (direct taxes subtracted from gross income) relative to gross income by occupational classes. The higher the proportion, the lower is the effect of taxation on incomes in the particular occupational class.

TABLE III.12. Occupational Redistribution Amongst Married Males 1964-1976 (Disposable Income as % of Gross Income)

	<u>1964</u>	<u>1970</u>	<u>1976</u>
Farmers	87	88	98
Unskilled workers	85	86	94
Self-employed	85	85	90
Clerical/sales workers	85	84	89
Skilled workers	83	84	88
Fishermen	84	84	93
Banking employees	81	82	86
Foremen	82	81	85
Civil servants	81	81	86
Employers/managers	82	80	84
Professionals	<u>79</u>	<u>78</u>	<u>82</u>
Total	84	84	88

Source: Verðbólgu nefnd (1978).

¹F. Geirsson (1972), "Tekjudreifing Meðal Manna," pp. 51-54, and H. Uusitalo (1975), op. cit., and M. Sawyer (1976), op. cit.

It is interesting that the redistribution effect is much smaller in 1964 and 1970 than in 1976. In fact, a considerable change took place in 1972 when direct taxation seems to have increased somewhat, i.e., measured as a proportion of the state's revenues¹. But the change in taxation did reduce taxation of incomes in the lower occupational groups much more than it increased the burden on the top groups like entrepreneurs and the professions. The direct tax rate on farmers is almost down to nought, and fishermen gained special tax concessions. The low rate amongst farmers may be partly due to a high level of investments in agriculture which has provided farmers with tax subtractions. The tax reforms during the early seventies included the introduction of negative taxation on low-income groups, and this seems to have worked clearly in the favour of unskilled manual workers, more so than amongst other groups. Still their gross incomes were reduced by about 6% through direct taxation.

III.2.2. The Extent and Characteristics of Taxation and Welfare Provisions

Collective consumption in Iceland is considerably lower than in the neighbouring countries. But this is partly due to the absence of defense expenditure in Iceland. It has been officially estimated that, when defense is excluded and statistical comparability mended, collective consumption in Iceland, in proportion to gross national product, is similar to Finland and Britain, higher than in Norway, but lower than in Sweden and Denmark². Collective consumption is

¹The National Economy (Reykjavík, National Economic Institute, 1975-1979).

²Úr Þjóðarbúskapnum: Horfur 1977 og Framvindan 1976 (Reykjavík, National Economic Institute, 1976), no. 6, p. 36.

of relevance to class analysis as it provides advantages to all which, however, weigh proportionally more for the lower classes.

The overall tax rate has increased fairly steadily since the early fifties, from about 23% of GNP to about 35%¹. The increase in transfers and insurance benefits during the sixties weighed considerably in that increase. Despite this increase in taxation, its level is relatively low in Iceland in comparison to the neighbouring countries. Amongst the Scandinavian countries, for example, the proportional rate is up to 10% higher than in Iceland².

We have shown that direct taxes are slightly progressive, but it is important to examine the share of indirect taxes, i.e., taxes on expenditure, since they usually have the opposite effect³. Taxes on expenditure are typically flat rates which all pay equally in so far as they buy the same things or spend equal proportions of their incomes. It is thus commonly found that lower paid people who cannot save significant proportions of their incomes and invest profitably spend a larger proportion of their incomes on flat rate indirect taxes. Indirect taxes are therefore regressive and fall proportionally hardest on the weakest shoulders. This is a very important point regarding Iceland because the system of taxation is, to a large extent, geared towards indirect taxation, as can be seen from Table III.13.

¹Ibid., pp. 36-37.

²Ibid., p. 37.

³Westergaard and Resler, Class in a Capitalist Society, pp. 58-62; also J. L. Nicholson, Redistribution of Income in the U.K. in 1957, 1959, and 1963 (London, Bowes, 1965).

TABLE III.13. Patterns of Taxation in the Nordic Countries 1973-75
(Proportional Distribution of Taxes Paid. Three-year Averages)

	<u>Iceland</u>	<u>Sweden</u>	<u>Norway</u>	<u>Denmark</u> ^a	<u>Finland</u>
State taxes	80.8 ^b	52.6	50.3	70.3	60.6
- indirect	65.7 ^b	31.1	37.6	33.9	37.8
- direct	15.1	21.5	12.7	36.4	22.8
Social security contributions	2.6	19.8	28.6	1.4	15.1
Local taxes	16.6	27.7	21.1	28.3	25.6
Total	100.0	100.0	100.0	100.0	100.0
Taxation levels (per capita in US\$)	1,775	3,060	2,829	2,701	1,678
Indirect taxes as a % of GNP	21	14	18	15	13

Source: Yearbook of Nordic Statistics 1977, pp. 260-1, and 251.

^a Includes payments to the institutions of EEC.

^b Includes net income of the state monopoly for alcoholic beverages and tobacco.

These figures are not perfectly comparable, but they are clearly indicative of the structure of the respective systems of taxation. What is most important to stress is the relative size of indirect taxation, and Iceland stands oddly out in the Nordic community on this score, with such a decisive emphasis on taxes on expenditure. In Britain, direct taxation made up just over 40% of all tax revenue in

the years from 1950 to the early 1970s¹. The last row of Table III.13 provides a further measure which supports the previous point again, i.e., measuring indirect taxes in relation to GNP.

In light of the relatively low level of taxation (second row from the bottom in Table III.13) and collective consumption in Iceland, in addition to the predominance of indirect taxes, it seems clear that the net redistributive effect of taxation in Iceland is very slight indeed, all aspects considered together. The system of taxation is, in effect, rather disadvantageous for the lower classes in Iceland in comparison to the neighbouring countries.

Social security expenditure is the factor in collective consumption which generally is reckoned to favour the disadvantaged in society to the greatest extent. This includes expenditure on health, industrial accidents, unemployment benefits, old age and disability pensions, family welfare, and other benefits and rebates, such as rent rebates. The following table shows the size of total social security expenditure in Iceland in comparison to the other Nordic countries.

TABLE III.14. Social Security Expenditure in the Nordic Countries (% of GNP at Market Prices)

	<u>Iceland</u>	<u>Denmark</u>	<u>Finland</u>	<u>Norway</u>	<u>Sweden</u>
1962	8.0	10.6	9.9	9.7	10.9
1966	8.1	13.4	12.0	10.6	13.5
1970	10.1	17.9	13.7	14.7	17.8
1974	12.9	23.7	16.5	18.9	24.8
1976	13.4	25.0	20.8	20.1	26.6
1977	14.4	25.5	22.3	20.8	29.5

Source: Yearbook of Nordic Statistics 1979, p. 278.

¹Westergaard and Resler (1975), op. cit., p. 61

Evidently, the level of social security expenditure is by far the lowest in Iceland, and what is particularly striking is that the gap between the countries has increased between 1962 and 1977. On the whole, then, the disadvantaged classes in Iceland have lagged behind in the aim of increasing social welfare. The contributions of employers to the financing of social security expenditure, a partial indicator of labour movement bargaining success, is also low in Iceland, though Denmark tops the bill in this respect. In Finland, Norway, and Sweden, the proportional contribution of employers is nearly double that of Icelandic employers¹. Provision of collective welfare in Iceland is thus relatively poorly advanced, and the unions have not been particularly successful in securing the participation of employers in financing social security expenditures.

III.2.3. A Note on the Distribution of Wealth

Unfortunately, there is a serious shortage of data on ownership of private wealth in Iceland. It is therefore not possible to deal sufficiently with that aspect of the inequality structure. We will therefore limit this section to a few observations which are of importance for understanding recent developments in wealth ownership.

The only relevant data which can be drawn on relate to the distribution of taxable property between taxpayers in 1927 and 1937². From this set, it can be derived that close to 19% of income taxpayers in 1927 owned some taxable wealth. By 1937 the proportion was up to 26%, while the value bracket for tax-free property remained at

¹Yearbook of Nordic Statistics 1980, p. 276.

²J. Blöndal, Félagsmál á Íslandi, pp. 51-53.

5,000 I. kr. It thus seems that in this period the ownership of taxable wealth had increased significantly. This wealth was considerably unequally distributed. In both years, there were two individuals whose property ownership was estimated (no doubt inadequately) at over 1 million krónur, or over 400-fold the average yearly earnings of an unskilled manual worker. The top 5.7% of taxpayers owned about 38% of taxable property in 1927. If this is measured against the number of income taxpayers, it emerges that the richest 6% of income taxpayers owned about 70% of taxable property. As commonly appears in other countries, the ownership of wealth is more unequally distributed than yearly incomes¹. While comparability cannot at all be secured, it may be remarked that the richest 5% of the adult population (over 25 years of age) in Britain owned about 84% of aggregate personal wealth in the late twenties². It seems likely that property ownership was less concentrated in Iceland in the early decades of the present century; at any rate, the absolute size of private property was much smaller.

Since the Second World War, a very high rate of price inflation has persisted in the Icelandic economy. This condition has greatly stimulated fixed asset investments and property speculation. This is, for example, reflected in a very high rate of investment in Iceland in the post-war period. Between 1960 and 1976, Iceland had one of

¹H. F. Lydall and J. B. Lansing (1959), "A Comparison of the Distribution of Personal Income and Wealth in the United States and Great Britain," in A. B. Atkinson (ed.), (1973), op. cit., pp. 136-160.

²See statistics from J. R. S. Revell (1965), reproduced in Westergaard and Resler (1975), op. cit., p. 112.

the highest fixed asset investment ratio (relative to GNP) amongst the OECD countries¹. The largest part of the investment has been in industry. It is by now well established in the economic literature that inflation shifts income from those who save to those who borrow money². High earners, the wealthy and owners of means of production, have generally the best opportunities for borrowing substantial sums and thus gain through investments or speculations. During the early seventies when the Icelandic fishing fleet was being renewed with trawlers, it was, for example, generally possible for entrepreneurs to borrow up to 95% of the price of such vessels, which cost not far from 400-fold the yearly earnings of manual workers. It is thus strongly indicated that the accumulation and concentration of wealth has increased quite extensively in the post-war period.

III.2.4. Work Load

The volume of work that individuals undertake in gainful employment is a very important determinant of incomes³. A comprehensive assessment of income inequality and life conditions has therefore to take the level of work effort into account. It is a common assumption in Iceland that people work excessive hours, and more so than in the neighbouring countries. In the fishing and fish processing industries

¹Verðbólgunefnd (1978), op. cit., pp. 205-206.

²G. L. Bach and J. Stephenson, "Inflation and the Redistribution of Wealth," in the R.E.S., 56 (1974); D. E. W. Laidler and J. M. Parkin, "Inflation - A Survey," in Economic Journal, 85 (1975); also D. Piachaud, "Inflation and Income Distribution," in F. Hirsch and J. H. Goldthorpe (eds.), The Political Economy of Inflation, pp. 88-176.

³H. Uusitalo, Income and Welfare, pp. 162-167, 356.

there has traditionally been some fluctuation in the required work volume. During high seasons, there is often an excessive demand for labour in order to save the precarious fish before it decays. And we have previously noted that, despite the legalization of minimal rest periods on the fishing fleet, the work effort frequently expands beyond the legal maximum of a 16-hour work day during high seasons. These industry-bound experiences are often believed to be responsible for inculcating a rather strong work ethic amongst the Icelanders¹. In other words, it is assumed that Icelanders work a lot because of a learned sense of thrift, or, alternatively, because of a high need for economic achievement. One may note that the latter type of argument lends itself well to an individualistic understanding of work behavior. Instead of attempting to achieve an improved level of rewards from work by collective means, individuals are believed to be just as concerned to increase their purchasing power by simply increasing their work volume, thus largely disregarding leisure as a reward. Individualism and such an instrumental orientation to work may be strong in Iceland, as we have previously argued, and a high level of work effort might thus be due to a combination of a commonly high aspirational level for economic living conditions and relatively low level of pay rewards. Workers are thus seen as making rational choices in situations of restricted opportunities². This would seem to be a more likely explanation of a high level of work volume than specific implanted attitudes, especially since mechanization and rationalization have decreased the fluctuations in work demand in fishing and fish

¹R. Tomasson, Iceland: The First New Nation.

²R. M. Blackburn and M. Mann, The Working Class in the Labour Market (London, Macmillan, 1979), chs. 6-8.

processing. A utilitarian thrift attitude may, however, be ideologically maintained, to some extent, but a wide-ranging introduction of bonus systems in the fish processing industry of late may well reflect the erosion of such thrift orientations amongst workers and a development of a stronger cash nexus.

At any rate, the hypothesis of excessive work load amongst Icelandic workers is supported by the figures in Table III.15, which shows the average number of paid work hours amongst workers in the Reykjavík area. Amongst the unskilled manual workers who generally work the longest hours, the average work week is well over 50 hours. Since the legal basic work week is 40 hours, this means that at least two hours of overtime a day is the norm. These figures are derived

TABLE III.15. Length of Work Week Amongst Manual Workers in the Reykjavík Area (Hours Paid For)

	<u>Unskilled Workers</u>		<u>Skilled Workers</u>
	<u>Males</u>	<u>Females</u>	<u>Males</u>
1974	54.5	43.5	52.6
1975	52.3	43.1	51.7
1976	54.0	43.8	52.0
1977	51.2	43.1	50.3
1978	51.6	43.9	50.5
1979	51.4	43.7	50.1

Source: Fréttabréf KN., no. 47, 1980.

from a sample of firms and institutions in the Reykjavík area and register thus only the total work volume that each individual delivers there. If individuals hold two jobs, which is probably quite common,

this would not be reflected in these figures. In addition, it is very common for males who are in the process of building their own dwelling to undertake a lot of the manual work required, in their spare time, in order to save on building cost. These figures are thus likely to underestimate the total work load on individuals, to some extent.

The work load amongst fishermen is difficult to compare directly to land workers because of the extreme fluctuations between high seasons and lay-offs in interim periods. But in the fishing towns in the provincial areas, where manual workers are a higher proportion of the labouring population, the work load is frequently higher than in the Reykjavík area. This is supported by data from Broddason and Karlsson's study of four towns¹. They show that in Neskaupstaður, a typical coastal town in the eastern part of the country, about 29% of males work 11 hours or more per day during the normal work week. In the Reykjavík area, the corresponding proportion is 19 to 21%. Those who work shifts or fishermen are over 13% in the former but range from 4.6% in Kópavogur, which is not a fishing town, to 10.8% in Hafnarfjörður, which is a fishing town in the Reykjavík area.

Working hours on week-ends are also considerable and show the same variation. In the Reykjavík area, from 43% to 47% of males do not engage in gainful work on week-ends, whereas about 22% spend their week-ends without engaging in paid work in Neskaupstaður. In the latter, about 34% of the sample work eight hours or more during week-ends, while this ranges from 13 to 17% in the Reykjavík area. It should be noted that there is some seasonal variation in work volume, with the high winter being the slack season in work.

¹p. Broddason and K. Karlsson (1977), op. cit., pp. 178-179.

Participation of females in the labour market is also higher in the fishing towns, which is understandable given the predominance of the fish processing industry there. Their participation rate, as Broddason and Karlsson measure it, is just over 30% in Neskaupstaður and Hafnarfjörður, 26% in Kópavogur, which has a considerable number of small industrial enterprises, and only 3% in Garðabær, which is a fairly typical suburban upper-class residential area. From 7 to 11% of active females work eight hours or more on week-ends, with Neskaupstaður topping the score on that point.

Returning again to Table III.15, it is clear that there are slight variations in the length of the work week between years. Overtime tends to vary with the state of the economy. From 1966 to 1974, overtime as a proportion of work volume amongst unskilled workers ranged from 18 to 31%¹. During the peak of the recession in 1969, the proportion was at its lowest, and it was less for skilled workers². It is very evident that the economic fortunes of workers are considerably subjected to fluctuations in the economy, and when they gain the most it is often through excessive overtime.

Skilled workers do usually work between one and two hours less per week, and females in general do not work much overtime. Overtime counts for about 10 to 15% of employment earnings of unskilled female workers³. Males in jobs in the distributive services work considerably shorter work weeks than manual workers, from five to eight hours

¹Fréttabréf Kjararannsóknarnefndar (Reykjavík, K.N.), no. 26 (1975), pp. 4-5; also nos. 24 and 25 (1974), pp. 4-5.

²Ibid., no. 25 (1974), pp. 5-6.

³Ibid.

shorter¹. And amongst clerks and civil servants there is usually not as much overtime, and some of the higher white-collar groups have even negotiated a reduction in the basic working week, i.e., below the legally fixed 40-hour week. Entrepreneurs often claim to work long hours², but their working conditions are obviously not comparable to those of lower level employees, since they determine their work effort themselves, in most cases. There is thus an important class difference in work effort in Iceland.

So far, we have dealt with the extent of work load in Iceland and its relevance for class analysis. The question of whether this work load is greater than what obtains in other societies remains unanswered. There are some difficulties in comparing statistics on this issue, because the Icelandic figures refer to hours paid for, whereas most comparable figures from the neighbouring societies refer to hours actually worked. B. Þ. Bollason has, however, attempted to adjust the relevant figures on manual workers for all the Nordic countries in order to achieve comparability³. His estimates suggest that the Icelandic workers work, on average, 15 to 25% more hours per week

¹Fréttabréf KN., no. 27 (1980), pp. 11-16.

²See, for example, H. Wilensky, "Work, Careers and Social Integration," in I.S.S.J., 12 (1960), no. 4; also M. A. Bienfeld, Working Hours in British Industry (London, Tavistock, 1972). Ö. Karlsson asked his samples of entrepreneurs and workers about daily working time, and the former reported that they, on average, worked 9.5 hours, whereas workers averaged 10.6 hours. Karlsson notes that many of his respondents had difficulties in answering this question. See Karlsson, "Félagsleg Mismunur og Frumhópatengsl," (1977), op. cit., pp. 111-112.

³B. Þ. Bollason, "Launakjör á Íslandi og Öðrum Norðurlöndum" (Conference paper, published in Þjóðviljinn, 8 Nov. 1978).

than their Scandinavian colleagues. The working week has gradually declined in all the countries between 1966 and 1977, which is the time span that the figures cover. But this decline has not been as great in Iceland, which apparently has lagged behind in this respect. The difference between the countries is thus larger in 1977 than it was in 1966. Our own examination of ILO figures on hours of work, and adjustments for comparability, do however indicate that the actual difference between the Nordic countries may be 5 to 10% greater than Bollason's already very high figures suggest¹.

III.3. Employment Security and Rights

The issues of security which are of most importance for employees are, firstly, actual employment security and insurance against unemployment, and, secondly, legal rights against instant dismissals. For class analysis, the question of the extent to which different classes are subject to disadvantaged experiences of these kinds are of major importance since continuous gainful work is obviously a prerequisite for successful life in modern society, especially amongst low-paid employees.

III.3.1. Unemployment

Unemployment has not been a large-scale problem in Iceland of late. According to statistical series, which are, however, rather inadequate, there have been two major periods of high unemployment in the Reykjavík area since the Great Depression of the thirties, when unemployment amongst workers persisted until the onset of the Second

¹ILO, Yearbook of Labour Statistics, 1970-77 (Geneva, International Labour Office, 1971-77), and Fréttabréf KN., 1974-1980.

World War. The two post-war periods of major unemployment are associated with the short-term recessions around 1950 and 1969. Since 1974, the level of registered unemployment has remained higher than previously, excluding these recessions¹. This may, to some extent, reflect a growth of incentive to register and receive unemployment benefits, which have increased slightly. But they are still very low compared to the Scandinavian countries. The stigma attached to registering as unemployed used to be very strong, especially as unemployment was in the early decades of this century regarded as a fact of life in agriculture and the fishing sector, which were largely subject to the vicissitudes of natural forces. With the conquest of many of these conditional forces and alternative industrial developments, the demands for employment security increased and therewith declined the stigma of receiving unemployment benefits. Females in fish processing who are still particularly subject to fluctuating employment conditions are not as prone to register, perhaps because of their partial status as a reserve labour power and because of low unemployment benefits.

In comparison to the neighbouring societies, the level of unemployment has been considerably lower in Iceland, except in 1969². To that extent, it may be remarked that the Icelandic workers have not been as disadvantaged as their Western European colleagues, especially after 1974. At the same time, there has been a periodic emigration from Iceland in lean years, and persistent emigration since 1975, to

¹Fréttabréf KN., no. 46, 1980, p. 28.

²ILO, Yearbook of Labour Statistics, 1975, pp. 438-439.

the largest extent to Sweden. This has been quite a marked feature of population development in Iceland after the war. Waves of emigration have generally followed in the wake of significant reductions in real wages and hard employment conditions¹. There have been four such major waves since 1946. Thus, unemployment has no doubt been exported from the country, to some extent. There is a clear indication that the majority of the emigrants, excluding students, are from working class occupations.

It is generally found in Western and Northern Europe that manual workers (unskilled, skilled, farm workers, and fishermen) are much more prone to experience unemployment than other occupational classes². Lower white-collar groups, clerical and sales workers, are most notable on this score amongst the non-manual groups. But there is in many countries a significant growth of registered unemployment amongst technical and professional personnel, probably a result of decline in demand for university-level qualifications.

There is evidence for a similar class effect in the experience of unemployment in Iceland. In Table III.16, we produce figures which show this. These figures relate to the most recent peak of unemployment, namely the year 1969. Similar patterns emerge for later years, even though the magnitude is not as extensive³. The strategy of selecting a somewhat extreme situation is chosen in order to particularly underline the employment security aspect of the issue,

¹S. Ólafsson, Lífskjör og Landflótti.

²ILO, Yearbook of Labour Statistics, 1975, pp. 469-476.

³Fréttabréf KN., 1969 to 1980; also Árbók Reykjavíkurborgar 1975 (Reykjavík, Hagfræðideild Reykjavíkurborgar), pp. 193-206, which shows unemployment in different classes in Reykjavík.

TABLE III.16. The Class Effect of Unemployment
in the Peak Period of 1969

	Total Unemployment		Male Workers (%)				Female Workers (%)		
	% of Labour Force	% of ASÍ Members	Un-skilled	Skilled	Others	Total	Un-skilled	Others	Total
January	7.1	15	84	9	7	100	91	9	100
February	4.7	10	76	11	13	100	86	14	100
March	2.7	6	68	13	19	100	81	19	100
April	1.6	4	64	7	29	100	79	21	100
October	1.3	3	80	5	14	100	92	8	100
November	2.6	6	84	6	10	100	95	5	100
December	3.2	7	83	8	9	100	94	6	100

Source: Fréttabréf KN., nos. 12 and 13 (1969) and 15 (1970).

i.e., to show the proneness to unemployment experience in recessionary or extreme situations.

The first column shows the unemployment rate in relation to the total labour force by months, while the second column measures the phenomenon in relation to membership in the Federation of Labour (ASÍ) unions who are the main victims of unemployment. This shows that the rate went well over 10% of manual workers and lower white-collar workers when it reached its peak during the early months of 1969. This and the following year, the unions, especially those of skilled workers, took an active part in finding employment in Sweden for their unemployed members. Unemployment is typically higher during the winter months in Iceland, and then the unskilled workers are also prone to suffer it more than in other periods. But, in general, it is clear that unemployment in all years and seasons hits the lowest group of

manual workers, the unskilled ones, by far the hardest. Amongst the unemployed, their proportion is three to four times as high as would be expected if the experience was equally spread on the occupational classes. Thus, the unskilled male workers generally comprise from 60 up to 90% of the unemployed, in 1969 as well as in years of lower unemployment rates. The difference between unskilled and skilled workers is gigantic. During the summer season when employment increases, the relative unemployment rate amongst the group referred to as "others" increases. This comprises occupations like lorry drivers who are steadily subjected to employment fluctuations throughout the year and regularly register, and it is therefore understandable that their proportion goes up in summer.

Amongst female workers, the concentration of unemployment within the lowest unskilled groups is considerably higher than amongst males. Workers in fish processing do, no doubt, figure prominently in this group. The group of "others" there refers to lower white-collar workers, and their employment is not as fluctuating between seasons as amongst male manual workers.

Unemployment amongst higher white-collar occupational classes, i.e., not belonging to ASÍ unions, is generally not reflected in these figures. Amongst civil servants, unemployment has been minimal, and they have not enjoyed rights to unemployment benefits. It is only very recently, when faced with the possibility of large-scale cuts in public spending and employment, that unions in this sector have started attempts at securing public employees such rights. The Icelandic economy has expanded quite significantly during the seventies,

with economic growth being above the OECD average¹, and unemployment amongst technical and professional groups has thus not emerged as in many of the neighbouring countries.

There is thus a very strong class effect in the proneness to suffering unemployment, as well as in its actual experience in recession periods in Iceland.

III.3.2. Further Aspects of Security and Rights in Work

An important security factor for employees is the bargained notice of dismissals. This varies considerably between occupational classes. Amongst unskilled workers in the Transport and General Workers' Federation (VMSÍ), there is no right of notice for the first three months in continuous employment. After three months, the worker is entitled to a week's notice, and a month's notice after one year or more with the same employer². In the first three months, the worker does not even get pay for bargained and legal holidays, only hourly rates, and he can be dismissed instantly. This situation used to be exploited in the fishing industry to such a large extent that it has prompted special clauses on rights of workers in that industry in employment contracts. This stipulates that, from 1978, people who have worked continuously in fish processing for more than four weeks with the same employer shall be entitled to payment of basic rates for the first five days of unemployment if the plants are temporarily closed down because of inadequate supplies of fish³. But this right

¹Economic Survey : Iceland, 1970-1978 (Paris, OECD, 1971-1979).

²Samningar VMSÍ og VSÍ/VMSS (Reykjavík, VMSÍ, 1976). See also A. Backmann and G. Eydal, Vinnurettur.

³Samningur VMSÍ og VSÍ/VMSS, p. 26.

can be cancelled all the same with a seven-day notice if temporary closure is imminent. In effect, then, the legal security of employment is almost non-existent amongst unskilled workers in many cases.

Amongst skilled workers, the minimal notice is two weeks, and one month after one year with the same employer. Fishermen are commonly hired on fishing season basis, but the deckhands are entitled to seven days' notice of dismissal, while officers have three months.¹ Clerical and sales workers (LÍV) have a one week's notice right during the first three months of continuous employment. After that, they get one month, and then they maintain three months' right of notice after six months with the same employer².

Employees in banks and monetary institutions are entitled to one month's notice of dismissal in the first six months of employment, and after that they get three months if they are hired on a permanent basis³. Civil servants do in many cases, especially in the higher ranks, enjoy a life-time tenure. If a job is phased out, the occupant is entitled to six months' notice, or equivalent pay, as well as privileged access to other jobs in the civil service. After more than 15 years of service, he gets one year right of notice, and top civil servants get one year in all cases. If civil servants want to quit, they only have to give three months' notice, and this is the

¹Kjarasamningur Milli SSÍ og LÍÚ (Reykjavík SSÍ, 1978), p. 26.

²Samningur Verslunarmanna 22. Júní 1977 (Reykjavík LÍV, 1977), p. 26.

³Samkomulag um Störf og Launakjör Starfsmanna Bankanna (Reykjavík, SÍB, 1978), p. 6.

only major case of the right not applying equally in both directions¹.

There is thus a very skewed class difference in bargained legal rights of security ranging from virtually no security amongst some unskilled workers to life-time tenure amongst top civil servants. There is a host of other such work-related differences which could be classified if adequate data were available. For example, fringe benefits and perquisites are well known to be directly class related. These include things like car allowances, maintenance, paid telephones, travel, subsidized housing, and other substantial benefits which escape the tax net. A related point of interest is that top professionals in the civil service have stipulated legal rights to take part in conferences and courses to increase their qualifications and their breadth of vision, as well as to increase their personal fulfillment. They are thus, in effect, legally entitled to make demands on their employer which have the aim of reducing their alienation. Manual workers have no equivalent rights on such issues, needless to say.

III.4. The Structure of Inequality: Some Considerations

In this chapter, we have dealt with the basic conditional aspects of inequality in level of living. We have focused on work-related inequalities which shape to the largest extent the observed inequalities in consumption, style of life, and even ownership amongst employees, in addition to determining individuals' possibilities for

¹Lög um Réttindi og Skyldur Starfsmanna Ríkisins, nr. 38/1954, nr. 44/1961, nr. 27/1965, nr. 29/1976, nr. 31/1976.

personal development and realization in the sphere of production. We have also indicated how the sphere of leisure is very conditional upon place and fortune in the world of work. Since gainful work is the primary means of subsistence and ownership accumulation amongst employees, the earnings capacity is the strategic factor in any employed individual's life which moulds his way of life, his opportunities, and socio-economic welfare. This aspect is thus a much more basic force in social life than the surface phenomena of observable owned goods like housing, cars, decorative ornaments, and other such items, which are often documented in such studies. In the pre-industrial status-dominated society, and in earlier periods of capitalism, such items had significance as status symbols. But with the erosion of status in industrial capitalism, consumer items have, to some extent, lost this function, and it is as common for wealthy or highly paid individuals to hide their wealth and way of life as to engage in the public extravaganza of conspicuous consumption¹.

This does not, unfortunately, mean that people are more willing to report their incomes. There are still quite formidable methodological problems in the study of material inequalities, mainly as regards the position of the highly advantaged classes, as we have tried to show. We believe that the most important aspect which emerges from the present analysis is that we have shown the structure of income inequality in Iceland to have most of the basic features which are found in other advanced societies-- in other words, that there is a "family resemblance" to be found while there may, of course, be minor

¹T. Veblen, The Theory of the Leisure Class (New York, The Viking Press, 1912).

deviations between countries. Thus, there is a similar degree of inequality in the overall personal distribution of incomes, and the occupational incomes hierarchy is much like those of the neighbouring societies. The main points of difference are that professionals in Iceland are fairly low in the hierarchy, and skilled workers have continually risen further above unskilled workers. A rather unexpected finding is that the incomes of the lowest group in the occupational class structure and also the largest, i.e., the unskilled manual workers, have significantly lagged behind those of other employees. This is a remarkable fact in the light of their role in the pay struggles of the labour movement and the lip-service that politicians of all parties continually pay in their honour. During every bargaining round, there is typically much concern voiced over the need to improve the lot of the lowest paid in the labour market, and sometimes flat rate increases on wage rates have been adopted directly towards that end. It seems clear from our analysis that these attempts have come to very little, at least in relative terms. The gap between the lowest paid employees and skilled workers and the higher white-collar groups has continually increased as a result of wage drift and other advantages. Employees of the state seem to have lagged behind the private market to some extent, as well.

We have also shown that there are significant differences between the sexes as regards advantages from work, and that these are, to a large extent, class based, i.e., due to the place of females in the occupational class structure. There have also emerged further class-based differences, like career prospects for earnings, work load, and experience and threat of unemployment. Lastly, it was

shown that the system of taxation does precious little to affect the structure of inequality, and the predominance of flat rate indirect taxes are decisively to the disadvantage of the lower classes.

If we adopt Frank Parkin's "net advantage" approach to class differentials and consider these different forms of distributional advantages which we have dealt with, as well as other known aspects like working conditions, some provisional conclusions on the inequality structure can be drawn together. Even if we accept that the distribution of incomes in Iceland may be as equal as those of the more equal of the neighbouring Nordic countries, which commonly serve as places of comparison for Icelanders, the other aspects which have entered the analysis are decisively negative for Iceland. Work load, work-regulated benefits, collective welfare provisions, and tax systems are much more egalitarian in the other countries. Even though Scandinavian workers, especially the Danish, are more prone to unemployment, they have more legal security and are much better provided for as regards unemployment benefits and opportunities for retraining. The tentative conclusion would thus be that, in terms of these material conditions, Icelandic society is more inegalitarian than the Scandinavian societies, and we would reiterate that our own study of emigration from Iceland to Scandinavia in the post-war period supports that contention as well¹.

The issue of class differences between manual and non-manual occupations is much more inconclusive, even though there are some clear differentials, like rights and work load. It seems quite clear that the position of the lowest white-collar groups, which have grown

¹S. Ólafsson (1980), Lífskjör og Landflótti.

so rapidly, is very disadvantaged indeed, and a part of the declining fortune of that occupational class is the increasing exploitation of females in the labour market. The question of such breaks in the class structure will, however, have to be considered further in later chapters.

On the whole, then, the myth of equality is thus seriously undermined with our findings so far. So, too, are the myths of uniqueness and classlessness. As regards distributional inequalities, Iceland clearly has a marked affinity with the neighbouring societies, and the class effect seems to be quite consequential for shaping the inequality structure.

IV. MOBILITY AND CLASS STRUCTURE

IV.1.1. Introduction

Following on the exposition of modernization and inequality of conditions, attention is now directed to the class structure and how it has affected the placement of individuals in the occupational structure in relation to their social origins. While the data relates to groups of individuals, the focus of interest here is distinctively macro-sociological, and individuals' attributes do not figure in the analysis in the way that is typical of the so-called "status attainment" school¹. There are three basic theoretical issues which guide the present analysis: (a) the influence of mobility on the formation of social classes as collectivities, (b) the structure of opportunities for advancement in the class structure, and (c) the relative "openness" of the society considered independently of the changes in the occupational structure which have taken place in the last generation. Each issue is taken up successively, and an international comparative perspective is maintained throughout as far as possible. Thus, we shall answer questions which are relevant for the myths of equality, classlessness, individualism, and openness.

¹P. Blau and O. D. Duncan, The American Occupational Structure (New York, John Wiley, 1967), is the landmark study of this school. See also Duncan, "Inheritance of Poverty or Inheritance of Race," in D. P. Moynihan (ed.), On Understanding Poverty (New York, Basic Books, 1968); W. H. Sewell and R. M. Hauser, Education, Occupation and Earnings: Achievement in Early Career (New York, Academic Press, 1975). For a critique of this approach, see N. D. Crowder, "A Critique of Duncan's Stratification Research," in Sociology, 8 (1974).

The effect of social mobility on class formation is a classical problem in sociology, dating back to the early days of the "debate with Marx"¹. The status attainment school, which has been very influential in the last decade, has largely discarded this issue, though, in favour of a more individualistic approach to the realization of opportunities, or what is referred to as "the process of stratification." Recent theorists and researchers in Britain have, on the other hand, increasingly brought the class formation issue back to the forefront of social stratification research². In the Icelandic case, class formation is of importance in the light of the rapidity of modernization there, as well as for our concern in the next chapter with collective action in the labour movement.

Primary concern with the measurement of opportunities and experiences of mobility has been more continuous in sociology. The informative value of this aspect has proved very influential, and the political implications of the effects of mobility experiences on individuals' attitudes continue to arouse interest. The classical concern with opportunities is, of course, an attempt at testing the truthfulness of liberal meritocratic ideology, which postulates equality of opportunities for individuals to realize their potentialities as a dominant feature of industrial capitalist societies. In other words, social mobility research has provided a crucial test of the

¹J. H. Goldthorpe, Social Mobility and Class Structure in Modern Britain (Oxford, Clarendon Press, 1980), ch. 1.

²F. Parkin (1971 and 1974), op. cit. A. Giddens (1973), op. cit., J. Westergaard and H. Resler (1976), op. cit., and J. H. Goldthorpe (1980), op. cit.

main legitimating ideology of the structure of inequality in industrial capitalist society¹. Such an orientation informed the pioneering work of Þ. Broddason and K. Webb on the "myth of equality" in Iceland².

Unequal access to top professional occupations was, for example, suggested as one of the proofs of a "hidden structure" of inequality behind the facade of the equality myth. At the same time, it was hypothesized that an unusually high rate of upward mobility resulting from the very rapid modernization was a major factor in creating and maintaining a strong belief in equality of opportunity, as well as inhibiting the formation of class consciousness. Uneven development of culture and economy was also suggested as a possible cause, especially the survival of strong kinship relationships and particularistic norms of behaviour.

In their study of the effects of class on intelligence of children, mental health, child-rearing practices, and school achievement, S. Björnsson and W. Edelstein explained the "myth of equality" as a socio-cultural relic from the past, presumably egalitarian, agricultural society, which had survived the storms of modernization³. While the actual study of social mobility and class structure was only a relatively short digression from their main concerns, Björnsson and Edelstein suggested also that what they regarded as "real and massive

¹See, for example, C. Offe, Leistungsprinzip und Industrielle Arbeit (Frankfurt-am-Main, Europäische Verlagsanstalt, 1970).

²Þ. Broddason and K. Webb (1975), op. cit., and S. Björnsson and W. Edelstein, Explorations in Social Inequality.

³S. Björnsson and W. Edelstein (1977), op. cit.

upward mobility" may "well support the conviction of equality"¹. It will be one of our concerns here to try to put these issues into perspective with a comparative analysis of class opportunities for advancement in Iceland and Sweden, as well as to establish further the characteristics of the structure of opportunities.

Lastly, the problem of assessing the relative "openness" of society is a long-standing one which has proved to be most difficult to solve. Various attempts have been made to isolate mobility which is necessitated by changes in the occupational structure ("structural mobility") from "pure" fluidity between classes ("exchange mobility")². The most influential approach to this problem has involved the measuring of overall mobility in relation to "perfect mobility," i.e., the pattern of mobility which would emerge in case of statistical independence between origin and destination classes, i.e., if class origin had no effect on individuals' chances. This measure, the "index of association," shows thus the deviation of observed mobility from expected mobility³. While the index remains a convenient way of delineating degree and characteristics of actual mobility between classes, it fails to isolate the effect of changes in the occupational structure, and therefore it is not a satisfactory solution to the problem of openness. Robert M. Hauser has, however, recently provided a new solution which we apply to the Icelandic data in the last section

¹Ibid., pp. 51-52.

²See, for example, S. Yasuda, "A Methodological Inquiry into Social Mobility," in A.S.R., 29 (1964).

³D. Glass (ed.), Social Mobility in Britain (London, R.K.P., 1954); and N. Rogoff, Recent Trends in Occupational Mobility (Glencoe, Free Press, 1953).

of the chapter, thereby clarifying the effects of origin class on individuals' mobility opportunities, as well as assessing the relevance of class barriers in the structure of Icelandic society¹. As in other sections of the chapter, Sweden provides the main comparative reference.

Before proceeding further, we should make an important substantive clarification of our approach to mobility. Following Goldthorpe, we distinguish between absolute and relative mobility rates, the former being the actual frequencies and categories of the basic mobility table while the latter involve internal comparisons and mobility considered independently of structural changes². The absolute rates have the greatest relevance for issues of equality and class formation, and relative mobility chances for issues of and concerns with openness.

IV.1.2. The Data and Comparability

The data which we use here come from a survey of 1,100 Reykjavík children's mental health, conducted by Professor S. Björnsson at the University of Iceland in 1965-1966. The children were between the ages of five and fifteen. Information was also collected on parental occupations as well as on those of the children's grandparents, and this provides the material for the mobility analysis. We rely here on the basic data as reported in Table 6 in Björnsson and Edelstein (1977). In the present reanalysis, the table is also collapsed to make it comparable to Swedish material, and we also apply the various relevant

¹R. M. Hauser, "A Structural Model of the Mobility Table," in Social Forces, 56 (1978); and D. Featherman and R. M. Hauser, Opportunity and Change (New York, Academic Press, 1978).

²J. H. Goldthorpe, Social Mobility and Class Structure, p. 29.

statistical techniques in order to deal with the substantive issues which are raised. In the interest of standardization, the "grand-fathers" and "fathers" in the original table will be referred to as "fathers" and "sons," respectively.

The quality of S. Björnsson's data seems to be very high indeed. In comparison to census figures for the Reykjavík area from 1960, the occupational representation in the sample appears reasonable, except for 4% underrepresentation of manual workers and 2.6% underrepresentation of sailors, fishermen, and transport workers¹. As shown in Chapter II (Table II.6), the Reykjavík area has a disproportional share of non-manual and higher level occupations. The slight overrepresentation of these groups in the sample is thus greater when one considers it in relation to the national occupational structure. This has to be taken into account in the analysis of mobility as it is likely to exaggerate the amount of long-range upward mobility in the whole country. A further note of caution is called for in regard to farmers who are, of course, largely excluded from the sample (0.5%), i.e., from the sons' distribution. This aspect affects comparability, as will be shown later.

Björnsson and Edelstein designed a schema of six main class groups which they used in their analysis. The basic criteria for the allocation of occupations to classes were: characteristics of work, relative income, education, responsibility, and authority over people. With the exception of income, which was based on respondents' expressed satisfaction with their relative income level, the variables are of an

¹S. Björnsson and W. Edelstein (1977), op. cit., p. 42. See also pp. 7-9 for an account of the sampling frame and variable constructs.

"objective" nature. The authors pledged themselves to avoid using the "subjective" status assessment as a criterion, but all the same it seems to have been partly influential, as, for example, in the decision to allocate grammar school teachers to the top professional group "because of their high reputation in Iceland"¹. Status considerations seem also to have affected the assignment of rank to occupations, that is, placing the professions at the top of the hierarchy rather than the entrepreneurial group. As regards power and advantage, which are taken as the main features of the stratification system in the present approach, we would place the entrepreneurial group at least on a level with the professions, if not higher. Since these options are still open to us, the "corruption" from the status variable is not an overriding obstacle. The following are the main class groups which emerged from Björnsson and Edelstein's procedure:

1. Higher professions
2. Managerial and entrepreneurial groups
3. Technical, teaching, and lower managerial employees
4. Clerical and sales workers, and lower civil servants
(unskilled)
5. Skilled manual workers
6. Unskilled manual workers

For the international comparison, there were two basic strategies one could have adopted. Firstly, one could have put Iceland into an updated version of S. M. Miller's table of broad mobility

¹Ibid., p. 33.

characteristics¹. Secondly, one could attempt a more detailed comparison with an advanced industrial country or countries. It is the latter strategy which is followed in the present analysis, i.e., a comparison of mobility patterns in Iceland and Sweden is attempted, but on each issue it is followed up with a more detailed account of the Icelandic case. The hazards of international comparisons should be kept clearly in mind, and we can do no better than to quote S. M. Miller's note of warning to underline the dangers:

It is impossible to make a comparison between even two nations without inflicting some violence upon the data in order to make the comparisons. And, of course, the basic data in almost all cases are less than satisfactory. The renowned economist, John Maurice Clark, unfortunately little read by sociologists, has stated that we must choose between using shaky data or no data. Anyone making international comparisons, whether a Simon Kuznets or a Max Weber, puts himself down on the side not of the angels, but on the side of the foolhardy and/or courageous².

Apart from providing the best comparability of data which is available to us, Sweden is well suited to the present purpose because of previously noted social structural similarity with Iceland and also because of the role of Sweden as a prototypical society in some respects, at least in the Nordic community³. Further, a comparison

¹S. M. Miller, "Comparative Social Mobility," Current Sociology, 9 (1960), no. 1. There is a partly updated version of Miller's basic table in G. Lopreato and L. E. Hazelrigg, Class Conflict and Mobility (San Francisco, Chandler Publishing Company, 1972); see also K. Svalastoga, Prestige, Class and Mobility (Copenhagen, Gyldendal, 1959), and P. Blau and O. D. Duncan (1967), op. cit.

²S. M. Miller (1960), op. cit., p. 18.

³R. Tomasson, Sweden: Prototype of Modern Society (New York, Random House, 1970).

with Sweden makes for an entry into a wider international comparative arena, since Sweden has been fairly extensively compared in this respect, and presently it is one of the subjects of a wide-ranging comparative study, based on the approach which is followed here, to a large extent¹.

The Swedish data comes from the 1968 Level of Living Survey, specifically Robert Erikson's study of childhood conditions and social mobility². The size of the sample was 5,923 individuals, approximately half of whom were males. As is to be expected in a cross-national comparison, there are some nuances which have to be taken into account to qualify conclusions which are drawn from the data. The major difference between the two samples is in their sampling frame; the Swedish study is nationally representative whereas the Icelandic one is based on the Reykjavík area. As was pointed out above, this leads to an overrepresentation of higher level occupational groups as against the manual working class, and this is likely to exaggerate the actual rate of upward mobility in Iceland in relation to the Swedish sample. The virtual absence of farmers in the former sample is likely to increase this effect further. Farmers in Sweden, and elsewhere, move typically into the manual working class, and there is no reason to believe that this is different in Iceland. Hence, an important element of moves at the bottom of the class structure, and especially into the manual working class, is excluded from the picture in Iceland.

¹R. Erikson, J. H. Goldthorpe, and L. Portocarero, "Intergenerational Class Mobility in Three Western European Societies: England, France and Sweden," in B.J.S. (1979).

²R. Erikson, Uppväxtförhållanden och Social Rörlighet (Stockholm, Laginkomstutredningen: Allmänna Förlaget, 1971).

Another, but slight, discrepancy is in the recording of father's, or origin, occupation. In the Swedish study, father's main occupation during the son's childhood is registered as origin, whereas father's main occupation at son's birth serves this purpose in the Icelandic study. The Icelandic respondents (sons) are, for the most part, between 25 and 60 years of age, and an earlier recording of father's occupation in the sample might imply that a bigger proportion of that sample had not reached "occupational maturity" (30-35 years of age), thus possibly underestimating the volume of mobility. The Swedish study, on the other hand, covers a larger age span, 15 to 75 years of age. The inclusion of individuals under the age of 25 is very likely to counter this conservative tendency in the Icelandic sample, if not outweigh it. It is therefore difficult to establish whether these discrepancies bias the respective results in any definite direction.

Erikson's mobility data are analyzed by means of a three class schema to which the Icelandic data have been adapted. This was done by collapsing the six class groups (1 and 2, 3 and 4, 5, and 6) to obtain an upper group of professionals, entrepreneurs, and higher managerial staff at the top of the hierarchy, and conversely a class of manual workers (skilled and unskilled) at the lower end. In the middle, there is a more differentiated class of lower non-manual groups and routine clerical and sales employees, some of whom no doubt enjoy working conditions and rewards which are hardly more advantageous than those of many in the manual working class, especially the skilled section. An interpretation of the middle class as "higher" than the working class must be qualified in consideration of this. Appendix IV.1 gives an account of the main occupational groups in each of these

broad classes.

The main divergence in the composition of the respective classes seems to concern independent farmers again. In the Swedish class schema, they are allocated to the middle class, whereas in the Icelandic one, they were placed in the manual working class. But here the exclusion of farmers in the latter case simplifies the qualification that needs to be made. If the farmers were included in the Icelandic sample, which they are not, the self-recruitment within the working class would be higher and upward mobility accordingly lower. The effect of the farmers on the Swedish mobility pattern is to increase "downward mobility" from the middle class to the working class. This will have to be taken into account in the assessment of the mobility patterns. Farm workers, however, are placed in the working class in both cases.

Another discrepancy involves foremen (verknästäre) whom Erikson places in the middle class, as against the Icelandic study where they are in the working class. This is a very small group, so the biasing effect will be slight in any case. Over a half of sons of supervisors and foremen in Britain end up either in the same class or in the manual working class¹. Many of the other half make it to upper class positions. If that pattern applies to Sweden and Iceland, one would expect the discrepancy in the classifications to underestimate mobility from the working class to the middle class in Iceland relative to Sweden. Most of the recruits to foremanships come from manual working class origins, mainly through career mobility.

¹J. H. Goldthorpe, Social Mobility and Class Structure, p. 48.

The last difference in the classifications which should be born in mind relates to the top entrepreneurial group which may be wider in composition in Iceland than in Sweden. Specifically, it seems to include a larger share of small entrepreneurs. If this is the case, it will, again, enhance the already mentioned effect of the overrepresentation of higher class groups in the sample.

In summary, then, the main effect of the differential designs of the surveys in question is to overrepresent relative long-range and upward mobility in Iceland in comparison to the Swedish data.

Total mobility, that is, the proportion of individuals found outside their origin class in the three class table, is, however, very similar in the two countries, 41% of the sample in Iceland and 42% in Sweden. There has clearly been a considerable amount of overall mobility in both the societies, and with the information that Sweden ranks slightly higher than England and France in this respect the comparative perspective is further broadened¹. Of the mobile population, 29% were upwardly mobile, whereas 12% descended across the two class barriers downwards in Iceland; the respective figures for Sweden were 25 and 17%. So a slightly larger proportion were upwardly mobile in Iceland, which, in the light of our qualifications above, is to be expected, other things being equal. On account of that, we would rather want to stress the similarity, rather than the divergence, between the two societies in this regard. We turn now to the analysis of the mobility patterns in relation to the issues which were spelled out at the beginning of this chapter.

¹R. Erikson et al. (1979), op. cit., Table 6.

IV.1.3. Recruitment and Formation of Classes: Inflow Analysis

In this section, the focus of interest is on classes conceived of as collectivities, rather than on individuals and their opportunities. In particular, we look at the degree of homogeneity or heterogeneity in class compositions as reflected in the origins of contemporary members in each group. Inflow analysis, i.e., mobility in relation to size of destination class, is the main tool of relevance for this issue which is of great significance for class formation.

Before looking at the mobility patterns, it is important to consider the difference in the marginal distributions of the mobility tables, i.e., the size of class groups as they are reflected in the samples.

TABLE IV.1. Size of Origin and
Destination Classes (Marginals)

	<u>Origin Classes</u>		<u>Destination Classes</u>		<u>Change</u>	
	<u>Iceland</u>	<u>Sweden</u>	<u>Iceland</u>	<u>Sweden</u>	<u>Iceland</u>	<u>Sweden</u>
Upper	13	5	18	10	+5	+5
Middle	13	35	25	34	+12	-1
Working	75	60	57	56	-18	-4
Total	101	100	100	100	..	..

Note: The last two columns show direct change in relative sizes, i.e., origin columns subtracted from destination columns.

Normally, the destination distribution gives a fair representation of the occupational structure at the time of the inquiry, but the origin distribution is not a truthful indicator of actual sizes in

the previous generation. This is mainly due to demographic changes and the fact that some fathers of sons in the sample are themselves still in the labour force¹. Our note of caution above regarding the distinctive overrepresentation of the upper class at the cost of those lower down should be born in mind when comparing the destinations in Iceland and Sweden. By reference to our data in Tables II.4 and II.6, it can be certified that inclusion of farmers in the working class would increase its relative size by about 8%. This should further be complemented with higher professionals (2 to 4%), but still the size of 18% in the sample is not equalled, so the top class is clearly overestimated. This, again, may be at the cost of the middle class share in the sample.

Comparing origin with destination distributions, with due concern for the bias, indicates that change in the occupational structure has played a larger role in mobility in Iceland than in Sweden. This is especially important for upward mobility and makes our later analysis of openness independent of structural changes all the more interesting.

In Table IV.2, recruitment patterns of the three classes are compared before we analyze Iceland in terms of the six class table. Looking firstly at the upper class, it emerges that self-recruitment, i.e., of sons from that class, is higher in Iceland by about one in seven. Self-recruitment is an important indicator of closure in the class structure, and it has very important sociological implications, as life experiences of the members are thereby reproduced across

¹See O. D. Duncan, "Methodological Issues in the Analysis of Social Mobility," in N. Smelser and S. M. Lipset (eds.), Social Structure and Mobility in Economic Development (London, R.K.P., 1966).

TABLE IV.2. Class Recruitment in Iceland (1964) and Sweden (1968)
Males: Inflow Analysis (%)

Origin	Destination					
	Upper Class		Middle Class		Working Class	
	Iceland	Sweden	Iceland	Sweden	Iceland	Sweden
Upper class	30	26	15	4	6	1
Middle class	21	47	18	45	8	27
Working class	49	27	67	51	86	72
Total	100	100	100	100	100	100
Size of classes (% of sample)	18	10	25	34	57	56
					100	100
					100	100

Sources: Erikson (1971), Table 6:34, p. 79, for Sweden;
 Björnsson and Edelstein (1977), Table 6, for Iceland.

generations¹. Sweden has a much higher recruitment to the top from the middle class than Iceland, whereas the latter's recruitment from the working class appears very high indeed. This implies a great heterogeneity in the origin of top class members in Iceland, and one might therefore expect it to be less cohesive as a collectivity.

The middle class in Iceland is exceptionally low on self-recruitment, which reflects the rapid rate of its expansion. The new recruits come for the most part from the manual working class, more so than in Sweden. The flow from above is also greater in Iceland which leaves an impression of considerably greater heterogeneity in the middle range of the class structure in the latter country. In other countries, the intermediate groups tend to be the fastest expanding ones and consequently heterogeneous in composition, but Iceland's seem to have a rather high rate in this respect, even by international standards.

Coming next to the manual working class, the striking feature of both cases is the very high degree of self-recruitment. This is considerably higher, though, in Iceland. In comparison to England, which has a higher rate of self-recruitment to its industrial working class than Sweden and France², Iceland seems to be even higher on that score in so far as tentative comparison can be attempted. The exclusion of farmers from the sample is, however, likely to under- rather than overestimate this effect. Still, the relatively great

¹A. Giddens (1973), op. cit., p. 107.

²R. Erikson et al., "Intergenerational Class Mobility in Three West European Societies," Table 7.

homogeneity of the working class in terms of members' origins has been facilitated by the fast decline in the relative size of that group in Iceland, which also explains partly the lower rate of recruitment from the middle and top groups in our table than appears in Sweden. In the latter, the flow from the middle class (including farmers) is quite large, whereas a slightly larger proportion originating in the top group in Iceland enters the manual working class. Thus we obtain an impression of a decisive characteristic of the manual working class in Iceland as, for a very large part, consisting of "second generation" members, possibly more so than in any of the three societies to which we have referred. So as the working class declines in relative terms, yet still containing over a half of the male labour force in 1975, it becomes more homogeneous as regards origins of its members and presumably also their cultural experiences.

Having put class recruitment in Iceland into a comparative perspective, we now use the data of Table IV.3 to probe further behind the broad class groups of Table IV.2. Starting at the upper end again, the main component groups of what we referred to as the upper class are the higher professions and entrepreneurial and managerial occupations. Of these, the professional group is more self-recruiting and accordingly has fewer members of lower occupational origins. The proportion of the professional group which originated in unskilled manual occupations is only about a half of that of the entrepreneurial/managerial group. Recruitment to the latter from the professions is rather low, and one can therefore state that the professional group is the more homogeneous part of the upper class.

Of the intermediary groups--technical/lower managerial/teaching,

and clerical/sales occupations--the latter is the fastest growing one, and its recruitment from the unskilled manual group is more marked. In fact, it has the largest proportion of members from that origin of the non-manual (and skilled manual) groups. On that account, it would seem to be close to the unskilled manual group as regards origin composition of its members. Recruitment into that group from above is also lower than in the technical/lower managerial/teaching group. The latter one, though, has a larger proportion of members from skilled manual background, but on the whole it is more homogeneous and has more upper class formation features as judged by mobility patterns. There are some significant differences between the skilled and unskilled manual workers. The very high degree of self-recruitment is much more marked amongst unskilled workers, whose relative size has declined, while skilled workers have become more numerous. The recruitment, in both cases, is predominantly from the other manual group, and, understandably, the proportion of skilled workers, or the "labour aristocracy," of unskilled background is particularly high. Recruits from the groups higher up in the hierarchy are very rare, especially in the unskilled group. While the manual working class as a whole is very homogeneous, its lower section is most marked by that characteristic.

In summary, one can say that the groups at the top of the Icelandic class structure, as well as the intermediate strata, are rather heterogeneous in terms of the origins of contemporary members, whereas the manual working class is somewhat unusually homogeneous in that respect, even by comparison to the neighbouring countries. The large size of the working class in Iceland and its rapid decline

lately has clearly been very consequential for the mobility patterns.

IV.1.4. Mobility Opportunities by Class Origins: Outflow Analysis

In this section, the focus of the analysis changes from classes as collectivities to individuals and their opportunities for advancement in the class structure in relation to origins. Flow of aggregates of individuals from classes, rather than class composition, becomes the main substantive concern. The mobility is therefore assessed in relation to size of the origin class, i.e., by means of outflow analysis (Table IV.4).

Here the qualification regarding differential sampling frames becomes more important. The exclusion of the youngest cohort from the Icelandic sample has a direct biasing effect on the outflow pattern in relation to the Swedish data. It is well known that in advanced industrial societies, young men tend to be more mobile in their career than middle-aged and older men, especially in an upward direction. This is because new entrants to the labour market typically start off in somewhat lower positions than those in which they end up, i.e., when they have reached "occupational maturity" which can normally be expected to be by the mid-thirties. The Swedish sample contains therefore more individuals who are not as advanced in their careers up the occupational structure, and accordingly upward mobility may be exaggerated in the Icelandic comparative figures.

From the first row of Table IV.4, it appears that a larger proportion of those who are born into the upper class in Sweden manage to retain their place there than is the case in Iceland. Total downward mobility from the top group in the latter society is thus

TABLE IV.4. Mobility Opportunities in Iceland and Sweden
Males: Outflow Analysis

<u>Origin</u>	<u>Destination</u>					
	<u>Upper Class</u>		<u>Middle Class</u>		<u>Working Class</u>	
	<u>Iceland</u>	<u>Sweden</u>	<u>Iceland</u>	<u>Sweden</u>	<u>Iceland</u>	<u>Sweden</u>
Upper class	42	57	29	30	29	13
Middle class	30	13	35	43	35	44
Working class	12	5	22	29	66	66
Total	18	10	25	34	57	56
				

Sources: Erikson (1971), Table 6:36, p. 80, for Sweden;
Björnsson and Edelstein (1977), Table 6, for Iceland.

larger than in Sweden, but that applies only to mobility to the manual working class, since the flow to the middle class is of the same order. This long-range downward mobility in Iceland seems somewhat unusual and may indeed be partly attributable to the narrower definitional barriers between the entrepreneurial and skilled manual groups, i.e., a larger proportion of independent tradesmen in the entrepreneurial group in Iceland. The downward mobility may then, to some extent, involve independent artisans, with employees, whose sons start off in a skilled trade. Fluctuations in the construction industry may thus "turn them into" entrepreneurs in boom years as they become independent and hire employees, but slumps may, in many cases, reverse that process.

Chances of sons of top class individuals for retaining their class position in Sweden are apparently of similar order as in England and France, and Iceland would therefore seem to offer less security of inheritance at this level than is common in advanced societies¹. This is somewhat unusual, if not unlikely, in the light of the actual expansion of positions in this class during much of the present century and may partly be due to a broader composition of this class in Iceland. We look further at this aspect below.

Downward mobility from the middle class is more marked than upward mobility in both of the societies. The difference between the two is considerable, though. Sweden has a larger rate of downwardly mobile males than Iceland. The influence of farmers is of significance for this aspect of the Swedish pattern. Middle-class sons in Iceland have been less successful in retaining a position similar to their

¹Ibid., Tables 8 and 10.

fathers' but much more successful in gaining entry into the upper class. On the whole, then, opportunities for mobility from middle-class origins have been more favourable in Iceland, i.e., more skewed in an upwardly direction.

For sons of manual working class fathers, there have been somewhat greater opportunities for advancement into the upper class in Iceland than in Sweden. Here, the wider occupational composition of the top class, as well as the bias from the absence of the lower age groups, which was underlined above, work in Iceland's favour. But the difference between the rates in the two societies appears too great to be wholly accounted for by these biasing effects. One is, therefore, led to conclude that there seem to have been slightly greater opportunities for entry into the upper class for individuals of working class origins in Iceland. The flow into the middle class from below, on the other hand, is smaller in Iceland. Opportunities for long-range upward mobility in Sweden are greater than in England and France¹, so Iceland would seem to rank high on this score by international standards.

Lastly, the likelihood of sons of manual workers finding themselves in the same class position as their fathers' are overwhelming, and equal, in both societies. Two-thirds of the sons remain in their class of origin in this case. Sweden is also similar to France in this respect, whereas the sons of manual workers in England are somewhat more likely to remain in that class².

¹Ibid., Tables 9 and 11.

²Ibid.

TABLE IV.5. Mobility Opportunities in Iceland: Six Class Version
Males: Outflow Analysis

Origin	Destination						Total
	Professions	Entrepreneurs/ Managers	Technical/ Low Manag./ Teachers	Clerical/ Sales	Skilled Manual	Unskilled Manual	
Professions	37.8	11.1	28.9	6.7	13.3	2.2	100
Entrepreneurs/ managers	17.0	21.6	15.9	10.2	27.3	8.0	100
Technical/low manag./ teachers	14.3	19.0	27.4	8.3	22.6	8.3	100
Clerical/sales	12.8	10.6	19.1	14.9	23.4	19.1	100
Skilled manual	7.7	6.0	16.9	9.3	44.3	15.8	100
Unskilled manual	3.0	7.9	10.9	10.4	31.1	36.8	100
Total	7.8	9.9	14.8	10.0	31.3	26.1	100
N	82	103	155	105	327	273	1,045

In summary, it appears that the higher class barriers have been slightly more permeable in Iceland than in Sweden. Long-range upward, as well as downward mobility has been slightly greater in the former country, but the likelihood of repeated experiences across the generations has been similar in both the working classes.

We turn now to the six class analysis of mobility opportunities in Iceland (Table IV.5). Within the upper class, the professions have a considerably higher rate of self-retention and, at the same time, a lower likelihood of long-range downward mobility than the entrepreneurial/managerial group. In that sense, the professions are more secluded in the class structure. The main part of downward mobility from that group is into the technical/lower managerial/teaching group, which itself seems to offer great opportunities for upward mobility. The largest proportion of sons from the entrepreneurial/managerial group, on the other hand, actually ended up as skilled manual workers (27.3%), and that would seem to support the account given above of the long-range downward mobility from the upper class, namely, the effect of a broader definition of that class in Iceland, i.e., the inclusion of a group of independent artisans.

Of the intermediate groups, the technical/lower managerial/teaching one offers primarily opportunities for advancement into the upper class, whereas sons of clerical and sales workers are much more likely to move into the manual working class.

The clerical/sales group has the lowest rate of occupational class inheritance in the table (14.9%), which is a good indicator of the extensive permeability of its boundaries. This is a feature which is commonly found in other societies. The low rate of inheritance

in this group during a period of a very rapid growth in its size may indicate a low attraction of its occupational opportunities in comparison to some manual occupations. On that account, one should be careful in considering the whole of what has been referred to as the "middle class" as being higher in class advantage than the manual working class.

Turning to the last two groups in the table, it emerges that there is a significant difference between them. A higher proportion of the sons of skilled workers find themselves in the same occupational class as their fathers' than is common amongst sons of unskilled workers. The former have also been more successful in reaching higher levels of the occupational class structure, but passing to some extent over clerical and sales occupations. Yet a sizable proportion actually descends into unskilled manual work. For the sons of unskilled manual workers, many of whom actually remain in that group, the main opportunities for advancement have been skilled occupations and lower white-collar positions.

IV.1.5. Actual Mobility Opportunities

In this section, we present the old mobility ratios ("indices of association") in order to clarify the mobility patterns by comparing the flows to the sizes of occupational classes. The index measures the deviation of the observed frequency in each cell of the original table from the frequency which would be expected on the assumption of statistical independence between origins and destinations.

It should be hastily added that the index shows the confounded effects of structural and exchange mobility. In the later consideration of class boundaries and openness, the new measure of exchange

mobility proper will be applied. Blau and Duncan interpreted pairwise asymmetries (comparing cells above and below the main diagonal) in the old mobility ratio as showing directions and distances of manpower flows within the occupational structure¹. Their results suggested that classes were generally open for upward mobility ("one-way screens"), and differential downward mobility was therefore taken to indicate effective class barriers. On the basis of Robert Hauser's new method, D. Featherman and Hauser suggest that Blau and Duncan's interpretations of asymmetric manpower flows "might be read as an explicit description of the effects of occupational change on gross mobility rates, rather than as a specification of intrinsic characteristics of the mobility process"².

The purpose of the present account is therefore to show de facto associations in mobility patterns in relation to statistical independence of mobility chances, but not to provide an interpretation of class barriers. If the exchange mobility patterns are different, for example, more symmetric, as in Featherman and Hauser's analysis of mobility in the U.S.³, then the present table provides a useful standard of comparison, i.e., for assessing structural mobility per se.

The first remark to be made about Table IV.6 is that it has the main characteristics found in industrial capitalist societies, namely, highest indices below the diagonal (lower left-hand corner of the table) and a tendency for the cells on the diagonal itself to have

¹Blau and Duncan (1967), The American Occupational Structure.

²D. Featherman and R. M. Hauser, Opportunity and Change, p. 79.

³Ibid., pp. 166-180.

TABLE IV.6. The Old Mobility Ratio (Index of Association):
Observed Frequencies in Relation to Expected Frequencies
Given Statistical Independence Between Origins and Destinations

Origin	Destination					
	Professions (1)	Entrepreneurs/ Managers (2)	Technical/ Low Manag./ Teachers (3)	Clerical/ Sales (4)	Skilled Manual (5)	Unskilled Manual (6)
1. Professions	4.3	1.3	1.9	0.6	0.4	0.1
2. Entrepreneurs/ managers	2.1	2.1	1.1	1.0	0.9	0.3
3. Technical/low manag./ teachers	1.7	2.0	1.9	0.9	0.7	0.3
4. Clerical/sales	1.5	1.0	1.3	1.4	0.7	0.8
5. Skilled manual	1.0	0.6	1.1	0.9	1.4	0.6
6. Unskilled manual	0.4	0.8	0.7	1.0	1.0	1.4

Note: Index = 1.0 (observed frequency equals expected frequency); index greater than 1.0 (observed frequency is greater than expected); index under 1.0 (observed frequency is less than expected). It should be noted that the index is restrained against large occupational groups because the maximum value that the ratio can take in any cell is the reciprocal of the larger of the associated row or column proportions. Thus, it is easier for cells in rows or columns with small proportions, like the professions, to show large indices than it is for large groups like those of manual workers; cf. A. Tyree (1973).

the highest entries. There are, however, two exceptions to the latter tendency: group 3 has had a greater tendency to send its sons to group 2, and group 4 to group 1. But, in general, the indices are smaller the further one moves from the diagonal (origins). This feature was interpreted by Blau and Duncan as reflecting the tendency for most opportunities to involve only short-range mobility away from one's origins. As regards upward mobility from the unskilled manual group in Iceland, and downward mobility in general, this feature is also clearly applicable to Iceland's mobility pattern. The qualification in the note to the table should be clearly born in mind, especially as regards the indices for the large groups of manual workers which are constrained downwardly by the statistical property of the index. But upward mobility from the non-manual groups involves a few minor exceptions to that tendency, as did indeed Blau and Duncan's table¹. We can therefore say that this characteristic is in general applicable to the Icelandic data, especially if the bias for upward mobility in the sample is born in mind.

The relatively high downward mobility into the manual working class, which was reported above, appears here as, in fact, less than would be expected on the assumption of statistical independence (columns 5 and 6). The high percentages in previous tables were thus largely artifacts of the large sizes of the manual working class groups. Similarly, long-range upward mobility from unskilled manual origins, i.e., beyond clerical and sales occupations, falls well short of what would be expected on those terms.

¹Blau and Duncan (1967), op. cit., p. 32.

IV.1.6. Mobility and Meritocratic Ideology

Actual, or absolute, rates and associations of mobility which have been reported so far are most relevant for assessing the effect of social mobility on general attitudes and beliefs in social and political life. It is, therefore, appropriate to pause briefly before examining relative rates of mobility and pondering the problem of openness of the Icelandic society and consider the relevance of the present analysis for issues of attitudes and consciousness which have been raised. As was indicated above, previous writers on Icelandic society have suggested that a strong and persistent myth of equality has partly been inherited from the influence of particularistic kinship networks and "Gemeinschaft"-type social relations, or from presumably egalitarian attitudes of the agricultural society. Both accounts suggested that extensive mobility resulting from rapid modernization might have played an important role in reasserting and propagating this myth.

As was argued in Chapter I, the different components of this myth, the existence of which has been acknowledged by previous writers but otherwise to a large extent ignored, must be strictly separated, since they are likely to have different causes. This concerns the aspects of equality of condition (rights, resources, and power), on the one hand, and equality of opportunities, on the other. Social mobility has direct relevance primarily for the latter, which we wish to examine further at this stage.

The principle of equality of opportunity originates in one of the basic tenets of classical "laissez faire" philosophy, namely, the primacy given to the individual as the singular unit of society rather

than the family, social groupings, classes, community, or the state. The purpose of social structures, according to that philosophy, is to allow the individual the liberty to fulfill his personal ambitions, or, as Daniel Bell puts it,

by his labour to gain property, by exchange to satisfy his wants, by upward mobility to achieve a place commensurate with his talents. . . . As a principle, equality of opportunity denies the precedence of birth, of nepotism, of patronage or any other criterion which allocates place, other than fair competition open equally to talent and ambition¹.

Hence, the fate of individuals is postulated as being in their own hands, conditional only upon their own merit. Ruling groups, we may note, do normally attempt to legitimate their own good fortune, as well as the ill fortune of those subjected to their authority². Reinhard Bendix's classic, Weberian account of changes in managerial ideologies is a particularly revealing exposition of how meritocratic work ethic replaced traditionalistic ideology as the dominant legitimating belief system in the course of industrialization³. Traditionalistic ideology was characterized by what John Stuart Mill called the "theory of dependence." This meant that the labouring poor were devoid of any initiative and autonomy. They had to perform their assigned tasks obediently and show deference and respect to their superiors,

¹D. Bell, The Coming of Post-Industrial Society (London, Heinemann, 1974), pp. 425-26. See also F. Hayek, The Constitution of Liberty (London, R.K.P., 1960).

²M. Weber, Economy and Society (New York, Bedminster Press, 1968).

³R. Bendix, Work and Authority in Industry: Ideologies of Management in the Course of Industrialization (Berkeley, University of California Press, 1959); also T. Nichols, Ownership, Control and Ideology (London, George Allen and Unwin, 1969); and P. D. Anthony, The Ideology of Work (London, Tavistock, 1978).

who would protect them and provide means of subsistence if the service was satisfactory¹. Status stratification was thus an integral part of this legitimating ideology, since it put people apart as if they were, by nature, differentially worthy of respect. The laissez-faire ideology undermined the dependency relationship between the labouring poor and land owners by rejecting the responsibility of the rich to protect their labourers and by turning supernatural fate into self-imposed fate for the lower classes. Thus, the "ethics of the jungle" and Social Darwinism came to prevail as authoritative explanations of differential fortunes of individuals. Claus Offe, writing from a Marxist perspective, also treats meritocratic ideology, or the "achievement principle," in a similar way as the primary means of legitimating inequality in industrial capitalist society².

The implication that we wish to draw from this brief excursion into theory is that it seems very implausible that the principle of equal opportunity is directly inherited from a prevailing attitude in pre-industrial Iceland, any more than elsewhere. It is, indeed, an integral part of the legitimating ideology of capitalist society and associated with the emergence of that social order³. The issue which remains here is whether there is ground to believe that this aspect of the Icelandic equality myth is particularly strong as a result of extensive social mobility - in other words, whether the pattern of

¹R. Bendix (1959), op. cit., ch. 2.

²C. Offe (1970), op. cit., ch. 2 in particular.

³R. Bendix (1959), op. cit., A. de Tocqueville, Democracy in America (New York, A. A. Knopf, 1945), J. Habermas, Legitimation Crisis (London, Heinemann, 1976), and F. Hayek (1960), op. cit.

mobility in the country is so exceptional as to have plausibly been responsible for generating and preserving an unusually strong belief in meritocracy. It should be reiterated that the existence of such an exceptional belief is a theoretical hypothesis, rather than an empirically based finding.

The present exposition of social mobility in Iceland has revealed patterns which have most of the characteristics that are found in other industrial capitalist societies. In comparison to Sweden, the total mobility between three major classes is of the same order, but upward mobility seems to be slightly more pronounced in Iceland, probably due to more rapid developments in the early post-war period. Specifically, tendency for mobility into the top strata in Iceland, as well as mobility out of it, seems to have been slightly greater. While this aspect is, no doubt, exaggerated by the sampling frame and the classification of the Icelandic data in relation to the Swedish data, we believe that it is significant. But at the same time, it is not a difference in degree which is likely to generate or sustain a fundamentally different belief system on its own. It must be underlined, however, that the overall volume of social mobility in Iceland has been high by international standards, and it can, therefore, be affirmed that conditions favourable for a strong version of meritocratic ideology have prevailed, in so far as such beliefs are conditional upon mobility opportunities.

While the effect of the class structure on intergenerational passages to positions in the occupational structure in Iceland is comparable to Sweden, the possibility that mobility experiences are different in Iceland still remains. Even if people have a tendency to

end up near their level of origin in the system, they may in general start lower down and progress further to where they are "destined" than is common in other countries. In other words, "working ones way through the mill" might be more pronounced in Iceland. Sociologists have indeed, for long, argued that career mobility is more consequential for individuals' attitudes than intergenerational mobility¹.

Subjective issues are normally examined in relation to individuals' lifetime careers. While individuals can obviously reflect on their own achievements and experiences in the world of work and interpret those as indicators of the opportunity structure of society, it is not altogether clear to what extent they actually do so, nor to what extent the achievements or failures of other individuals do affect people's perceptions of the opportunity structure. When asked to compare their present position to a position held in early career, most perceive that they have advanced upwards in the structure, and the majority also assess their relative chances as the same as those of significant others². This is also understandable in the light of our findings in this chapter that most individuals start their careers in a manual occupation, or have some experience of such work. These tendencies are less marked, however, amongst individuals who remain in manual occupations. Such findings may be taken to indicate that people

¹See, for example, H. L. Wilensky and H. Edwards, "The Skidder: Ideological Adjustments of Downwardly Mobile Workers," in A.S.R., 24 (1959), pp. 215-231; R. Dahrendorf, Class and Class Conflict in Industrial Society (London, R.K.P., 1959), pp. 219-223; and J. Lopreato and L. E. Hazelrigg (1972), op. cit.

²J. Lopreato and L. E. Hazelrigg (1972), op. cit., ch. 16.

would generalize about the opportunity structure on the basis of their own perceived improvements. At the same time, most people entertain the belief that things will improve in the future and that they will enjoy security. As Lopreato and Hazelrigg conclude from a study of mobility and attitudes in Italy:

Italians of all walks of life, whatever their past successes and failures in the occupational structure, were remarkably optimistic about possibilities of success and, in particular, prone to envision a future state of affairs in which the good life would be more readily attainable, either for themselves or for their own children¹.
(Our emphasis)

It would thus seem that there is ground for arguing that people really want to believe in an open opportunity structure whether or not they themselves have any experiences of it. One can see an obvious psychological advantage of such an orientation as a form of motivation and adjustment. It provides hope for the future, if nothing else. It is, however, unlikely that such beliefs, wherever they come from or whoever promotes them, could persist without some apparent examples of their truthfulness in the social environment. In a sense, the question is "how much is enough"? Obviously, the intergenerational transitions could provide such examples, but the problem at hand is whether intra-generational experiences are significantly different in character. We wish to throw some light on these issues in the Icelandic context by focusing on mobility experiences in a perspective which is closest to individuals in time, namely, overall mobility of the male tax-paying population between occupational groups during the course of one year,

¹Ibid., p. 500.

TABLE IV.7. Net Career Mobility During One Year:

Males, 1974-75 (Outflow Analysis, %)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	T.
<u>Private Sector</u>																				
1. Employers	86.5	0.4	2.5	0.6	1.5	1.4	1.4	..	..	0.5	0.1	0.2	..	0.2	0.4	0.1	..	0.3	0.2	3.7
2. Professions	<u>2.7</u>	<u>81.2</u>	0.5	0.5	3.1	0.7	0.7	..	1.0	3.1	1.7	0.5	..	..	0.2	0.2	..	..	..	3.9
3. Self-employed	<u>10.2</u>	<u>0.3</u>	<u>71.9</u>	0.7	1.7	3.1	2.6	..	0.3	1.3	0.6	0.4	..	0.2	0.3	0.3	0.1	0.9	0.3	4.8
4. Foremen	<u>1.8</u>	0.2	<u>0.3</u>	<u>81.1</u>	2.7	3.2	5.0	..	0.1	1.4	0.3	0.1	0.4	0.6	1.1	0.1	0.1	0.4	0.1	1.0
5. Clerical/sales	1.8	0.6	0.4	<u>1.3</u>	<u>73.5</u>	2.8	8.1	0.1	0.3	2.2	0.5	0.7	0.5	0.1	1.0	0.1	0.3	1.0	0.8	3.9
6. Skilled man.	1.3	0.1	1.1	0.8	<u>1.7</u>	<u>82.6</u>	4.9	..	0.2	1.2	0.3	0.5	0.6	0.3	0.7	0.1	0.1	0.4	0.2	2.9
7. Unskilled man.	0.4	0.1	0.4	1.0	3.6	<u>4.7</u>	<u>71.8</u>	..	0.3	2.5	0.4	0.6	1.5	0.3	3.7	0.6	1.0	1.2	0.3	5.6
<u>Public Sector</u>																				
8. Doctors/dent.	..	..	..	..	0.4	..	0.4	0.1	1.4	1.4	0.2	2.9	..	..	..	..	..	..	..	2.3
9. Teachers	0.4	0.2	0.5	0.1	2.1	0.5	1.4	0.1	81.4	7.1	1.0	0.7	0.1	0.1	0.3	0.5	0.2	0.3	0.3	2.7
10. Civil servants	0.2	0.2	0.1	0.1	1.4	1.3	3.3	0.3	<u>2.6</u>	<u>83.0</u>	0.6	0.9	0.5	0.1	0.5	0.1	0.1	0.6	0.5	3.6
11. LA. employees	0.4	0.7	0.5	0.1	1.8	1.3	2.6	0.6	1.7	<u>3.6</u>	<u>74.8</u>	1.5	4.2	0.1	0.3	0.1	0.1	1.4	0.9	3.3
12. Welfare employees	1.1	0.1	0.3	0.1	2.5	4.5	6.0	3.2	1.3	4.9	<u>2.0</u>	<u>62.9</u>	0.1	..	0.7	0.5	0.5	0.3	0.3	8.7
13. Manual workers	0.1	0.1	0.1	0.2	2.0	1.8	<u>16.0</u>	..	0.4	2.3	5.1	<u>1.3</u>	<u>60.6</u>	0.3	1.6	0.2	0.4	0.6	0.3	8.4
<u>Other Sectors</u>																				
14. Officers (fish)	0.7	..	0.3	1.3	0.5	3.0	4.7	..	..	1.3	0.3	0.2	0.1	75.9	7.3	0.1	..	0.3	0.1	3.9
15. Deckhands	0.1	..	0.3	0.3	1.1	2.5	<u>15.5</u>	..	0.3	1.2	0.2	0.1	0.6	<u>6.4</u>	<u>58.9</u>	0.4	0.7	0.8	0.4	10.2
16. Farmers	0.2	..	0.2	..	0.3	0.2	<u>3.9</u>	..	0.1	0.6	0.2	0.2	0.2	0.2	<u>0.4</u>	<u>84.5</u>	0.8	0.6	..	7.4
17. Farm workers	..	..	..	0.1	1.2	2.5	<u>22.6</u>	..	0.5	1.9	0.2	0.5	0.5	0.3	2.3	<u>5.9</u>	<u>54.4</u>	0.4	0.2	6.5
18. Transp. work	0.5	..	0.2	0.3	1.3	0.9	<u>6.2</u>	..	0.3	1.2	0.5	0.7	0.3	0.2	0.9	0.8	<u>0.2</u>	<u>82.1</u>	0.1	3.3
19. Bank empl.	0.3	0.1	0.4	0.2	2.2	1.1	2.8	..	1.0	2.8	1.1	0.7	..	..	0.5	..	..	<u>0.6</u>	<u>83.0</u>	3.2
Total	4.3	0.6	1.6	2.7	7.2	<u>11.7</u>	<u>21.1</u>	0.8	2.2	7.9	2.1	1.2	2.1	2.4	4.5	4.8	1.7	3.8	1.5	15.8

Source: Economic Development Institute (computer analysis of tax records).

1974-75 (Table IV.7). This data can best be interpreted as showing whether individuals experience and/or observe mobility patterns in the short-run which are drastically different in character from what was conveyed by the intergenerational analysis. If contemporary career mobility was thus a factor of disproportional significance in Iceland, one would expect it to show up in intragenerational flows as decisively more characteristic of long-range upward progressions than was indicated by the intergenerational transition.

In fact, there is little support for the hypothesis that short-term career mobility conveys a stronger impression of an open opportunity structure. The absolute degree of the mobility effect is, of course, much smaller than would be found in a long-term perspective, and in analyzing this table one must, therefore, concentrate on the characteristics of the observable patterns rather than absolute sizes.

Looking firstly at unskilled manual workers in the private sector, it emerges that of those who moved out during the year, most either retired or took up other manual occupations. The largest percentage of those who continue to be active in the labour market take up skilled manual jobs (i.e., apprentices who finish their training period), become deckhands in fishing, or take up clerical or sales jobs. Controlling for the respective sizes of the groups, the strong tendency for exchange within the unskilled manual class stands out fairly clearly. As for the outflow pattern from the other unskilled manual groups--i.e., manual workers in the public sector, deckhands, and farm workers--the flow into the unskilled group in the private sector plays an even greater role; for example, more than a fifth of farm workers and a seventh of deckhands experience this shift, which,

in our table, qualifies as primarily a horizontal type of mobility. These moves may, of course, be perceived as improvements by the individuals concerned, in so far as the destination is preferred to the previous position. But, in terms of the class structure, these "improvements" are clearly minimal.

Long-range upwards mobility from the manual class to top positions was noted above as a significant feature of mobility across the generations. Here, this aspect appears disproportionately small. Only four in a thousand unskilled manual workers in the private sector become employers/managers or independently self-employed. In relation to movements in other directions, this would seem to be disproportionately small again. Skilled manual workers fare better in this respect, but still only a little more than one in a hundred becomes an employer, a manager, or self-employed. Looking at these upper groups themselves, it appears that there is also a decisive tendency for individuals to move the other way round; in fact, the biggest proportion of the downwardly mobile in this perspective end up in these manual occupations. Skilled manual workers, again, have only a minute opportunity for becoming professionals, i.e., one in a thousand in a year. Understandably, those individuals are likely to be students whose stay in manual work was only temporary. Controlling for the sizes of the occupational groups, it appears that the tendency for artisans to become self-employed is the most marked aspect of these flows, whereas the downwardly mobile from the top are far fewer than expected on the assumption of statistical independence.

As one moves up the occupational hierarchy, the opportunities for advancement to top positions increase clearly. This, along with the

fact that long-range upward mobility from the manual class does not appear relatively more marked from the present perspective than from the intergenerational analysis, would seem to disprove the hypothesis that an unusually broad range in career mobility could have generated an exceptionally strong belief in an "open meritocracy" in Iceland. There seems to be little support, then, from the mobility analyses that we are able to undertake to support the suggestion that the belief in meritocracy in Iceland should be significantly different from the predominant legitimating ideologies of other neighbouring countries. It should be emphasized that our contentions here relate only to supportive structural conditions for such ideology, but possible effects of ideology promoting agencies, like political parties, cannot be examined here. As Svanur Kristjánsson has shown, the ideology of equal opportunities was, and most likely still is, a part of the ideology of the largest political party, the Independence Party (conservatives), so the active promotions of meritocratic ideology may have been of independent importance, given the structural conditions¹.

Since Sweden is, no doubt, amongst those industrial capitalist countries which have offered greatest opportunities for individuals to improve their position in the class structure relative to their origins, it can be stated that opportunities in Iceland have indeed been great by international standards. While we have rejected the proposition that this has produced an exceptionally strong belief in meritocracy, it must be acknowledged at the same time that, in so far as social mobility reaffirms or supports such ideologies, the Icelandic

¹Svanur Kristjánsson (1977), op. cit., ch. III, 3.2.

case is likely to be rather strong, i.e., at least on level with Sweden.

There is thus a good ground for arguing that a strong belief in equality of opportunity prevails in Iceland in conjunction with a very weak status consciousness, as we argued in Chapter I. Together, these orientations are likely to produce a very "modern" type of attitude, which can, however, coexist with an awareness of the inequality structure. Economic and political inequalities can be acknowledged even though the privileged are not granted deference and acceptance as if they were worthy of special respect, and entry to privileged positions is likely to be seen as, at least to a large extent, open to talent and luck.

IV.2. Openness of the Icelandic Society

IV.2.1. Introduction

We have now examined actual mobility experiences in Iceland, as well as the class differences in realizing actual opportunities. Many of these opportunities, as well as the main influence on composition or formation of classes, have, however, been due to the occupational developments which we outlined in Chapter II--namely, the growth of white-collar jobs and relative decline of manual occupations. This is what one would expect, particularly judging from experiences in other societies¹. What we wish to do in this section, then, is to look at the mobility which is independent of these changes in the occupational opportunity structure, or intergenerational fluidity between classes. We shall be particularly interested in examining the class basis of

¹D. Featherman and R. M. Hauser, Opportunity and Change, and J. H. Goldthorpe (1980), op. cit.

this fluidity, or exchange mobility as it used to be called. In that sense, we will throw some light on relative differences in opportunities and on the effectiveness of class boundaries. In the section on mobility associations, we showed that there has been a net tendency for upward mobility at most levels of the class structure, a tendency which has primarily been due to the above mentioned occupational changes. Here, we will thus be able to examine where relative discrimination and privilege work to the greatest effect, as well as to delineate effective class barriers.

IV.2.2. The Method of Analysis

As previously indicated, we shall make use of the statistical method which Robert Hauser has developed, and accordingly we start here with a brief account of the substantive aspects of the procedure. For the statistical representation of Hauser's model, which uses log-linear methods primarily developed by L. A. Goodman, we refer to the original texts¹. Hauser's starting point is the observation that the old mobility ratio, the index of association, was designed for isolating the effects of origin and destination distributions in the mobility table, i.e., the respective occupational distributions of fathers and sons, on the observed pattern of mobility - in other words, to tap the exchange mobility independently of structural mobility. The measure, which is related to the Chi-square test statistic, was designed to index the degree of deviation of observed cell frequencies in the table from expected frequencies given statistical independence of class origins and destinations. Thus it was originally believed

¹R. M. Hauser (1978), op. cit.

to show the conditioning effect of the class structure on individuals' opportunities. But in effect the index of association actually confounds the two basic effects represented in the transitional mobility table: the exchange, as well as the structurally induced mobility¹. It truthfully depicts the actual deviation from perfect or random mobility without, however, filtering out the effect of change in the occupational structure which is represented in the marginals of the mobility table.

The theoretical and practical importance of examining mobility independently of structural change can be further underlined with a reference to empirical findings from other societies. R. Hauser and his associates, as well as J. H. Goldthorpe and his associates, have found that, in the U.S. and Britain, respectively, the change in upward mobility which has taken place during the middle and latter part of this century--often associated with belief in erosion of class barriers--has, for the most part, been due to the changes in the occupational structure². In addition, this exposition of mobility in relative terms has fundamentally challenged prevailing hypotheses on the effects of class structure on opportunities in modern society³.

In developing his log-linear model, Hauser recognizes, then, that statistical independence of origin and destination classes is generally not found in mobility tables, and that, in fact, interactions

¹Ibid., and J. H. Goldthorpe (1980), op. cit., ch. 4.

²R. M. Hauser et al., "Temporal Change in Occupational Mobility: Evidence for Men in the United States," in A.S.R., 40 (1975).

³D. Featherman and R. M. Hauser (1978), op. cit., and J. H. Goldthorpe (1980), op. cit.

of varying size tend to be distributed throughout the mobility table. In his model, he accordingly provides for a number of different levels of interaction, represented as differing levels of immobility or closure (net of marginal effects). The procedure requires that each cell in the table be allocated to a particular interaction level, preferably on the basis of theoretically informed expectations. The interaction level in conjunction with the appropriate row and column parameters, as well as the scale effect (size of the sample), determine the frequency in each cell of the table by means of the multiplicative model. The frequencies which emerge on the basis of the original, theoretically informed, interaction levels can then be compared to the actual distribution in the table for an assessment of the fit of the model. In case of inadequate fit, the levels can then be adjusted in order to improve the fit, i.e., in so far as such adjustments can be theoretically accounted for. A perfect fit can always be obtained in practice simply by working with a sufficiently large number of interaction levels to provide for the necessary finesse, and by fitting these on the basis of trial-and-error exercises. As Goldthorpe notes, such a procedure is not likely to add any interpretive or theoretical significance, and some constraints on the selection of interaction levels must therefore be introduced. The rule which Hauser lays down is that the number of interaction levels allowed should be substantively less than the number of cells in the table; and the allocation of particular cells to interaction levels must be theoretically meaningful to the analyst¹.

¹J. H. Goldthorpe (1980), Social Mobility and Class Structure in Modern Britain, ch. 4.

IV.2.3. Designing and Fitting the Model

The way we proceeded was to assign interaction levels to cells of the table, firstly, on the basis of theoretical expectations and with considerations of the nature of the occupational class groups which the data provides for. Secondly, we adjusted the original design slightly to improve the fit of the model.

In selecting interaction levels, we started with seven levels and decided on highest density of interaction for inheritance with the professional class (level 1). This was primarily because of the homogeneity of the group, as well as the generally high level of advantages and attractiveness associated with this class of occupations. In terms of advantages and desirability, the entrepreneurial group is at least on level with the professional group, but because of a larger degree of heterogeneity in composition, we assigned a lower level of interaction (2) for inheritance there, as can be seen from our Table IV.10 below (we retain a place for this table in the text where we analyze the resulting patterns of interactions and closure). In accordance with the tradition started by Hauser, the highest density of interactions in the table is thus 1, and the lowest is 7.

On the whole, then, we expect the cells on the diagonal, denoting intergenerational inheritance, to have the highest densities of interaction, especially amongst the groups at the top and at the bottom of the occupational class structure. Conversely, we expected that there would be low tendency for long-range mobility in both directions, and on that basis we assigned the cells in the bottom left-hand corner and the top right-hand corner of the table the lowest density

levels, 6 and 7. The reasons for this are mainly ones of differential advantages--economic, social, and cultural--which members of different classes command and which, in cases of deficiencies, constitute barriers to entry to higher groups. On the expectation that the lower white-collar group, the clerical and sales occupations, contains both individuals destined to higher places as well as unskilled ones in dead-end positions, with equal propensity to move to manual occupations, we assigned intermediate density levels to all the cells in that row. Our original design provided a reasonable fit, but the final levels reproduced in Table IV.10 below include some minor adjustments which improved the fit and did not run directly against theoretical plausibility.

Before proceeding to analyze the pattern of interaction between classes and deducing theoretical implications, we must examine empirically the resulting fit that our model produces and test for its significance. This we do in Table IV.8. The figures in the brackets are those that the model produces, whereas the other ones are the observed figures from the original mobility table.

Evidently, the deviations which obtain are only minor ones, weighing relatively most in cells with small numbers of observations, and there is no apparent structure in the deviations that emerge. The Chi-square test of significance is highly insignificant, and we must therefore conclude provisionally that the deviations which occur can be applied to statistical chance. Following Goldthorpe, we would, however, wish to consider also the absolute and relative degree of misclassification of cases in the fitted model as a measure of its success and relevance for substantive issues¹. This shows that, out

¹Ibid., pp. 105-106.

TABLE IV.8. Intergenerational Class Mobility: Observed
Cell Frequencies and Expected Frequencies
on the Basis of the Hauser-Type Model

<u>Father's Class</u>	<u>Son's Class</u>					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
1. Professions	17 (17)	5 (6)	13 (11)	3 (3)	6 (5)	1 (1)
2. Entrepreneurial/ managerial	15 (17)	19 (18)	14 (14)	9 (9)	24 (22)	7 (8)
3. Technical/lower managerial/ teaching	12 (13)	16 (14)	23 (25)	7 (7)	19 (18)	7 (8)
4. Clerical/sales	6 (6)	5 (6)	9 (9)	7 (6)	11 (11)	9 (9)
5. Skilled manual	14 (11)	11 (12)	31 (30)	17 (16)	81 (83)	29 (31)
6. Unskilled manual	18 (18)	47 (47)	65 (66)	62 (64)	186 (187)	220 (217)

Measuring the Success of the Model

<u>Goodness of fit</u>			<u>Percentage of cases misclassified</u>
<u>X²</u>	<u>df</u>	<u>p</u>	
3.712	25	0.001	1.8% (N = 19)

of the 1,045 cases in the sample, only 19 are misclassified, or 1.8%. This is indeed a very low degree of deviation, on level with that which was taken as acceptable in the British study¹, and we would accordingly

¹Ibid.

let that overrule the pure statistical test and accept that our model has been designed broadly along the correct lines¹.

Another methodological caveat which has to be gotten out of the way before turning to the analysis concerns the measurement of the parameters of the density levels in our model. What is of importance here is the spacing between the levels (1 to 7) which is, in effect, the constant property of the levels that the model produces. In other words, these parameters provide a scale for our density levels, and this is reproduced in Table IV.9.

The first thing to note about this table is the additive parameter values in the first column. Here we have the spacing of the density levels with level 1 set at 0.0 and the other values reflecting the distances between the levels. It is important that the values should increase (or decrease) uniformly, if the hierarchical interpretation of the density levels is not to be impaired. This aspect is quite satisfactory, and we see that the gap is greatest between levels 6 and 7, 1 and 2, and 5 and 6. On the other hand, there is less distance between the intermediate levels, especially 4 and 5. The matrix of the table can be read as showing, in the first row, for instance, that at level 1 density is about two and a fifth times as great as at level 2, two and four-fifths times as great as that at level 3, and so on down to about 18-fold difference between level 1 and level 7. This matrix is not used here, however, for substantive interpretation, but it provides the substance for the calculation of odd ratios in the next section which are easily interpreted and understood.

¹Other models which are equally effective in a statistical sense could, of course, be fitted. Theoretical accountability is, however, the final criterion of design.

TABLE IV.9. Values of the Parameters of Interaction Levels for the 7-Level Model (Logs) and Matrix of Difference in Interaction Between Levels (in Multiplicative Form)

Additive Parameter Values (Logs)	Interaction Level	Between Levels (in Multiplicative Form)						
		1	2	3	4	5	6	7
0.00	1	0.00	-0.78	-1.04	-1.36	-1.56	-1.96	-2.89
	2	1.00	2.18	2.83	3.90	4.76	7.10	17.99
	3	0.46	1.00	1.30	1.79	2.18	3.25	8.25
	4	0.35	0.77	1.00	1.38	1.68	2.51	6.36
	5	0.26	0.56	0.72	1.00	1.22	1.82	4.62
	6	0.21	0.46	0.60	0.82	1.00	1.49	3.78
	7	0.14	0.31	0.40	0.55	0.67	1.00	2.53
		0.06	0.12	0.16	0.22	0.26	0.40	1.00

IV.2.4. The Pattern of Exchange Mobility, or Social Fluidity, and Class Boundaries

Having examined the basic properties of our model and established its empirical viability, we turn now to the levels matrix and analyze the pattern of mobility which it depicts independently of changes in the occupational structure. It should be particularly underlined that we are here considering the effects of the class structure independently of the extra opportunities which emerged due to expansion of upper class jobs and contractions of lower class ones. Let us then look at the matrix of Table IV.10.

TABLE IV.10. A Matrix of Hauser-Type Interaction Levels: 7-Level Model of Interaction Between Classes, Iceland

<u>Origin</u>	<u>Destination</u>					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
1. Professions	1	<u>3</u>	<u>2</u>	<u>5</u>	6	7
2. Entrepreneurial/ managerial	2	2	<u>4</u>	<u>4</u>	<u>4</u>	6
3. Technical/lower managerial/ teaching	3	3	2	<u>5</u>	<u>5</u>	6
4. Clerical/sales	4	5	4	4	5	<u>4</u>
5. Skilled manual	6	6	4	5	2	4
6. Unskilled manual	7	6	6	5	4	2

Note: Asymmetric cells are underlined above the diagonal.

The best way we have of describing the exchange mobility represented in this matrix is to say that it broadly confirms the

set of hypotheses on social mobility which are included in the "closure thesis." This thesis is well summarized in the following quotation:

. . . (i) mobility is most likely to occur between classes which are at a similar level within the occupational hierarchy, whether this is conceived of as one of desirability, prestige, or socio-economic status; (ii) mobility will tend thus to be greatest in the intermediate levels of the hierarchy and least towards its extremes - if only because at the intermediate levels the possibility will exist for mobility to occur within its most frequent range both upwards and downwards, whereas, as the extremes are approached, one or the other of these possibilities will tend to be precluded; (iii) the least mobility of all will be found towards the peak of the hierarchy, since those who hold the superior positions may be presumed to have not only a strong motivation to retain them, for themselves and for their children, but further the command over resources to enable them to do so, at least in terms of whatever aspects of social advantage and power it is that defines their position as superior in the first place¹.

This thesis has been found to apply for relative mobility opportunities net of structural effects in Britain², and we obtain thus an interesting point of broad comparison with its confirmation in the Icelandic case. We should, however, add some specific qualifications to the Icelandic results, which stem primarily from the nature of the occupational classification, yet again. The separation of the professions from the entrepreneurial and managerial group at the peak of the hierarchy produces a higher density for mobility from class 1 to class 3 than to class 2. Furthermore, the broad definition of the entrepreneurial group, i.e., the inclusion of some independent

¹Ibid., p. 42.

²Ibid., p. 114.

artisans, produces an artificially high mobility tendency from this class to that of skilled manual workers, which, if it were actually born out, would run counter to the so-called "buffer-zone thesis." But this thesis is also, in fact, supported by our data on relative mobility chances in Iceland, given this qualification (see Table IV.10). The following quotation represents well the main ingredients of this thesis:

. . . the buffer-zone thesis could be said to claim the following: (i) that while the sons of higher level, that is to say, skilled manual workers, will be significantly more likely than the sons of semi- and unskilled workers to achieve nonmanual occupations, such occupations as they do achieve will for the most part be ones at the base of the nonmanual hierarchy, and the chances of men of manual origin gaining access to nonmanual occupations of superior grade will fall off to the point of being almost negligible; and (ii) that while the sons of lower-level nonmanual workers, that is, of clerks, salesmen, supervisors, petty entrepreneurs, etc., will be significantly more likely to be found in manual work than will the sons of men higher in the nonmanual scale, such movements will be very largely into skilled manual grades rather than into semi-skilled or labouring jobs¹.

Again, this thesis has been found to apply for relative mobility chances in Britain². We have thus established that the nature of class barriers, as they are reflected in relative mobility opportunities, is broadly similar in Britain and Iceland, in so far as these same hypotheses apply in both cases.

We may now look further at some features of the relative mobility opportunities, especially what can be read from the asymmetries amongst pairs of cells in the levels matrix of Table IV.10.

¹Ibid., p. 47.

²Ibid., p. 114.

Where the asymmetries are is indicated by underlining in the upper half of the table the cells which do not have the same density levels as the corresponding cells in the lower part, like cells (1,2) and (2,1), which have levels 3 and 2, respectively. Such asymmetries indicate that the mobility opportunities, or interactions, do not work equally both ways. Thus, there is, for example, more propensity for mobility from class 2 to class 1 than in the opposite direction. Similarly, there is more tendency for mobility up to class 1 than from there down to class 4. Because of the large density difference between class 1 and the rest, as is indicated by the values of Table IV.9, these asymmetries in exchange mobility are quite significant, and more so than in the case of the intermediate classes. We have already disqualified the significance of the mobility between class 2 and class 5, but an interesting discrepancy is in the interaction between class 5 and class 3 with more tendency for upward mobility. And lastly, there is a significant asymmetry in the interaction between unskilled manual workers and clerical and sales workers where the tendency for mobility to unskilled positions is actually greater, which is interesting in the light of the conventional emphasis on the manual-nonmanual distinction in the occupational class hierarchy.

Lastly, to quantify and throw further light on the actual difference in class opportunities, we present in Table IV.11 a matrix of odd-ratios where the pair of origin and the pair of destination classes are the same. These ratios indicate directly the proportional chances that individuals have, on average, in the competition for entry to the various class groups.

From this table, it appears that the degree of inequality of

TABLE IV.11. Odd-Ratios Matrix
(The Pair of Origin and the Pair of
Destination Classes are the Same)

<u>Classes</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
1	1	2.83	2.83	4.76	22.90	149.92
2		1	2.32	1.79	5.77	10.48
3			1	2.18	3.89	10.48
4				1	2.65	2.17
5					1	3.20
6						1

Note: Calculated from Table IV.9 according to the following formula:

$$\frac{F_{ik}/F_{il}}{F_{jk}/F_{jl}} = \frac{D_{ik}/D_{il}}{D_{jk}/D_{jl}},$$

where subscripts i and j refer to origin classes, subscripts k and l to destination classes. F is the cell frequency generated by the model, and D is the parameter for the interaction level to which a cell is allocated. (Cf. Goldthorpe, 1980, p. 97.)

of opportunity is by far the greatest between the top group of professions and the bottom group of unskilled manual workers. In fact, the chances of men born into the professional class being found themselves in that class rather than in an unskilled manual job are 150 times greater than the chances of men born into the manual class being found in the professional class rather than the manual class. These are indeed massively unequal terms of competition, or opportunities, between members from the extreme classes of the occupational

hierarchy, and in fact greater than found in Britain¹. But this is no doubt due to the different nature of the respective occupational class schemas, especially the homogeneity and small size of the top group in the Icelandic case, i.e., the professional group. A direct comparison of this feature can thus not be sustained.

The degree of inequality of opportunity is much more modest amongst other groups but still considerable. For example, the chances of men born into classes 2 and 3 being found in their origin classes rather than in the unskilled class are ten times those of men born into the lower manual class being found in classes 2 or 3, rather than in the manual class itself. All in all, one can say that those of lower working class origin compete for upper class positions with sons of upper class fathers on extremely unequal terms.

In conclusion, then, we have shown that the absolute extent of class mobility in Iceland is likely to have been not too far from the level which has obtained in Sweden in the last decades. Recent changes in the occupational structure have, however, been slightly faster in Iceland, especially the relative contraction of the working class. The composition of the upper classes in Iceland is therefore more heterogeneous. In terms of absolute mobility rates, the extent of diversity in the composition of the upper level classes would not seem to warrant an acceptance of the "closure thesis," which we, on the other hand, accepted for the case of relative mobility rates, i.e., when mobility that is induced by structural changes is filtered out. This would seem to imply that the actual extent of upward mobility

¹Ibid., p. 112.

which is reflected in the basic inflow and outflow tables is, to a great extent, due to the extra opportunities which occupational change, induced by large-scale economic growth, has offered.

The buffer-zone thesis, which was also found to be applicable to the pattern of relative mobility rates, cannot, however, be accepted as a truthful description of the absolute rates of mobility opportunities. About two-thirds of sons of manual workers in Iceland and Sweden remain in that class, but a significant proportion make it to the top classes, and there is also some flow downwards across the "buffer-zone." Again, the importance of changes in the occupational structure is implied by the discrepancy in the patterns of absolute and relative mobility rates.

We have also accepted the hypothesis that the actual extent of mobility in Iceland has been sufficiently extensive to be likely to have supported a strong belief in equality of opportunity, or meritocratic ideology. At the same time, it emerged that the nature of class constraints or barriers on mobility flows is broadly similar in character to that found in other advanced societies, like the U.S. and Britain.

APPENDIX IV.1

The Occupational Compositions of the Three Classes
in the Icelandic and the Swedish Studies

	<u>Iceland</u>	<u>Sweden</u>
<u>Class I:</u>	Professions (private and public; including grammar school teachers); independent businessmen (employers), directors and managers in industry and trade; proprietors of big, commercialized farms (relatively few).	Large proprietors; higher grade civil servants and higher managerial in the private sector.
Class II:	Lower grade salaried (clerical and sales); lower professional and technical; lower managerial and administrative; teaching.	Lower grade salaried employees (clerical and sales); small-scale entrepreneurial and independent craftsmen; farmers; foremen.
Class III:	Smallholders (the majority of the farmers group); farm workers; dependent manual workers (skilled and unskilled); foremen; deckhands.	Smallholders; farm workers; dependent manual workers (skilled and unskilled).

V. "INTERMEZZO": REDISCOVERING UNIQUENESS

In this work, we have looked beyond the most obviously unique aspects of Icelandic society, such as small population and the traditional culture, and asked to what extent the socio-economic structure has affinity with that of the advanced neighboring societies. In mapping out the aspects of the social structure which we have tackled, we have shown that Iceland is a very modern society, and, as regards those basic social structural aspects, it is highly comparable to the Scandinavian societies. Thus, we have seriously questioned the validity of the myth of traditionalism and the myth of uniqueness.

By analyzing distributional inequalities, we have also established the existence of a class structure with similar consequential properties for class formation and for individual opportunities as are found in other advanced societies. Our findings and arguments have thus stressed that Icelandic society exhibits a "family resemblance" to advanced societies as regards these features. But family members do also, of course, differ amongst themselves. At this turning point in our work, we wish to draw attention to two rather unique features of contemporary Icelandic socio-economic reality which have relevance for our continued analysis of the stratification system and its impact on the society at large. These

features are industrial conflict and inflation. Iceland's record on both scores is outstanding. The volume of working days lost due to strikes must rank with the highest societies of the developed world, and very high rates of inflation have persisted throughout most of the post-war period.

As we change our analytical focus from distributional aspects of the inequality structure to the organizational-relational aspect, i.e., to class groupings and class relations, we want to deal with these two outstanding features. In so far as class structure is of relevance in modern society, it should be found to influence the institutional and organizational characteristics of society as well as individuals' rewards and opportunities. Thus, the class structure should, to a significant extent, shape the formation of interest groups, political parties, distributional conflicts, and industrial relations, to name only a few of the relevant phenomena for organizational-relational analysis. Political scientists have shown that the class structure has influenced the political system in Iceland. We hope to contribute something towards clarifying the consequences, social and political, of the class structure in the world of work, i.e., the labour market and related institutional spheres.

To that end, we look firstly at the organizational characteristics of the labour movement, particularly emphasizing class-related aspects. Following that, we examine class relations in the labour market as these are reflected in industrial conflict. This brings us to considerations of the

socio-political environment within which these relations take place, and to questions of power balances between the contending parties in the labour market--employers and employees. The latter issue is then related to questions concerning the outcomes of distributional conflicts and the role of price inflation in such interest struggles.

In this way, we try to relate our analysis of the stratification system to these outstanding features of our contemporary socio-economic reality, industrial conflict and inflation, and hopefully we contribute something towards explaining them at the same time.

VI. TRADE UNIONISM, CONFLICT, AND INFLATION

VI.1. Class Formation and the Structure of the Labour Movement

Here we examine, firstly, the degree of employees' affiliation to trade unions and, secondly, the organizational characteristics of the labour movement. We specifically ask how these organizations relate to the occupational class structure and whether their activities can be said to be class-based.

VI.1.1. Unionization

The level of unionization of employees in advanced societies varies to a great extent, and in some of the societies commonly associated with high levels of industrial conflict, like France and Italy, for example, the level is as low as 20-25%¹. In the U.S., it is only marginally higher, 28%, and union membership in these countries shows little sign of expansion in recent decades². In Sweden, on the other hand, the level of unionization was close to 90% in 1972, and it is still increasing³. Austria seems to be on level with Sweden in this

¹H. A. Clegg, Trade Unionism Under Collective Bargaining: A Theory Based on Comparison of Six Countries (Oxford, Blackwell, 1976), p. 12.

²A. Rees, The Economics of Trade Unions (Chicago, University of Chicago Press, 1977), and E. Shorter and C. Tilly, Strikes in France 1830-1968 (London, C.U.P., 1974).

³W. Korpi, The Working Class in Welfare Capitalism: Work, Unions and Politics in Sweden (London, R.K.P., 1978).

regard, and notable countries which just pass the 50% threshold are Norway, Denmark, Britain, Belgium, and Australia¹.

In 1975, about 75% of the non-agricultural labour force in Iceland were actively unionized, and the proportion is still progressively approaching Sweden's very high level. The degree of unionization in Iceland is thus clearly amongst the highest in the capitalist world².

The increase in union membership in Iceland has been very rapid, given the late establishment of the first unions. During the twenties, when many manual workers' unions were established in the provincial areas, the density of membership increased mainly during periods of economic prosperity³. In 1920, about a fifth of manual workers in the country had joined unions, by 1930 it was up to a quarter, and in 1950 it stood at about 80%. The 1930 proportion corresponds to 21% of all non-agricultural employees.

One would not expect membership in unions to have increased much during the thirties, when, as a result of the depression, competition for work became quite intense⁴. In those conditions, the likelihood

¹W. Korpi and M. Shalev, "Strikes, Industrial Relations and Class Conflict in Capitalist Societies," in B.J.S., 30 (1979), no. 2.

²This estimate is based on fee-paying members only. Legal members probably constitute another 10-11%. See Tölfræðihandbókin 1974.

³Svanur Kristjánsson, Íslensk Verkalyðshreyfing 1920-1930, pp. 31-33.

⁴See, for example, T. Emilsson, Baráttan um Brauðið (Reykjavík, M.M., 1977); and Ó. R. Einarsson and E. K. Haraldsson, Gúttóslagurinn: 9 Nóvember 1932 (Reykjavík, Ö.Ö., 1977).

of getting work was often increased by remaining outside the union, since employers resented the growing strength of labour's organizations which managed to preserve real wage rates through the decade. Employers preferred thus to hire non-unionized workers who would also be more likely to accept lower rates. In many cases, workers' living standard was no doubt reduced to such levels as to make collective solidarity and long-term union objectives redundant. Another factor which should have worked against increase in the level of unionization during the thirties was the fact that white-collar occupations were growing faster than manual ones which traditionally were more easily unionized. Evidence from other countries implies a generally restraining effect of severe recessions on union growth. In Sweden, a minor setback was experienced during the depression around 1922 and similarly, if only for a short period, in the Great Depression a decade later¹. On the whole, membership increased, though, considerably during the decade. In the U.K. and U.S., on the other hand, there was a considerable drop in membership in those years².

The growth of unionism in Iceland continued almost unhindered and steadily through the Great Depression, somewhat against our expectation, and it seems to have slowed down only towards the end of the decade³. As a percentage of employees, the level of unionization seems to have doubled during the thirties, ending at just over 40%.

¹W. Korpi, The Working Class in Welfare Capitalism, pp. 62-63.

²G. Bain, The Growth of White Collar Unionism (Oxford, Calender, 1970), and A. Rees (1977), op. cit., ch. 1.

³Ó. R. Einarsson, "Íslensk Verkalyðshreyfing 1930-1940," unpublished mimeo (Reykjavík, University of Iceland, 1977).

In the early forties, the trend continued and received a boost from the emerging white-collar unions in the public sector, the Federation of State and Municipal Employees (BSRB). Another stimulating factor may have been the somewhat unusually wide-ranging institutionalization of the union-shop arrangement.

"Dagsbrún" (the Reykjavík TGWU) had reached an agreement with employers of dock labourers in the twenties which guaranteed union members a priority right to such manual jobs¹. The priority right to jobs was an obvious advantage to the unions, as it reduced the possible advantages that workers might enjoy by remaining outside the organization. Thus, recruitment was facilitated and the union's bargaining power enhanced. As a policy, this right was on most unions' agendas, and, in fact, a few other unions had already obtained it by the thirties. The most important aspect of the priority right to jobs, for our immediate purpose, is that in practice it meant that a new recruit to a unionized field of work where the agreement was in force would, in most cases, automatically be enrolled².

From the early forties, the principle gradually entered employment contracts, thereby paving the way for the union-shop arrangement as the normal form of union recruitment. Employers in some industries

¹Ó. R. Einarsson, "Bernska Reykvískrar Verkalyðshreyfingar," in H. Þorláksson (ed.), Reykjavík í 1100 Ár (Reykjavík, Sögufélagið, 1974).

²Discrimination in favour of union members would normally only occur in cases when there had been layoffs. As unemployment has been at a very low level for most of the post-war period, the operation of the priority right principle has been fairly smooth and employers have been able to select employees according to their own criteria. In practice, the recruitment operates as a closed-shop, but legally it is a union-shop arrangement. Cf. A. Rees (1977), op. cit., p. 116.

have come to cooperate with the unions in this aspect of the recruitment process by collecting union membership fees from employees' incomes.

To a large extent, Iceland resembles Sweden as regards this cooperative attitude towards unionization from employers. The main difference is that the central employers' confederation in Sweden (SAF) does not tolerate closed-shop arrangements¹. But the effect is much the same as in Iceland, since most SAF employers emphasize their strong preference for workers to join and remain in a union.

The density of union membership varies somewhat between different sectors of employment in Iceland. The non-managerial grade in the public sector seems to be virtually fully unionized, as in, for example, Sweden and West Germany. The growth in this sector has primarily been a post-war phenomenon. The degree of unionization amongst manual workers, i.e., those affiliated to the Federation of Labour (ASÍ), was very high already by 1950, and in 1975 it seems to be well above 90% according to our estimate of the size of occupational classes. Unionization in white-collar employment in the private sector is by far the lowest, i.e., apparently in the region of 50%.

VI.1.2. Types of Unions

We have already shown in Chapter II that the first unions were craft unions and how closely those were followed by organizations of fishermen and unskilled manual workers with "Dagsbrún" (TGWU) in Reykjavík taking a leading role within the movement very early on, after the initially influential part played by the printers union (HÍP).

¹H. A. Clegg, Trade Unionism Under Collective Bargaining, p. 20.

Craft unionism did not evolve to the same significance in the early days of Icelandic unionism as in many other countries, mainly due to the absence of a base in medieval guild organizations and the late development of the manufacturing industry in Iceland. Unionization of unskilled workers in the fishing sector was also very rapid. The Federation of Labour (ASÍ), which was established in 1916, along with its political arm, the Social Democratic Party, acquired an industrial organizational base fairly early. It represented workers throughout whole industries, like fishing, dock labourers and other transport workers, fish processing workers, as well as workers in construction and manufacturing. Soon general unions of unskilled manual workers constituted the majority of unions affiliated to the ASÍ¹.

By 1975, close to 10% of unionists were in craft organizations, representing skilled trades, while about 85% were in industrial unions, representing different occupational grades across industries, and 5% in professional associations. In Sweden, for example, the craftsmen are only about 5% of unionists, and the relative size of industrial unions is the same as in Iceland, but about 10% are classified as being in "mixed unions"². Table VI.1 gives a further breakdown of the types, sizes, and dates of establishment of the main union federations in Iceland.

The Icelandic union movement is rather young, by international standards, and it has expanded extensively in a period of rapid industrialization and social transformations. The organizational

¹S. Þórðarson, "Félög Verkamanna og Atvinnurekenda," in J. Blöndal, Félagsmál á Íslandi.

²W. Korpi (1976), op. cit., p. 64.

TABLE VI.1. Federations of Wage Earners'
and Salaried Employees' Unions 1974

	<u>Date Established</u>	<u>Affiliated Unions</u>	<u>Membership (%)</u>
Federation of Labour (ASÍ)	1916	222	70.0
Fed. of factory workers	1973	2	6.5
Fed. of shop and office workers	1957	21	10.8
Fed. of lorry drivers	1953	34	1.4
Metal workers and shipwrights' union	1964	22	2.6
Electricians' union	1970	6	0.9
Fed. of construction workers	1964	19	3.2
Fed. of seamen	1957	28	6.0
Fed. of transport and general workers	1964	40	26.8
Direct membership unions	..	50	11.9
Federation of State and Municipal Employees (BSRB)	1942	30	18.6
State employees' unions	..	15	12.9
Municipal employees' unions	..	13	4.3
Other unions	..	2	1.3
Association of University Graduates (BHM)	1958	17	5.0
Federation of Officers at Sea (FFSÍ)	1937	13	3.6
Federation of Bank Employees (SÍB)	1935	11	2.7
Total (N = 60,339)			100.0

Source: Tölfraeðihandbókin 1974, p. 59.

structure of the union movement is, on the whole, fairly simple today. We have characterized it as being primarily of the industrial kind, as against occupational or general unions. Admittedly, some qualification is in order as regards the Federation of Transport and General Workers. This group of unions crosses some industrial boundaries, and unlike its British counterpart it does not include any

groups of white-collar workers; the membership is wholly manual and mainly unskilled. It is therefore industrial in the sense that it recruits workers across the whole of industries, but it is also more class-specific than is common in such unions in the neighbouring countries, that is, in the sense of being limited to unskilled manual workers. It is also the biggest federation of unions within the ASÍ (see column 3). Of the union structures reviewed by Hugh Clegg, the Swedish one seems to resemble the Icelandic one to the largest extent¹. The white-collar workers in Sweden are also organized for the main part in separate federations, the TCO being the biggest. Yet some of the LO unions do also recruit white-collar workers.

The Icelandic white-collar unions are for the main part organized into four distinct federations: one covering the public sector (BSRB), one representing mainly unskilled employees in the private sector (LÍV), another one covering employees in banking, and lastly the professionals' association (BHM). The LÍV is somewhat unusual in being affiliated to the Federation of Labour (ASÍ). It pursued entry on the grounds that affiliation would serve its members' interests better. Affiliation was granted by the Labour Court (Félagsdómur) in 1960, against the will of the ASÍ leadership, which argued that the LÍV unions did not all fulfill the requirements of the ASÍ charter, as their regulations did not exclude the possibility of recruiting persons who were not employees in the understanding of the legislation from 1938². Close to a third of white-collar employees

¹H. A. Clegg (1976), op. cit., especially ch. 3.

²A. Backmann and G. Eydal, Vinnuréttur, pp. 27-28.

are thus affiliated to the ASÍ, but other ASÍ unions do not recruit white-collar occupations as occurs, for example, in Sweden.

The Icelandic labour movement consists thus of two major blocks of union confederations, the ASÍ with approximately 70% of unionists within its ranks, and in the public sector the BSRB with the majority of public employees, or about 19% of unionists. Within the former, the TGWU federation is followed by the white-collar LÍV as regards size of membership; then come the Federation of Factory Workers (LÍI) and the Federation of Seamen's Unions (SSÍ). The LÍV has traditionally taken a rather moderate stance in collective bargaining in comparison to, for example, the TGWU unions. Lately, BSRB and ASÍ have increased their cooperation to some extent, especially since 1976, when BSRB acquired the partial right to strike in support of pay claims. The Federation of Bank Employees acquired the right at the same time, but unlike BSRB it has not used it yet¹.

Within the ASÍ, there are also five regional confederations, the oldest one covering the northern region and dating from 1925. In the following two years, similar confederations were established in the eastern and western parts of the country². The policy of these confederations was to increase and strengthen cooperation between unions and social-democratic political clubs in these regions. The primary issues of cooperation were to be collective bargaining strategies and unification of wage rates, as well as furthering the cause of social

¹At least a half of bank employees are public employees, i.e., in state banks, and therefore they have traditionally been subjected to the same labour legislation as other civil servants.

²S. Þórðarson (1942), op. cit., p. 236.

democracy. These bodies did not develop any decisive powers of their own, nor did they gain large roles in institutionalized bargaining, except the northern region confederation (VSN) for periods during the thirties and early sixties, in particular. The western region confederation (ASV) has been the most influential one lately in terms of bargaining participation.

For the purpose of social stratification research, the structure of unionism in Iceland is rather neat. The major federations correspond broadly to the sectoral division which our occupational classification provides for (see Table II.6), i.e., public, private, and fishing. In addition, the main union representation is comprehensively structured along some of the main class groups, like unskilled workers, craftsmen, deckhands, clerical and sales workers, general civil servants, officers at sea, bank employees, and professionals in public employment. Thus, the interrelating of our occupational and incomes data with union-based work rewards and security data is facilitated. This is also of importance because of differing institutional mechanisms for earnings determination in some sectors like the public and fishing ones, as will emerge from the next section. Thus, we can conclude that the labour movement is structured decisively, and rather neatly, along major occupational class lines, in fact more so than is common in neighbouring societies.

VI.1.3. Collective Bargaining and Earnings Determination

The earliest unions started to further their members' interests by what is now called "unilateral regulation"; that is, they normally advertised wage rates and other employment conditions which their

members had agreed to pursue as the going terms in the union area. As the terms were commonly moderate in the early decades, they were frequently accepted by employers, and thus the way for union recognition and proper collective bargaining was cleared. As we saw in a previous section (in Chapter II.1.7), the process gained momentum primarily after the First World War. From then on, a web of rules gradually emerged for the regulation of the relationship between the parties in the labour market. State concern for peaceful relations was also gradually raised.

After the intense conflict in the fishing industry in 1915, a law was passed which banned civil servants the right to strike in support of pay claims¹. The first legislation on state mediation in industrial conflict dates from 1925. The state mediator's role was to bring the feuding parties together for talks, but he did not have any powers for coercing settlements nor for referring cases to arbitration. The main legislation on unions and industrial conflict was then passed in the parliament in 1938 (law no. 80/1938). The law, which was modelled on comparable Scandinavian laws, consolidated employees' rights to establish unions for the furtherance of their interests, and it defined their legal status. Thus unions were legally recognized as the sole bargaining agents on behalf of employees, and individuals' contracts with employers which went contrary to union agreements were ruled illegal. Individuals could still, of course, negotiate better deals than the unions which only defended minimum pay and conditions. A Labour Court (Félagsdómur) was also established to deal with legal

¹A. Backmann and G. Eydal, Vinnuréttur, p. 15.

conflicts arising from the law or from employment contracts.

The extent of bargaining, i.e., the proportion of employees covered by collectively bargained agreements, is fairly wide-ranging in Iceland. Still, there are, and have been, some significant groups whose earnings are determined by means other than "pure" collective bargaining. Fishermen and civil servants (until 1978) are the most notable ones.

Since 1874-75, the formal remuneration of civil servants has been determined by the so-called "pay laws" which went through parliament. These specified the pay for each grade in the civil service, from top to bottom¹. When pay started to lag behind prices, which was a phenomenon already known in the last century², cost-of-living supplements were added across the board. This system was maintained with little change until 1962, when public employees (BSRB) acquired limited bargaining rights (law no. 55/1962). Since the establishment of BSFE in 1942, it had only been involved in earnings determination for consultations. With the new legislation, the unions were to bargain with the state, but still with significant restrictions on their role in the process. If an agreement had not been reached within a specified time period from the start of negotiations, the case would automatically be referred to the Arbitration Court ("Kjaradómur"). The period during which the agreement would be in force (two years) was also laid down in the legislation, and still the strike weapon could not

¹See Millipinganeftnd í Launamálum 1934, p. 193; also A. K. Jónsson (1969), op. cit.

²See Landshagsskýrslur Íslands 1912 (Reykjavík, Central Statistical Bureau).

be applied.

In 1973, the bargaining right was again extended (law no. 46/1973), this time to the higher level Association of University Graduates (BHM), and the member unions of these two confederations also acquired a role in the bargaining. The confederations now bargain the "main agreements," which cover the salary system, main rules for allocation of jobs to grades, basic work hours, overtime rates, holiday allowances, and travel expenses. Pension rights and sickness pay are subject to general legislation, but the member unions then bargain for the "special agreements." These include specific allocations of jobs and individuals to pay grades, special requirements regarding work hours, provision and cost of meals, and other local aspects which the main agreement does not cover. The same provisions for arbitration referral and strike prohibitions were retained until 1976 when BSRB acquired a partly restricted right to strike, i.e., only in support of main agreement claims, and the contracts were still to be in force for two years. If special agreements are not forthcoming within 45 days of the signing of main agreements, they can be referred to arbitration as in the old way¹.

Fishermen's earnings are also exempt from ordinary bargaining, yet in a different way from that of public employees. Their pay is determined through an institutional mechanism which sets prices in the fishing sector ("Verðlagsráð Sjóvarútvegsins"), on which the Federation of Fishermen's Unions has representation. The overall price for fish products is dependent upon conditions in foreign markets,

¹A. Backmann and G. Eydal, Vinnuréttur, ch. 8.

which have been generally favourable and reasonably stable since 1960, except for the slump in 1967-68. They are, though, of course subject to world market fluctuations. But the task of the price-setting institution (VS) is to allocate the export profits between the two industries in the fishing sector, fishing and fish processing. In theory, the fishing industry sells the catches to the fish processing industry, which processes and exports it. A fixed proportion of the value of catches belongs to fishermen which explains why the price that is allocated to the fishing industry determines fishermen's earnings (along with the volume of catches). The fishermen's proportion is fixed by law, and it varies slightly by type of vessel as well as size, but on average it is close to 55%¹. The proportion has been revised a number of times in recent decades.

The price-setting institution (VS) consists of a standing committee with equal representation from sellers (fishing) and buyers (processing). In addition, it includes a supreme committee of five members which arbitrates when the basic committee does not reach a settlement. Understandably, such arbitrations are closer to being the norm than the exception. The seller's representation on the supreme committee includes one member from fishing boat owners and another one from fishermen (SSÍ). The interests of fishermen and their employers fuse somewhat peculiarly at this level, as against the representation of two members from the buyers/exporters. The odd member is appointed by the government in order to break the tie between the opposing interests. The class-based struggle between fishermen and their

¹Sjóðir Sjávarútvegs, a report of a public committee on funding in the fishing sector (Reykjavík, Sjávarútvegsmálaráðuneytið, 1975).

employers over the shares of their part of the revenues takes place to a large extent on another plateau, namely, through the political system and the legislature, mediated by the government. Accumulating pressure on the reigning government is thus of primary importance and much practiced by the respective interest groups.

Clearly, then, the fishermen's earnings are dependent upon the set value and amount of fish catches, but in addition to this basic system, they have, in most cases, negotiated a minimum security wage which is paid when the catches bonus falls short of the level of the guaranteed income. The security wage is based on the average wage of unskilled land labourers. A slightly different system is operated on the modern trawlers which favours the trawlermen, to some extent.

The price of fish is to be determined before specified dates two to three times a year. Sometimes the VS fails to deliver the new price on time, and when fishermen have felt that they were lagging behind in the pay hierarchy they have put the pressure on by stopping the whole fleet, although such strikes are classified as political, and, as such, they are illegal¹. Similar actions have also occurred when fishermen have visualized a new fish price, which they regarded as unacceptable in the light of inflation and expected pay developments amongst other occupational groups. No reprimand has ever followed such strike activity. In effect, this is therefore regarded as a legitimate activity for the protection of occupational interests in accordance with the law on unions and industrial conflict from 1938. We see thus that the fishermen's pay struggles take place within a

¹A. Backmann and G. Eydal, Vinnuréttur, pp. 66-67.

somewhat unusual institutional and political framework.

It may be added here that a similar institutional set-up determines farmers' earnings, except that there the representations are from producers and consumers, respectively ("Sexmannanefnd"). The latter are appointed by the major union confederations (except ASÍ), which partly explains the friction between farmers and the labour movement. A law from 1947 guides the basic operation of this institution, and since 1966 it has been prescribed that the sale prices of agricultural products should be determined so as to secure farmers increases in pay which are comparable to those of the "reference classes," that is, fishermen and manual workers.

Hence, public employees and fishermen, almost a quarter of the non-agricultural labour force, have been exempt from ordinary collective bargaining. But according to Hugh Clegg's account and explanation of the bargaining systems in Australia and France, the Icelandic case should be classified as involving both statutory regulation and joint regulation, since it is fundamentally different from the unilateral regulation by a "sovereign employer"¹. We would agree with such a specification of the public sector system up to 1978, but the fishing sector system is closer to collective bargaining sanctioned by a use of the strike weapon.

Now we turn to the private sector and "proper" collective bargaining. ASÍ, which represents about two-thirds of trade unionists, has an active and important role in the collective bargaining process. The confederation harmonizes the strategies of its member unions, and

¹H. A. Clegg (1976), op. cit., ch. 1.

it usually negotiates with the central employers' organization (VSI) on issues which concern all the unions equally. This includes pay systems, basic rate increases, form of price indexing, basic working hours, holidays, shop stewards, accident and sickness benefits, and other rights. This leads to a "frame agreement" which forms the basis for formal agreements on a national level between the industrial and white-collar federations and relevant employers' federations. Lastly, at the local level the member unions negotiate on more specific issues which the "frame agreements" do not cover, as well as aspects of local and work place relevance only¹. The policy of the ASÍ is to accumulate the bargaining power of individual unions by facing employers and government with a united front, through the ASÍ, and at the same time harmonize the conditions and rewards of unionists².

Thus, there evolved a three-tiered bargaining system, apparently similar to the system which prevails in Sweden³, and some of the other Nordic countries. There does, though, seem to be a slight difference between the countries in the scope that the individual unions have for diverging from the frame agreements of their "mother federations." Thus the Icelandic unions and local branches seem to be more independent

¹See Þ. Danielsson, "Heildarsamningar - Samningar Einstakra Aðila," in Vinnuveitandinn (1977), no. 1.

²Resolution on pay and conditions, from the 33rd congress of ASÍ, in Skýrsla Forseta (Reykjavík, ASÍ, 1976).

³W. Korpi (1978), op. cit., pp. 96-98; see also T. L. Johnston, Collective Bargaining in Sweden (London, Allen and Unwin, 1962); and J. Fulcher, "Class Conflict: Joint Regulation and its Decline," in R. Scase (ed.), Readings in the Swedish Class Structure.

than their Scandinavian counterparts¹. According to the 1938 legislation on unions and industrial conflict, individual unions bargain on behalf of their members, and therefore the members have to ratify all agreements at the local level by a vote, frame agreements as well as special agreements. In Scandinavia, on the other hand, the frame agreement often specifies a ceiling for local bargaining, and, further, the ratification of agreements takes place at confederate rather than union level, and the vote is binding for member unions. There is thus clearly less scope for Scandinavian unions to bargain special benefits and opt out of confederate agreements, but the trend in Iceland has been in the same direction, i.e., growing role of collective federations. On account of these differences, one would expect the bargaining process to be somewhat smoother in Scandinavia than in Iceland, and the duration of strikes might be affected in the same way as well. The frequency of strikes is unlikely to be affected because if unions were involved in a dispute on special agreements they would have come out in support of the main agreement if it came to a strike. Both the top and the bottom levels of agreements are settled during the same bargaining session in most cases.

On the whole, then, the extent of collective bargaining is very large, and the central agreements are very comprehensive in their coverage of employment and rewards aspects. The minimum standards which are put down in the final agreements are fairly effectively implemented. Even though local unions are the legal bargaining agents,

¹B. Guðlaugsson, "Heildarsamningar-Samningar Einstakra Aðila," in Vinnuveitandinn (1977), no. 1.

the role of their federations is decisive, and central control through the ASÍ and BSRB is very powerful, again much like in Sweden, Norway, Austria, and the Netherlands¹.

VI.1.4. Explaining the Growth of Unionism

We are now in a position to reflect upon the growth of trade unionism in Iceland with reference to some of the main theoretical explanations of unionization which have been advanced in other countries.

The degree of unionization of the labour force is primarily held to be determined by the size of employer and work units. With a growing degree of concentration of employment, the likelihood of employees feeling the need to join trade unions is increased, mainly because of experiences of bureaucratization and erosions of paternalistic relations with employers. At the same time, it becomes easier for unions to meet this need because of the economies of scale characteristic of union recruitment and administration. While this aspect provides favourable conditions for unionization, it is not sufficient by itself. The attitude of employers towards unions is often regarded as of major importance, and, in turn, so is government action towards promoting union recognition. On the union side, quality of leadership is also accorded a decisive role in furthering the union's interests and actively recruiting new members².

¹W. Korpi and M. Shalev (1979), op. cit., pp. 178-79.

²See, for example, H. B. Davis, "The Theory of Union Growth," in W. McCarthy (ed.), Trade Unions (Harmondsworth, Penguin, 1972); G. Bain (1970), op. cit.; R. Hyman, "Occupational Structure, Collective Organization and Industrial Militancy," in C. Crouch and A. Pizzorno (eds.), The Resurgence of Class Conflict in Western-Europe Since 1968, vol. 2 (London, Macmillan, 1978)

The pluralist-institutionalist school in industrial relations places a primary emphasis on the characteristics of the industrial relations system. Hugh Clegg, the leading exponent of this school, explains international differences in the level of unionization in terms of variations in the extent and depth of collective bargaining, as well as support given by employers to union efforts to recruit their employees and retain them¹. The raw argument goes like this: the higher the proportion of employees in a plant, industry, or a country covered by collective bargaining, the greater is the density of union membership likely to be. The "depth" of bargaining refers to the degree of involvement of union officials and shop stewards in the administration of agreements. And without good will from the employers, the whole recruitment effort may come to nothing. The role of general economic conditions is brought out in Davis' theory, and G. Bain and F. Elsheikh have correlated union growth with developments in prices, wages, and employment levels². Such an approach is, however, more relevant to changes in rates of union growth than to international differences in absolute levels of unionization.

Marx's general explanation of the emergence of trade union organizations gives main importance to the exploitative relationship, which is taken to be characteristic of the capitalist mode of production as providing necessary prerequisite conditions, and the concentration

¹H. A. Clegg (1976), op. cit., and H. A. Clegg, The System of Industrial Relations in Gt. Britain, 3d ed. (Oxford, Blackwell, 1977); J. T. Dunlop, Industrial Relations Systems (New York, Holt, Reinhart, and Winston, 1958).

²See G. Bain and F. Elsheikh, Union Growth and the Business Cycle (Oxford, Blackwell, 1976).

of workers then actualizes their organization. Urbanization brings legally free labourers together, but in the early stages of capitalism they frequently compete amongst themselves for employment. When capitalists take advantage of this competition and cut their wages, workers realize that they must join together to apply the only power resource available to them, organization, against the capitalists' offensive¹. Thus he suggested some minimal degree of population concentration in capitalism as a precondition, and that increasing exploitation would continually increase the level of unionization.

The recent neo-Marxist, or conflict, oriented approaches of Korpi and Shalev, and of Richard Hyman, stress the interaction between the conditioning effects of the relations of production for employee interests and the actualizing factor of working class mobilization. The latter is, in turn, conditional upon unity within the leftist political movement. The basic economic and political interests of employees and the unfavourable balance in the power relationship with employers leads to the expectation of ever increasing organization amongst employees as the only means of redressing the balance and increasing labour's share of the surplus value. Political mobilization is seen as of fundamental importance for unveiling bourgeois legitimization ideologies and inhibiting competition between workers in the labour market. Even with these basic conditions for the organization of labour fulfilled, the process might be slowed down or halted by

¹K. Marx and F. Engels, "The Communist Manifesto," in Selected Works (Moscow, Foreign Languages Publishing House, 1958); also W. Korpi and N. Shalev (1979), op. cit.; and R. Hyman, Industrial Relations: A Marxist Introduction (London, Macmillan, 1975).

factional splits and rivalries within the movement¹.

How does the development of unionism in Iceland compare to these differing theoretical expectations? As we showed in the last chapter, employment concentration has been increasing in Iceland during this period of growing unionization, but by absolute international standards Iceland with its small population must rank fairly low in this respect. Average concentration in the fish processing industry is rather high, but in the manufacturing industry, which is a much larger employer of labour, it is very low indeed². High degree of employment concentration would therefore not seem to have been a decisive factor behind the ongoing growth of unionism in Iceland. Population concentration is likely to be of importance in relative terms only since the elementary urbanization that occurred in Iceland around the turn of the century proved sufficient to spark off wide-ranging unionization. We can thus say that population concentration has been sufficient, but on its own it is not likely to have produced the high level of unionization that prevails in Iceland.

As regards employers' recognition of unions, this was usually forced on them in the pre-war period by damaging strikes, and, in fact, employers did their best to undermine the new unions in their formative years. Employer resistance to unionization was particularly strong, for example, in the districts of "Gullbringa" and "Kjós," and it delayed considerably the emergence of unions there³. Employers'

¹Ibid.

²Economic Survey: Iceland 1972 (Paris, OECD, 1973).

³Svanur Kristjánsson, "Conflict and Consensus in Icelandic Politics 1916-1942," ch. 3.

actions did thus have a distinctly negative effect on union growth in some cases, and they still do in the private white-collar sector.

The self-proclaimed "government of the working classes" (coalition of the Social Democratic and the agrarian Progressive parties) provided labour, on the other hand, with a major breakthrough with the legislation on trade unions and industrial conflict in 1938, relatively shortly after an implementation of a comparable law in Sweden. This legitimated, if not normalized, unionism and collective bargaining, thereby rendering employer resistance futile to a large extent.

Their present-day cooperation with the unions in operating the "union-shop" recruitment arrangement is primarily a product of bargained principles rather than one-sided good will. And judging by latter-day bargaining, many employers must have come from bargaining encounters in the past with less increases in pay granted in exchange for this union right. We would therefore dispute the theory of employer cooperation as consequential for union growth in Iceland and view the cooperation which is forthcoming as an adjustment to the reality of employees' organizations and their legal status. The pattern of development of employers' organizations partly reflects these accommodative reactions from employers as well. While employers in fishing organized themselves very early, employers in general did not form a central national organization (VSÍ) until 1934, or 18 years after the establishment of ASÍ. What is more, this was probably forced upon them by the increased strength of ASÍ itself.

Hugh Clegg's argument for the extent and depth of collective bargaining as consequential for the degree of unionization would seem to be supported by our account of collective bargaining in Iceland,

in the sense that the two go together in the predicted way. But on closer examination, the direction of causality suggested by him appears somewhat suspect. It is by no means self-evident that a high proportion of employees come to be covered by collectively bargained agreements before they become unionized. Nowadays, it is the case that nonunionized workers are sometimes covered by collectively bargained agreements (by law), but in the early days of growing unionism this was not the case. Bargaining rights were amongst the first goals to be pursued by the early unions, and they were typically achieved well after the establishments of unions by the sheer pressure of collective actions¹. Even after the advent of collective bargaining, the unions had to continue fighting employers who resisted paying the going rates and ignored workers' basic rights. This applied even to unionized workers. The extent of collective bargaining clearly lagged behind the growth of unions, and on account of these arguments it appears more as a consequence of unionization and collective action than the other way around, as H. Clegg argues.

The supposed consequentiality of depth of bargaining for unionization, i.e., the involvement of union officials and shop stewards in the administration of agreements, is obviously conditional upon the a priori spread of collectively bargained agreements. Since that is not supported by the evidence on the development of unionism in Iceland, this part of the argument is also toppled over. One would not want to ignore, though, the role of union officials in actively recruiting new members, but that brings out the importance of worker

¹Ibid., pp. 110-120.

mobilization, to which we now turn.

We have seen how unionization of manual workers in Iceland kept increasing significantly during the depression of the thirties, somewhat against our expectation. This is likely to have been the result of considerable mobilization of the working class during those years. Turn-out in elections was, for example, generally high, and so was class voting¹. The estimated percentage of manual workers who voted for the socialist parties went from 73 in 1931 to 83.5 in 1942². There were, however, splits within the political arm of the labour movement. The left wing of the Social Democratic Party (SDP) split off in 1930 and formed the Communist Party (CP). This resulted in considerable conflicts within the unions as the two parties sought to increase their influence, but the union movement remained almost intact. The main split was when the Northern Region Federation of ASÍ switched from the SDP to the CP for a while. These feuds were quite consequential, since the SDP and CP competed intensely for control over unions and recruitment of new workers³. The political conflict was at last resolved in 1942 when the union movement separated itself formally from the political parties. Since then, ASÍ has referred to itself as an economically oriented movement, and its leadership consists solely of union representatives.

Thus, the unity of the confederation (ASÍ) was preserved, and a

¹Ibid., ch. 3.

²Ibid., p. 63.

³Svanur Kristjánsson warns that the union membership figures may have been exaggerated during the thirties because of this competition.

large number of workers were mobilized into the struggle for pay and employment conditions. The unions became quite successful at times in preserving wage rates and pressuring government to increase employment during the Great Depression, which is likely to have contributed to workers' realization of the effectiveness of collective action, and thus facilitated further unionization.

In summary, then, we can say that the unionization of workers in Iceland began after the basic conditions of capitalist production relations and urbanization were fulfilled, and that employment concentration and employer cooperation have not played a decisive role in raising the degree of unionization to one of the highest levels in the capitalist industrial world. Similarly, we have rejected the causal role of extent and depth of collective bargaining. The main contributing factors which emerge from our analysis are as follows: determined collective actions and successes with early demands, government support and legitimation of union organizations and bargaining rights, significant preservation of unity within the economic arm of the union movement (mainly ASÍ), and active mobilization of the working class. With the normalization of unionism achieved, the operation of the "union-shop" arrangement is likely to have facilitated the spread of membership lately in already unionized fields, but it is unlikely to have taken unions into new areas of employment on its own. This is supported by the fact that unionism is weakest where employer resistance is most effective, namely, in the private white-collar sector.

These findings would seem to support the hypothesis that perceptions of economic interests amongst workers have been rather marked

in Iceland, and solidarity has been sufficiently strong to lead to increasing organization and collective action as a means of furthering the interests of the working class.

The types of unions and federations which emerge in an economy are typically influenced by the kind of productive technology prevalent in the formative period¹. In Iceland, the spread of unionism was fastest in the fishing sector, and in the provincial parts of the country these unions represented fishermen along with general and transport workers because of the small scale involved. This provided for primarily class-based unions which covered whole industries. Because of the overriding role of the fishing industry in the formative years of Icelandic capitalism and the rapidity of economic development, the structure of the Icelandic labour movement became rather simple by comparison to long-standing industrial countries, like Britain and the U.S. Even though craft unions were the first to emerge, they did not expand on a comparable level with the unskilled workers' unions, mainly because of the late development of manufacturing industry. The unions were already well established when manufacturing made its headway, and the diversifying effect which one would expect from that industry, due to its complex division of labour, was therefore largely inhibited. Occupational unions were also without a base in guild organizations, and as we have argued they soon became a small minority within the labour movement in comparison to the class-based industrial unions.

¹G. Ingham, Strikes and Industrial Conflict: Britain and Scandinavia (London, Macmillan, 1974).

When white-collar unionism began to spread in the early post-war period, the system of collective bargaining was largely responsible for the separation of public employees, who were without proper bargaining rights, from private sector groups. In Britain, the resistance of unions themselves to changes in their structure is frequently noted¹. In Sweden, on the other hand, the LO adopted the principle of industrial unionism as its organizing policy in 1916, and from then on it actively promoted that form, mainly through mergers². Clearly, then, union policy can have an effect on the structure of the labour movement.

Some of the effects of the organizational policy of ASÍ in Iceland can be seen from Table VI.1 above. This has primarily involved an orientation towards the establishing of industrial-national federations, many of which have been established in the post-war period. In 1964, for example, the majority of the craft unions in construction and manufacturing were amalgamated into two federations, and at the same time general and transport unions were joined under unitary leadership. The future policy of ASÍ in this area calls for work-place industrial unionism as a target³. This is believed to have been approached already in large plants, like the big aluminium smelter and publicly owned cement and chemical plants. The present form in those cases involves

¹See, for example, the relevant contributions in W. McCarthy, Trade Unions; also R. Hyman (1975), op. cit., and H. A. Clegg (1976b), op. cit.

²W. Korpi, The Working Class in Welfare Capitalism, pp. 64-65.

³P. Danielsson (1977), op. cit., pp. 34-35.

little more than an extension of the cooperation of federations within the ASÍ in bargaining for "frame agreements." The implementation of such work-place unionism as seems to be visualized is likely to be hard to achieve, as it will have to involve a fusion of different class-based unions, like white-collar and unskilled manual ones.

On the whole, then, the structure of the labour movement has, to a large extent, conformed to the class structure with broadly based industrial unions and centralized confederations, which are organized around some of the basic occupational classes, such as unskilled manual workers, fishermen, skilled manual workers, lower clerical and sales workers, and higher professionals. This organizational structure, along with the high level of unionization, is very congenial for patterning the relations in the labour movement in class terms and, we would suggest, provides conditions for considerable accumulation of power within the labour movement. In the next sections, we examine whether that power has materialized and how it has been used.

VI.2. Industrial Conflict

VI.2.1. The Data and Background

Unfortunately, no standardized data on strike activity prior to 1960 is available. S. Kristjánsson made use of newspaper accounts in his study of the labour movement and political parties in the period between 1920 and 1930¹. This research established that strikes were, on the whole, relatively few and localized, and workers' involvement

¹Svanur Kristjánsson (1977), op. cit., especially ch. 3; also S. Traustadóttir, "Verkföll á Íslandi 1930-1942" (University of Iceland, B.A. thesis, 1977).

in industrial conflict was therefore rather restricted. The strike weapon, though, was of primary importance for workers in their fights for union recognition and bargaining rights. Because of the relatively moderate stance of the early unions in pay claims, strikes in pursuit of higher pay were not particularly dominant in comparison to issues like rights and the preservation of going real wage rates. During the depression of the thirties, for example, preservation of negotiated pay and publicly initiated job creation schemes were very frequent objects of strike activity. With economic recovery and a decisive growth in demand for labour, the situation changed significantly in the direction of struggles for higher pay. The intense strike activity of 1942 and defiance of government attempts at inhibiting open conflicts mark an important turning point in labour's strategies.

In 1950 trawlermen went on a four month long strike, and in 1952 and 1955 strikes were again very intense¹. In the latter year, the Reykjavík TGWU, "Dagsbrún," and some other manual workers' unions stayed out for more than five weeks.

The data on industrial conflict since 1960 is gathered by the Wage Investigation Committee ("Kjararannsóknarnefnd"), which is a standing commission with equal representation from the main employers' organization (VSÍ) and labour (ASÍ). Decisive bias in the collection of the data should therefore be ruled out. The data is broken down in the usual way which allows for computations of frequency, size,

¹See H. Þorleifsson, Frá Einveldi til Lýðveldis, pp. 263-264; also Dagsbrún, journal of the Reykjavík TGWU, 14 (1956), no. 1, especially the article by E. Sigurðsson, pp. 1-8.

duration, and employee involvement in strikes, but there is no statistic on causes of grievances and only general accounts of the extent of unofficial and unlawful strikes.

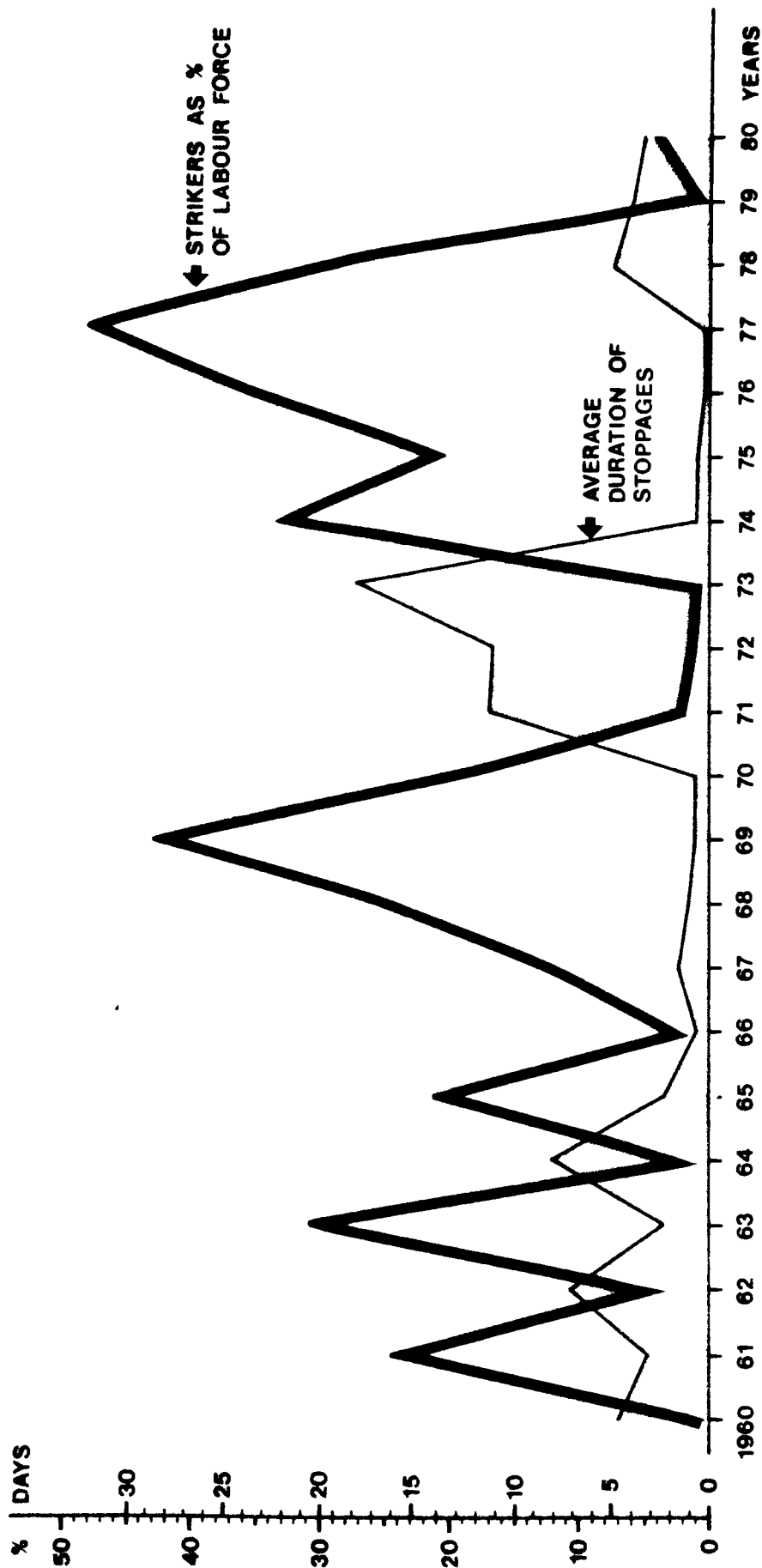
In an international comparison, some of the known problems of comparability should be born in mind¹. Political strikes and stoppages which lasted only a part of a day are excluded from the statistics, as is common. In the Icelandic case, it makes little difference, since both forms of conflict are relatively rare. Involuntarily idled employees are normally excluded, except in fishing and on the merchant navy where the whole of the crew is counted as on strike even though only a part of the crew members is actively involved. This inflates the figures slightly in some years, but since fishermen and other seamen together are less than a tenth of unionists, and since the unions in question do often strike together, the distortion is not serious. Apart from the last mentioned aspect of the reporting procedure, the general practices basically conform to the prevailing practices in Western Europe.

VI.2.2. The Pattern of Industrial Conflict in Iceland

Strike activity has changed somewhat during the relatively short period which we are able to deal with. In the early part (1960-1967), the frequency of strikes was very regular, with peaks and truce alternating between years. In the latter part of the period, the frequency rose to higher levels than before; that is, in 1969 and

¹See M. Shalev, "Problems of Strike Measurement," in C. Crouch and A. Pizzorno (1978), op. cit.; also M. Fisher, Measurement of Labour Disputes and their Economic Effects (Paris, OECD, 1973).

FIGURE VI. 1.
STRIKE INVOLVEMENT 1960 - 1980



SOURCE: Fréttabréf Kjararannsóknarnefndar, nr. 30 and 50.

1976-77, and in between, there were three years of very low frequency (1971-73).

Figure VI.1 shows the basic characteristics of strike activity in the period, the involvement of the labour force in strikes and the duration of stoppages. The involvement indicator has a pattern very similar to the frequency, since the variation in size of strikes has been relatively small. The first point of interest in this graph is the regularity in the relationship between strike involvement and duration; the greater the involvement, the shorter the duration tends to be, and vice versa. Between 1971 and 1973 when the frequency and involvement were very low, the disputes lasted longer than at any other time during the sixties and seventies. So the more widespread the conflict is in any year, the more effective is the pressure on employers and government, and the disputes are likely to be solved quicker.

The very high peaks in strike involvement point to another characteristic of Icelandic strikes, namely, the prevalence of "general strikes," with the majority of ASÍ unions engaging in a concerted action. This reflects the centralization in the labour movement and the role of ASÍ and the federations in bargaining. With such a high level of strike involvement, it is clear that the experience of strikes is very widespread amongst Icelandic workers. In the peak year of 1969, over 40% of the civil labour force took part in strikes—that is, probably more than a half of all employees, or almost all manual workers, who are likely to have been the main participants.

If strikes are "a school in which the workers learn to make war

on their enemies for the liberation of the whole people, of all who labour, from the yoke of government officials and from the yoke of capital," as Lenin argued in 1902¹, one would expect the Icelandic workers to have by now developed a very advanced consciousness. There is, however, little evidence of an organized political revolutionary consciousness in Iceland, neither at plant level nor at confederate level in the labour movement, but the bargaining or "economistic" consciousness is very strong, and strike breaking is a very rare occurrence. This orientation has been reinforced and maintained by frustrating economic policy which has prevailed throughout most of the period, and no doubt this has increased the extent of industrial conflict.

We turn now to a further analysis of the strike activity in its political and economic setting. From 1960 onwards, the unions were subject to very intense pressure to restrain wage demands in the interest of building up the economy and helping export industries to cope with fluctuations in foreign markets. The conservative-led coalition government (Conservative and Social Democratic parties) implemented a new package of economic policies, the Stabilization Program, as the OECD referred to it². The main features of the program included an extensive devaluation of the currency (króna), removal of export subsidies and import taxes, strict limitation on expansion of bank credit, and a gradual liberalization of import trade. A balanced budget should be a primary goal of the policies. These measures were followed up with a ban on direct indexation of wages to

¹V. I. Lenin, Collected Works, Vol. 4 (London, Lawrence and Wishart, 1961).

²Economic Survey: Iceland 1960 (Paris, OECD, 1961).

prices, against the unions' consent. The price increases which followed from the devaluation (increase in import prices) were therefore not compensated for by bargained wage increases, but cuts in taxation were offered instead. The unions cooperated fully in 1960, but faced with further cuts in living standards in 1961 they resisted with strike sanctions. Fishermen came out on a two week long strike in January and obtained thereby a change in their remuneration system¹. Unskilled workers in Vestmannaeyjar came out in March and settled for increases in the form of fringe benefits. The government exerted its influence on the general unions of unskilled workers, pressing for a three-year contract with 3% annual increase in wage rates which the unions turned down, and then they resorted to strike activities. This struggle lasted for five weeks, and it gave the unions increases in wages and fringe benefits ranging from 13 to 19%. The agreement contained a clause for renegotiations in case of major devaluation or a price increase in excess of 5% in one year or 7% in two years².

Because of these "safety clauses," the government was compelled from then on to attempt to restrain price increases resulting from the devaluation policy by increasing subsidies on agricultural products and by inducing unions to accept social benefits and rights instead of direct increases in money wages. Various forms of partial wage indexations have also been tried out. Such trade-offs were particularly successful in 1964 when the unions accepted significant new rights in exchange for very moderate increases in wage rates. This

¹Economic Survey: Iceland 1961 (Paris, OECD, 1962).

²Economic Survey: Iceland 1964 (Paris, OECD, 1965).

was referred to by the OECD as a "breakthrough" in incomes policy¹.

A quotation from the OECD report for 1961 sets the union activity in those years well in the policy framework, as it represents fairly well the economic arguments and policies which have prevailed through most of these years.

The progress made during 1960 and the first months of 1961 towards stabilization of internal demand and prices had been obliterated, for an important part, by strikes and the new wage settlements which took place in the spring of 1961. . . . The wage increases thus obtained exceed by far the increases in productivity and the improvement in export prices which had occurred or could be expected to occur in the coming few years. They could not but lead to a huge expansion of internal demand, with the corresponding heavy increase in imports. They were bound to put into extreme difficulties the fishing industry, squeezed between this sharp rise in costs and virtually rigid export prices. These effects could not be counteracted by fiscal and monetary measures, without producing an intolerable degree of deflation and unemployment. So the only way left for the Icelandic Government was to devalue the Króna once again².

"Once again" has continually echoed through most of the period, as unions have often had to face up to virtual invalidations of bargained pay raises by such policy measures. Looking back on the successes of economic policy and development up to 1976, another OECD report proclaimed: "It has thus been possible, by engineering

¹Ibid., see also S. Harðardóttir, "Breiðholt III: Skipulagning og Skipulagssjónarmið" (University of Iceland, B.A. thesis, 1975), for an account of cooperation with the labour movement in the planning of a major housing development, which, however, has remained a rather exceptional case of labour's direct influence in major social and economic policy development.

²Economic Survey: Iceland 1961, pp. 23-24.

high rates of price increases, to achieve quite substantial reductions in the real purchasing power of the economy"¹.

Because of the relatively severe recession in 1968-69, caused by the collapse of the herring stock and falling market prices, such policy measures were applied on an unusually large scale, a 35.2% devaluation of the Króna in November 1968, which was estimated to cause a direct rise in the cost-of-living index of about 16%². After considerable industrial conflict, the unions had bargained for increases in wages earlier that year (March), and a restoration of automatic wage compensations for price increases. This compensation clause was again invalidated following the November measures, and consequently real wages fell considerably. In fact, real earnings of manual workers fell drastically from 1967 to 1969 as a result of such policy measures³. These conditions led to the upsurge in industrial conflict in 1968 to 1970 when unions tried to regain previous levels of earnings and enlarge their share of the national income which had started to increase again in 1969.

Between 1971 and 1973, the situation changed considerably with a new leftist coalition government (the centralist Progressive Party, the socialist People's Alliance Party, and independent leftists) which pledged its aim of cooperation and consultation with the labour movement. While economic conditions developed favourably in those years, devaluations and accompanying measures were applied

¹Economic Survey: Iceland 1976, p. 30.

²Economic Survey: Iceland 1970, p. 25.

³Economic Survey: Iceland 1972, pp. 11-17.

very modestly compared to the previous decade as well as to what was done in later years (1974-1978)¹. There was even a 12.5% revaluation of the currency in late 1973, and stricter price surveillance was generally enforced. For the first time since 1960, an agreement between unions and employers was in force for two years. The unions were clearly bargaining in much more favourable conditions, and real wages rose faster than they had done since the turning point of the 1942-1946 period (see Figure II.3 in Chapter II.1.7). This was also a period of very significant gains of work rights and the legislation on the 40-hour basic work week.

Despite the increased price surveillance, the inflation rate rose gradually during the period of this government, and in 1974-1975 it rose to a peak, 49%, but a part of the increase was due to the rise in oil prices in 1973 and world inflation. Critics of the government accused it of giving in to the unions and spending beyond means; hence, the period was frequently branded as the "great feast" by opposition newspapers.

In late 1974, a conservative-led government took office after the previous government had lost its majority in the parliament. Faced with a slight decline in national income due to falling export prices, it reacted with a policy package similar to that of the previous conservative government in 1967-1969. Even though the drop in GNI was not much worse than in other OECD countries², the cut in real wages was much more drastic, as the following quote underlines.

¹Economic Survey: Iceland 1979, p. 37.

²Ibid., Table 9, p. 25.

Between the first quarter of 1974 and that of 1975, real wage rates fell by 15 per cent, and continued to decline until the middle of 1976. Such a development is unparalleled in other OECD countries. It helps explain both the persistence of full employment and the insistence of labour unions on large real income increases in recent settlements¹.

Thus, with a change in government policies and economic conditions, there was a decisive resurgence in industrial conflict in 1974, and these above mentioned cuts in real wages were enforced despite an increase in nominal wages of approximately 60% in 1974². The conflict continued at a very high level through 1975 to 1978. Clearly, the attitude of the reigning government has been of primary importance for the development of strike activity and real wages in Iceland in the period we are dealing with. In a later section, we examine how the Icelandic unions have fared in their bargains for real wages in comparison to their neighbours in Scandinavia.

While the available strike data does not allow a breakdown by industry sectors, we can still establish how the strike days (man-days spent on strikes) are distributed between the ASÍ unions, the fishing sector (including merchant fleet seamen), and other unions (Table VI.2).

The biggest strike years (1969, 1974, and 1963) were primarily fought by the ASÍ unions, but the role of the seamen's unions was significant in 1969. In contrast, the seamen's unions accounted for the majority of strike days in 1962, 1965, 1975, and in the 1971-1973

¹Economic Survey: Iceland 1977, p. 14.

²Ibid., also Verðbólgu nefnd (1978), op. cit., pp. 181, 188.

TABLE VI.2. Strike Involvement by
Union Sectors, Strike Days (%)

	<u>ASI</u>	<u>Seamen</u>	<u>Others</u>	<u>Total</u>
1960	85	15	..	100
1961	89	10	1	100
1962	19	81	..	100
1963	99	..	..	100
1964	100	..	..	100
1965	38	62	..	100
1966	100	..	..	100
1967	77	14	9	100
1968	100	..	..	100
1969	67	31	2	100
1970	98	2	..	100
1971	19	81	..	100
1972	59	41	..	100
1973	33	67	..	100
1974	96	4	..	100
1975	34	65	1	100
1976	85	15	..	100

Source: Kjararannsóknarnefnd, report no. 31, 1976,
and no. 36, 1977.

period. These strikes by seamen have tended to be rather prolonged, on the whole, while their frequency and size (participants) have been rather restricted. In 1969 fishermen came out for a month, and in 1971 officers on the trawlers stayed on a strike for about seven weeks, while seamen on the merchant fleet were on a strike for six weeks. In 1973, the whole of the trawling fleet remained idle for altogether two months (two main stoppages). The government intervened in the latter part of that dispute with arbitration legislation, and it granted the trawler owners financial support to bridge the gap between their offer and the final outcome. The few strikes of the 1971-1973 period were thus mainly in the fishing and merchant fleet sectors. Lastly, 1975

was a year of very intense fights in these sectors¹. Officers and deckhands on the trawlers stayed on a strike for over ten weeks and other fishermen stopped work for three weeks, as did engineers on the merchant vessels. Allotment rules and fish prices have been the main issues for fishermen, and general pay claims for other seamen.

As public employees did not acquire the right to strike until 1976, they do not enter these statistics. We can therefore safely conclude that the bulk of strike activity in Iceland is carried out by the ASÍ unions, and in many of the years the activity takes the form of general strikes. The white-collar section of ASÍ has, on the whole, probably been more moderate in the pay struggle than the rest of the member unions, and this has sometimes been applied to allegedly close contacts between its leadership and the conservative Independence Party, which has, on the whole, been the reigning party of government for most of the post-war period. Similarly, it is sometimes claimed that the ASÍ moderates its claims during reigns of leftist governments. But during the 1971-1973 period, the real gains for the labour movement were quite decisive, while relations in the labour market were very peaceful, as we have shown.

VI.2.3. International Comparison of Industrial Conflict

Having looked at the basic features of industrial conflict in Iceland and the political and economic conditions within which labour's activities must be understood, we now embark on an international comparison to establish further the extent and characteristics of

¹Fréttabréf Kjararannsóknarnefndar, 1975 and 1976.

strikes in Iceland. The broad selection of countries is somewhat arbitrary, but the main emphasis will be placed on the other Nordic countries which, in terms of social structure and culture, stand closest to Iceland. The period is again from 1960 to the present.

In Table VI.3, Iceland is compared to a wide range of industrial capitalist countries along the main dimensions of industrial conflict, frequency, size, duration, and volume of working days lost due to strikes. Looking first at frequency of strikes (column 1), it emerges that Iceland and Australia rank far above the rest, and Iceland is higher than Australia except during the 1970-1974 period. The intensity of the 1968-1969 wave in Iceland is also striking in this context. There is clearly an increase in industrial conflict in the last period in all the countries except the U.S. and Iceland¹. We have already accounted for the decline in conflict in Iceland between 1971 and 1973, which explains the drop in frequency here, but there was a renewed surge from 1974 onwards.

France and the U.K. are the most notable for high frequency of conflicts amongst the rest of those countries, and the increase in frequency in the former is very marked. On the other extreme is Sweden (and probably Germany) with an almost insignificant degree of strike frequencies by comparison to Iceland and Australia, but the increase there in the seventies is notable.

Involvement in strikes (column 2) is small in Iceland in absolute terms, compared to the other countries, but given the small size of

¹On this issue, see further C. Crouch and A. Pizzorno (1978), op. cit., Vols. 1 and 2.

TABLE VI.3. International Comparison of Strikes

	<u>Frequency:</u> No. of Stoppages Per 100,000 <u>Employees</u>	<u>Size:</u> Mean No. of Strikers	<u>Duration:</u> Mean Duration (Days)	<u>Volume:</u> Work Days Lost Per 1,000 <u>Employees</u>
Iceland ^a				
1960-64	47.8	205	14.8	1,706
1965-69	90.9	205	5.0	1,198
1970-74	39.9	239	14.2	1,059
Australia				
1960-64	31.6	387	1.5	184
1965-69	36.7	437	1.6	253
1970-74	53.4	517	2.5	684
France				
1960-64	14.4	1,034	1.4	202
1965-69 ^b	12.4	1,173	1.1	163
1970-74	22.0	599	1.6	207
West Germany				
1960-64	..	..	5.5	23
1965-69	..	..	2.0	7
1970-74	..	..	5.3	56
Sweden				
1960-64	0.7	109	8.5	6
1965-69	0.6	440	12.0	31
1970-74	2.4	319	8.7	66
Britain				
1960-64	10.8	597	2.1	136
1965-69	10.0	511	3.2	165
1970-74	12.4	545	9.0	606
U.S.				
1960-64	6.9	380	14.1	305
1965-69	5.7	486	15.9	532
1970-74	6.9	488	16.3	551

Source: ILO; H. Clegg (1976), p. 69; and Kjararannsóknarnefnd.

^a Stoppages and work days lost relative to civil labour force, hence slightly underestimated in comparison to other countries.

^b The year 1968 is excluded.

the labour force this will be fairly high if expressed in relative terms.

Korpi and Shalev state that involvement in strikes in Iceland since 1960 "has been higher in relative terms than in all but three of the eighteen countries we have studied"¹. If that comparison includes the early post-war period in the other countries, i.e., when strike involvement was generally high in the capitalist world, the estimate for Iceland is likely to be a conservative one. Unlike strike frequency, there is no apparent trend in the involvement in absolute terms.

Turning to duration of strikes (column 3), it appears that strikes in Iceland are in general of a high duration, on level with the U.S., except during the middle period when increased frequency and involvement in Iceland were coupled with shorter duration. In the other countries, high frequency tends to be associated with short duration, and vice versa, but Iceland beats most of them on both accounts. The inevitable consequence of that is a very high loss of working days due to strikes (column 4). This indicator, the most comprehensive of our measures, puts Iceland about twice as high as the next countries, Australia and the U.S. The contrast with Sweden and Germany, on the other extreme, is particularly striking. Evidently, the overall volume of industrial conflict in Iceland is very high by international standards, if not phenomenal when account is taken of the exclusion of public employees from strikes.

Narrowing the frame of reference down to the Nordic countries, we see in Table VI.4 that Finland experienced a drastic increase in the

¹W. Korpi and M. Shalev (1979), op. cit.

TABLE VI.4. Relative Frequency of Strikes^a and
Strike Involvement in the Nordic Countries

	<u>Iceland</u>	<u>Sweden</u>	<u>Norway</u>	<u>Finland</u>	<u>Denmark</u>
1960	4.4	0.9	0.9	2.2	3.7
1961	102.0	0.3	1.4	2.5	1.5
1962	34.3	0.3	0.6	2.3	1.2
1963	92.7	0.7	0.6	3.2	0.9
1964	5.5	0.4	0.2	3.7	1.8
1965	89.1	0.2	0.5	1.4	1.7
1966	30.4	0.8	0.5	7.4	1.0
1967	77.8	0.2	0.5	2.1	1.0
1968	85.1	0.2	0.4	3.3	0.8
1969	172.3	1.2	0.3	7.8	2.2
1970	79.0	3.9	1.1	11.8	3.5
1971	8.2	1.7	0.7	41.2	1.4
1972	5.7	1.3	0.6	38.0	1.6
1973	5.5	1.4	0.9	47.9	9.3
1974	101.1	6.9	0.9	81.8	6.1
1975	127.6	8.4	1.6	68.5	6.7
1976	..	3.6	2.5	143.0	9.3
\bar{X} (1960-75)	63.8	1.8	0.7	20.3	2.8

Strike Involvement^b

Absolute	219	393	233	501	829/599
Relative	278	7	28	25	38/27

Source: ILO, Yearbook of Labour Statistics, and Nordic Council
Yearbook of Nordic Statistics.

^a Mean number of strikes per 100,000 in labour force in 1968;
Denmark: labour force in 1965; lower involvement figure
excludes the extensive strikes of 1961.

^b Mean number of strikers relative to labour force as above,
except that the mean covers the whole period. The
absolute figures are simply the average number of strikers
per strike.

frequency of strikes from 1970 onwards. In fact, it approaches Iceland very decisively, even though the average, which excludes Finland's record year 1976, is only a third of Iceland's level. A similar amplification of strikes as in Finland is notable in Denmark but on a

more modest scale.

Apart from these above mentioned trends, the stability of strike frequencies in Scandinavia is outstanding when compared to Iceland, where the frequency has varied drastically with the ups and downs of political and economic currents. The volume of strike involvement (size of strikes) is on average about ten times that of Norway, Finland, and Denmark, and approximately 40 times that of Sweden. In contrast to the frequency, the involvement is relatively stable in Iceland, but the rest of the countries have had a few years of notably big strikes. There is no clear trend in the figures on size of strikes.

TABLE VI.5. The Duration of Strikes
in the Nordic Countries^a

	<u>Iceland</u>	<u>Sweden</u>	<u>Norway</u>	<u>Finland</u>	<u>Denmark</u>
1960	5	13	3	5	3
1961	17	14	18	1	15
1962	33	1	76	5	2
1963	10	9	21	13	4
1964	9	18	4	2	2
1965	5	16	15	2	17
1966	3	12	4	2	1
1967	2	4	11	12	1
1968	11	3	29	11	1
1969	4	12	27	2	2
1970	19	6	15	1	2
1971	18	13	4	7	3
1972	11	2	10	2	3
1973	20	3	5	4	12
1974	3	2	14	1	1
1975	3	10	4	1	2
1976	8	2	6	3	2
\bar{X}	11	8	16	4	4

Source: Yearbook of Nordic Statistics.

^a Average number of days on strike.

The average time that strikers spend on a strike (duration) varies much less between the countries, and here, for once, Iceland is not at the top of the league (Table VI.5). Norway has the highest duration, which is not unexpected given its low frequency and involvement. The few strikes that occur there tend, thus, to drag on. Finland and Denmark, on the other hand, have the lowest duration, and it tends to vary less there than in the high duration countries. In the light of Iceland's high frequency of strikes and the extensive involvement of workers in the pay struggle, the duration there is rather high. The negative relationship between duration and the other dimensions of strikes is thus stronger in the other countries.

TABLE VI.6. Average Working Days Lost
Per 1,000 in the Labour Force

	<u>Iceland</u>	<u>Sweden</u>	<u>Norway</u>	<u>Finland</u>	<u>Denmark</u>
1960	9	5	1	46	28
1961	3,527	1	289	20	1,050
1962	1,268	1	55	16	7
1963	2,625	7	154	657	11
1964	132	9	1	28	8
1965	1,069	1	6	8	110
1966	66	93	3	58	7
1967	229	0	3	153	5
1968	2,758	0	10	134	15
1969	1,809	30	15	77	25
1970	3,786	41	32	111	46
1971	408	222	6	1,291	10
1972	153	3	8	225	10
1973	182	3	8	1,189	1,774
1974	1,185	15	217	207	84
1975	807	95	8	135	45
1976	3,939	7	94	631	96
\bar{X}	1,409	31	54	293	196

Source: Yearbook of Nordic Statistics.

Turning lastly to relative loss in working days as a result of strikes, the extent to which Iceland is removed from the rest of these countries is decisively born out (Table VI.6). Finland is closest to Iceland in this respect, yet the "cost" of strikes in Iceland is five times larger, and it is about seven times larger than in Denmark. On the other extreme is Sweden with a loss in working days of approximately one for every 45 in Iceland.

It appears from Table VI.6 that there have been three shorter periods of very intense labour conflicts in Iceland between 1960 and 1976. The first period was 1961-1963, following the implementation of the new economic policies and at the beginning of a considerable upswing in the fishing sector and in the rest of the economy, for that matter. These conflicts were not particularly widespread in comparison to later years, but they were of long duration. Fishermen played a decisive role in these struggles. There was also a notable loss of working days because of strikes at the height of the boom of the sixties, i.e., in 1965. The next period is the 1968-1970 one, which covers the height of the recession as well as the beginning of the upswing in 1969-1970. This came to a halt following the change of government and the shift in policy emphasis in 1971. The last surge of strikes started in 1974, and, again, this period stretches over a recession as well as the following upswing. Clearly, then, strikes in Iceland have not been solely tied to the trade cycle.

In the early days of the Icelandic labour movement, unions were too weak to put up tough fights during recessions when the competition between workers increased¹. Besides that, the unions' bargaining

¹See Ó. R. Einarsson (1970), op. cit., and S. Traustadóttir, "Verkföll á Íslandi 1930-1942."

policy, or ideology, placed the main emphasis on changing wages in line with the cost of living, and they showed considerations for "industry's need to maintain its profit margin"¹. Evidently, unions strike now on a large scale at the height of recessions, as well as during boom periods. This clearly indicates an increased strength of the labour movement, and a more radical, or frustrated, "economism" is also implied by our findings.

VI.2.4. The Legality of Strikes

The majority of strikes in Iceland are, and have been, legal, constitutional and official. A number of conditions have to be fulfilled before a strike can be legally declared². Only individual unions can declare strikes, and the decisions on strike action have to be reached through either a) a formal vote by members; b) the bargaining committee, on the condition that members have previously voted in support of granting it such authority; or c) the council of shop stewards, if the union law provides it with such rights. Further, a decision on a strike has to be formally announced to the employer and the state mediator seven days before it is due to start.

Strikes are unconstitutional and illegal if they occur during the term of an agreement. This is the "duty to keep the peace," as the law refers to it³. If unresolved issues remain after the signing of main agreements, provisions are often made for continuous talks with the ultimate threat of renewed strike action being kept open.

¹S. Kristjánsson (1977), op. cit., pp. 110-113.

²A. Backmann and G. Eydal, Vinnuréttur, ch. 6.

³Ibid., p. 59.

Alternatively, issues may be referred to the Labour Court. Jurisdictional strikes, over legal issues arising from agreements or over interpretations of the labour law, are forbidden. Such issues are to be dealt with by the Labour Court. The unions are responsible for illegal and unconstitutional strikes, and in cases of breach of law they may be fined. Solidaristic or sympathetic strikes are allowed.

The vast majority of strikes are also official, i.e., declared and organized by the unions rather than groups of rank and file members, and the union officials are, for the most part, in charge of strike developments. In many ways, the typical Icelandic strike resembles the German "programmed strike"¹. The year 1942 was very notable for unlawful strikes with workers ignoring the arbitration legislation which banned wage increases and strikes. In 1975 there was something of a revival of the unlawful strike in Iceland, but on a much more modest scale than has been seen in many Western European countries. Fishermen struck during the term of an agreement to protest against new fish prices and the share allotment system, workers in state-owned factories protested against arbitration legislation, and workers in the cooperative dairy in the town of Selfoss came out on a wildcat strike after the sacking of their shop steward, to mention only a few². In addition, the feminist movement organized a one-day strike of all females in the labour force to show the importance of the "weaker" sex

¹W. Müller-Jentsch and H.-Joachim Sperling, "Economic Development, Labour Conflict and the Industrial Relations System in West Germany," in C. Crouch and A. Fizzorno (1978), op. cit.

²Fréttabréf Kjararannsóknarnefndar, no. 30, 1976.

for the economy, which came to a virtual standstill. This last strike is, however, excluded from the strike statistics.

VI.2.5. A Failure of the Institutional Containment of Conflict?

In the early post-war period when the level of industrial conflict in the capitalist industrial world was generally declining, in comparison to earlier periods, a number of writers advanced the thesis of the "institutionalization of class conflict" as an explanation. Dahrendorf, for example, stressed the dampening effect of the institutional separation of industrial from political conflicts, and the effectiveness of collective bargaining systems and parliamentary democracy for resolving conflicts in the separate spheres¹. This theory underlies the functionalist approach to social development as exemplified in, for example, the "logic of industrialism" school², and it has become incorporated into industrial relations orthodoxy³. Institutional reform has therefore played a significant role in policy measures in many countries, the aim usually being to increase labour's cooperation with management and to reduce economically damaging conflicts⁴.

¹R. Dahrendorf, Class and Class Conflict in Industrial Society (London, R.K.P., 1959), ch. 7 and 8.

²See, for example, C. Kerr et al., Industrialism and Industrial Man (New York, O.U.P., 1960).

³See A. Ross and P. Hartmann, Changing Patterns of Industrial Conflict (New York, John Wiley, 1960); also J. T. Dunlop (1958), op. cit., and H. A. Clegg (1976b), op. cit.

⁴The report of the Donovan Commission on employers and unions in Britain is a good example of this approach. See also P. Dubois, "New Forms of Industrial Conflict 1960-1974," in C. Crouch and A. Pizzorno (1978), op. cit., and J. H. Goldthorpe, "Industrial Relations in Great Britain: A Critique of Reformism," in Politics and Society, 4 (1974).

The theory has benefitted from the fact that, for a long time, highly developed systems of industrial relations have tended to be associated with low levels of conflict. Thus, Sweden, Norway, and Denmark, for example, have often been singled out as examples of societies which have developed the prototypical systems for industrial peace, characterized by a high degree of centralization in unionism, very comprehensive formal means of negotiations, effective legal regulations of strike activity, and efficient disputes procedures¹. While increased institutional regulation of labour-management relations has generally gone hand in hand with decline in conflict levels, the resurgence of conflict in the late sixties and seventies brought to the surface the fragile nature of the institutional containment. Furthermore, the causal connection implied by the correlation between systemic regulation and industrial peace has come to be partly questioned lately, and, accordingly, other factors, political and organizational, have been added in a more comprehensive explanation of industrial conflicts².

Iceland is of interest for the institutionalization theory because, as we have tried to show, it has an industrial relations system of the Scandinavian type which is commonly associated with a very high regulation potential. Yet industrial conflict is endemic in Iceland, as our international comparison illustrates. The great

¹See, for example, E. M. Rassalow, Trade Unions and Industrial Relations (New York, Random House, 1969).

²W. Korpi (1978), op. cit.; Korpi and Shalev (1979), op. cit.; E. Shorter and C. Tilly (1974), op. cit.; and D. A. Hibbs, Jr., "On the Political Economy of Long-Run Trends in Strike Activity," in B.J.P.S., 8 (1978), no. 2.

majority of Icelandic strikes are official, constitutional and legal, and there are ample means for resolving disputes which arise during the term of agreements. At any rate, there is relatively little demand on such extra bargaining procedures, since the unions are highly committed to the "non-strike" clause, and most strikes are simply periodic trial tests of strength associated with the bargaining cycle. Confederations play a decisive role in bargaining, and the union movement is free of recruitment competitions and factional strife. Syndicalist ideology and institutional links with radical or revolutionary political parties, as, for example, prevail in France and Italy, are to a large extent absent. The system of industrial relations can therefore not be blamed for failing to contain industrial conflict, nor can the intensity of the struggle be attributed to political or revolutionary-oriented unionism.

Still, the last conservative-led government (1974-1978) attempted institutional reform with a proposal for a revision of the 1938 law on trade unions and industrial conflict. The aim was to increase the rule of law and restrain the power of "the pressure groups," thereby reducing the number of strikes caused by "unreasonable attitudes" of union leaders¹. The main proposals involved a more rigorous processing of claims before the start of strikes (from seven to ten days) and an expansion in the role of the state mediator in bringing the parties together, monitoring the negotiations, and actively facilitating settlements. In any event, the reform was cut down to new legislation on the state mediator with minimal changes in the basic aspects of the

¹See, for example, S. Líndal, "Leikreglur við Gerð Kjarasamninga," in Vinnuveitandinn (1977), op. cit., pp. 15-19.

law because of determined opposition from the unions.

Iceland possesses some other characteristics which have often been regarded as conducive to industrial peace. For example, the country is exceptionally small in terms of population, and ethnically and religiously it is virtually homogeneous. In addition, it is extremely dependent on foreign trade. Exports as a percentage of GNP have tended to be above the OECD average, and the fishing sector, whose products have accounted for about three-quarters of exports, is for the most part a price-taker in foreign markets. All these are aspects which are commonly believed to facilitate industrial peace¹. Hence, arguments about unfavourable conditions, which are said to be beyond industry's and government's control, are usually advanced against union claims for increased or preserved real wage. Evidently, these characteristics have not been altogether effective as deterrents of industrial conflicts in Iceland.

The main explanation which we have offered of the very high level of conflict in Iceland is that the union movement has, for the most part, been engaged in an intense defensive struggle against frustrating economic policies which have affected the outcomes of bargained agreements. The change in conflict which coincided with the coming to power of a leftist coalition government in 1971 and the concomitant change in policy emphasis is significant. The organizational structure of the labour movement is also an important ingredient in our account, along with the general lack of effective political representation of

¹A. Ross and P. Hartmann (1960), op. cit., G. Ingham (1974), op. cit., Korpi and Shalev (1979), op. cit.

the labour movement and the development of economic conditions. The structure of unionism in Iceland has facilitated concerted class action, combining a high frequency of strikes, extensive involvement of employees, and often a long duration of disputes, in struggles for the preservation of and increase in labour's share of the national income during a period of generally rising economic prosperity. We would also take these findings as an indication of the existence of considerable solidaristic collectivism and awareness of economic class interests within the labour movement.

Turning to our myths, again, we can now say that even though individualism may be strong in Iceland, it has not inhibited wide-ranging organization of employees, or employers, into functioning interest groups. The unions and federations which have emerged amongst employees are formed along broad class lines, with the manual-non-manual and skilled-unskilled divisions being reasonably clear. The main exceptions are the white-collar groups which often include the whole hierarchy from unskilled clerical and sales workers to managerial staff. As regards consensus and conservatism, we would emphasize that there is little or no consensus on the distribution of incomes and other level of living components. And the fact of high conflict level in the labour market can be taken as a further qualification of the myth of consensus and conservatism.

In the next section, we shall reflect on some of the consequences of Icelandic industrial relations and ask how labour's organizational power and its application has served the working class in its struggle for improved living conditions.

VI.3. Class Conflict and Inflation

Pay bargaining has by far been the greatest concern of the Icelandic unions. Developments in the cost of living have in many ways been very consequential for union action, as we have shown in Chapter II and in previous sections of the present chapter. The cost of living has thus frequently served as an indicator for union bargaining goals, especially since indexing of wages to prices has not been uniformly adhered to. In fact, governments have frequently abolished indexing altogether for shorter periods by means of legislation in conjunction with other economic policy measures, especially in the wake of large devaluations of the national currency which considerably increase the prices of imports. The abolition of wage indexing in such contexts produces, of course, effective cuts in real wages, or in the purchasing power of individuals' earnings. Thus, inflation, or "engineered price increases," as the OECD put it at one time, has been very influential in adjusting or dampening demand in the economy. The basic level of living has thus been subjected to rather sharp fluctuations. When such onslaughts have taken place shortly after completion of bargaining contracts in the labour market, the build-up of frustrations within the labour movement is understandable. It would thus seem that inflation, to a large extent, shaped the context within which class-based action of the labour movement has taken place.

On the other hand, there are many writers who in a number of ways argue that high rates of inflation are correlated with strength

of labour movements¹. This can either be viewed positively or negatively. In the first instance, on the Marxist side, it may be argued that, as the labour movement matures and manages to accumulate power, it can more effectively press for a larger share of profits on behalf of its members. Increasing rate of inflation would then be viewed as signalling reactions on behalf of producers and sellers to combat the falling rate of profit. This might, however, be deemed as a partly self-defeating way out, since producers and sellers may thus price themselves out of markets, making crisis tendencies imminent, and eventually leading to the downfall of capitalism. On the negative side, one might find more technocratic or economic attitudes stressing lack of responsibility or an impaired sense of reality amongst demanding labour leaders. These arguments often take the form of evoking various destructive psychological motives, like lust for power, envy, or greed amongst these men. The negative aspect is then seen to lie in the failure of these leaders and their organizations to tailor their demands and actions to what employers can offer. Such unrealistic demands are then reckoned to produce technical problems for the market and industry, mainly in the form of unexplained inflation, which is believed to lead to recessions and unemployment.

A balanced view in this perspective, which however largely leaves out the role of governments, would perhaps be to argue that high-rate

¹See J. A. Trevithick and C. Mulvey, The Economics of Inflation (London, Martin Robertson, 1975); D. Jackson et al., Do Trade Unions Cause Inflation? (Cambridge, C.U.P., 1978); R. L. Heilbroner, Business Civilization in Decline (Pelican, 1977); F. Hirsch and J. H. Goldthorpe (eds.), The Political Economy of Inflation (London, Martin Robertson, 1978).

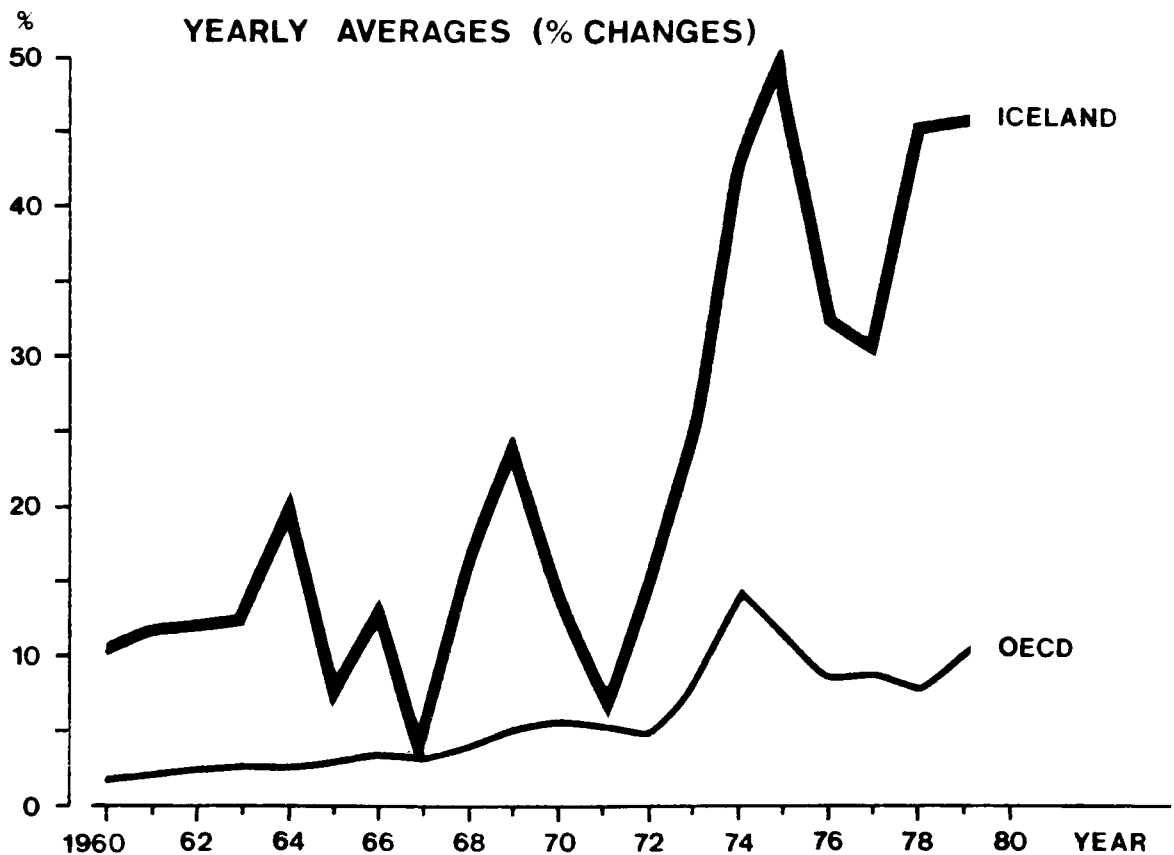
inflation reflects mature reactions on behalf of the labour movement to the structure of inequality which it regards as unfair and at least partly unacceptable. This would be to argue that labour has reached organizational and perceptive maturity which makes it more persistent in defending achieved levels of living and in pressing for further improvements. Engineered decreases in the level of living as means of solving short-term problems or imbalances become increasingly unacceptable. Business and industry, often with the help of governments, resort then increasingly to the only channel which remains open and beyond labour's influence--namely, the level of pricing--for preserving the status quo in the distribution of profits. This argument is therefore related to arguments on legitimation crisis in modern society, increasing labour militancy, and rejections of the prevailing structure of inequality as an inherently necessary feature of the social structure. From this perspective, then, inflation appears as a reflection of increased levels of class-based distributional conflicts. What we want to do here is to examine the plausibility of this argument for the Icelandic context, as it is of primary importance for assessing the consequences of the class structure for contemporary social developments. We shall also reflect somewhat on the successes of the Icelandic labour movement in its socio-economic struggles.

VI.3.1. The Rate of Inflation and Orthodox Theories

Iceland has for a long time been somewhat renowned in the community of OECD countries for its high rate of inflation. Domestically, inflation has for the most part held the status of a prime socio-economic problem, and the tendency has been to judge governments

to a large extent by their record in dampening it. On the whole, inflation has been highest in recession periods, like 1951-1952, 1956, 1968-1969, and 1974-1975. In the fifties, the rate was generally under 10%, apart from these three peak years, but from 1960 onwards the "normal" rate of increase in the price of goods and services was generally above 10%. There was thus a decisive increase in the average rate, and, as Figure VI.2 shows, there were only three years between 1960 and 1976 when it ducked under the two-figure level.

FIGURE VI. 2.
INFLATION IN ICELAND
AND OECD COUNTRIES 1960 - 1979
YEARLY AVERAGES (% CHANGES)



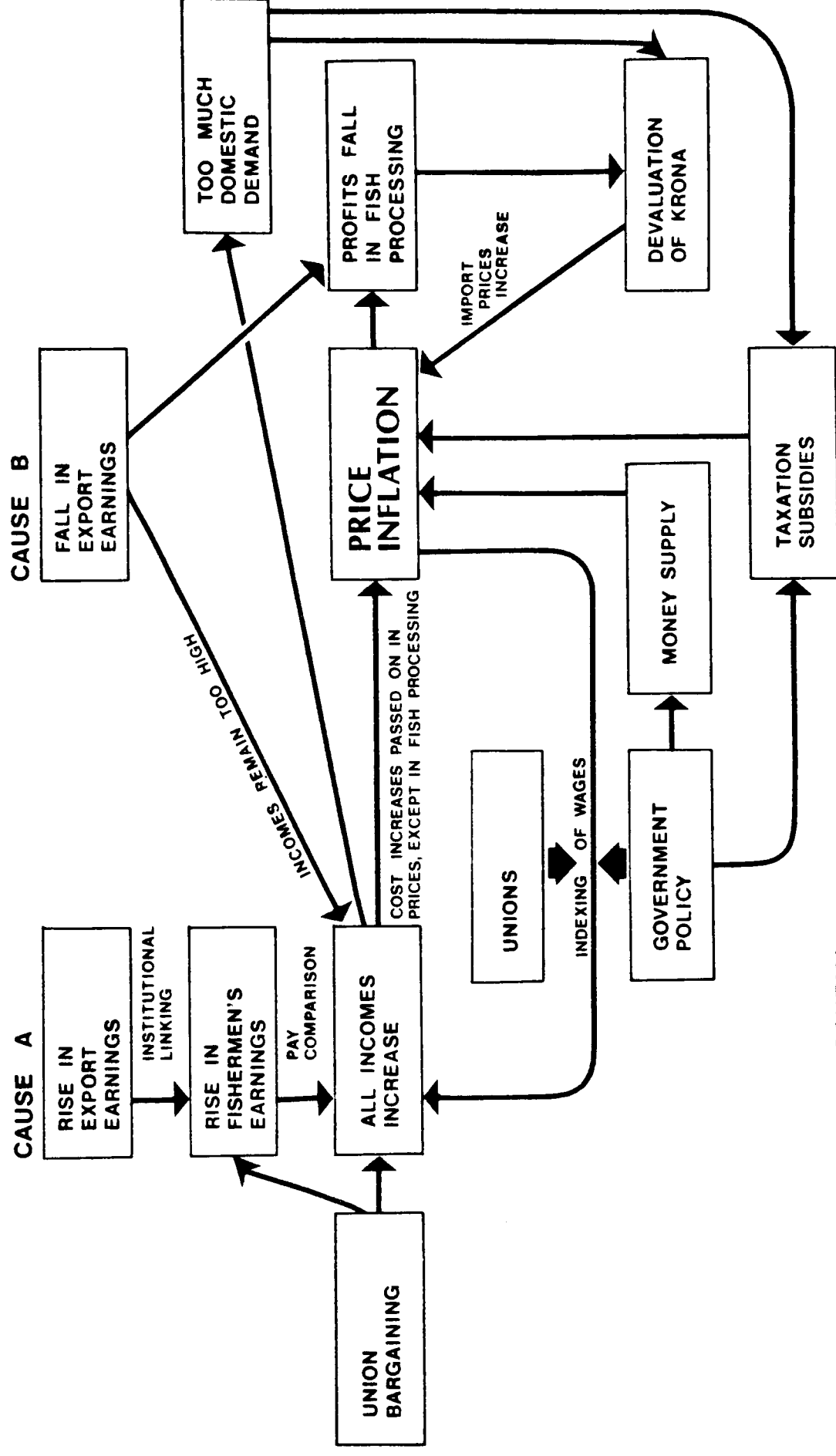
SOURCE: Verðbólguvandinn ; OECD: Economic Indicators

The unusually high rates in the early sixties coincided with the unusual cuts in real earnings during a period of full employment and rapid growth. The inflation in prices was a major factor in effecting a lowering of living standards despite increases in collectively bargained wage rates, and it appears thus to be, at least partially, a consequence of the new policy measures. As regards the recession in 1967-1968, it is of interest that the price inflation lags slightly behind the downswing in the gross national income, which was rising again in 1969. From 1972, the inflation rate increased again after another price freeze in late 1970. This drastic increase has primarily been attributed to wage inflation and world market price rises, as well as devaluations of the currency in 1974 and 1975.

The main theoretical explanations of high rates of inflation in Iceland have to a large extent been influenced by the Scandinavian theory of sectoral imbalances¹. According to the theory, wages in export and import competing sectors are so determined as to maintain the profit margin in those industries. Increases in real wages are therefore conditioned by developments of productivity and price rises in foreign markets. Union bargaining policy is then responsible for the transfer of such increases over to the domestic sheltered sector in which productivity increases are much lower. In order to maintain the profit margin, these industries have to pass on the cost increases in higher prices. So, the better the competing sectors do in comparison to industries in the sheltered part of the economy, the higher will be the rate of inflation as a result of the cost-push across

¹See, for example, G. Edgren et al., Wage Formation and the Economy (London, Allen and Unwin, 1973).

FIGURE VI.3.



A SIMPLIFIED EXPLANATORY SCHEMA OF INFLATION IN ICELAND

the whole economy.

The OECD account of the inflation in Iceland provides a good example of the elaboration of this theory to explain the Icelandic experience¹. Figure VI.3 provides a simplified schema of the main factors and their interactions. The fluctuations in the earnings of the fishing sector are accorded the fundamental causal role, with slightly different trains of events depending on whether a boom (cause A) or a slump (cause B) is in the making. But the outcome is the same in both cases. On the upswing (due to increases in fish catches and/or market prices), profits rise initially in fish processing, but by means of the institutional arrangements for price setting in the whole of the fishing sector they are partly redistributed to the fishing industry, which, in turn, increases fishermen's earnings via the sharing system. Fishermen are believed to be regarded as pace-setters in bargaining developments in other occupational groups, and at any rate their earnings are supposed to be legally linked to those of farmers and manual workers. Hence, the increased earnings in fishing are transferred by means of comparative and competitive bargaining to the sheltered sector, or to the rest of the economy.

The system of price controls, or price surveillance, which has been in operation in the post-war period, is basically oriented towards maintaining profit margins. It can therefore accommodate price increases in the home market which are motivated by cost-push. Thus, all incomes rise, and demand is consequently increased, which in turn produces strains on the current balance of payments. The increase in incomes in

¹See especially Economic Survey : Iceland, 1972, 1974, and 1976 (Paris, OECD).

the economy may not continually follow the development in export earnings, and consequently the exporting fish processing industry is likely to run into profit crises. As that industry is a price-taker in foreign markets, the pressure for devaluations is usually put on, as it is the quickest way of increasing the real "króna"-value of the exporters' revenues from abroad. Alternatively put, devaluation is the normal way of passing on cost increases in the export industries. The price increases on imports which follow the devaluation are reckoned to ease the overall demand in the economy at the same time, i.e., if they are not followed by wage increases, and put the balance of payments in order.

Apart from direct increases on imported consumer goods, imported raw materials for manufacturing industry increase the cost-push again. Hence, the effect of devaluation is double-edged; it delivers the profits to the fish processing industry which is presumably suffering from cost-push, but at the same time it is inflationary, which again leads to further cost-push, especially if wages are to follow price increases. Unions have usually fought for such compensations, but with limited successes as the pressure on government to halt the price-wage spiral leads commonly to a removal of the wage-price link. In the legitimization of such actions, the indexation mechanism, which in its strictest form lags up to three months on average behind price rises, is often branded as one of the causes of inflation. Subsidies are sometimes paid on consumer goods in order to relieve the pressure of price increases on wages, but this has usually been applied for very short periods only. At any rate, this measure is held to make for too much demand in the economy and tends therefore to be disfavoured.

On the downswing (cause B), profitability in the fishing sector as a whole is immediately reduced, and at the same time the country's capacity to pay for imports from current export earnings is restricted. Fishermen's earnings fall with the profits, but other incomes fall less efficiently because of union resistance, thereby reactivating the cost-push in the fish processing industry. A devaluation is then deemed necessary to combat the cost-push which results from the rise in labour costs, and the price-wage spiral is set off again. The government is then forced to try to impose a restraint on price increases, which might involve food subsidies or a shift from indirect to direct taxation, since the price control system works on the principle of constant average profit margins and is inefficient, in any case. But the more popular reaction of governments has been to face the labour movement and inhibit the indexation mechanism while the price explosion goes over, and thereby reduce real wages.

A government commission set up in 1976 to inquire into the inflation problem produced a more extensive and more sophisticated analysis of the causes and consequences of inflation. While the fundamental theory was still the "Scandinavian version" of the cost-push theory, the commission also blamed monetary policy for a part of the trouble, as well as rises in world market prices¹. The latter was especially important during the seventies, but the money supply was reckoned to have a tendency to increase during upswings in the economy. This increase is believed to be due to imports of foreign currency into the economy as well as to the tendency of governments to raise

¹Verðbólgu nefnd (1978), op. cit., pp. 36-105.

expenditure at the same time. Interest rates have not been constructively used, which means that they have been largely negative, and demand for money has therefore been almost insatiable. One consequence of this overheating has been a fixed asset investment rate which is well above the OECD average, especially after 1970 when the government promoted a complete renewal of the trawling fleet and initiated two large-scale energy plant construction programs.

"Leap-frogging" earnings competition between different occupational groups was further postulated as an independent cause of inflation, and the inflationary effect of devaluations was acknowledged.

VI.3.2. An Alternative Interpretation of Inflation

The essential characteristic of the orthodox economic approach to inflation is a technical orientation, which is probably shaped by the imposed government policy requirements. The problem, defined as a reduction in the value of money--or an increase in prices--is seen as caused by externally imposed forces which upset the equilibrium in the otherwise self-regulating market mechanism. The most consequential of these forces are usually reckoned to be monopoly power of trade unions, destructive government demand, or monetary policies. The sociological approach to the market is fundamentally different, since it regards the market as inherently unstable because of the inequitable distribution of resources which it continually generates¹. In this

¹For a classical account of social factors in market regulation, see M. Weber (1947), op cit.; E. Durkheim, The Division of Labour (1893); also R. Nisbet, The Sociological Tradition (New York, Basic Books, 1966); and J. H. Goldthorpe (1978), op. cit.

sense, the market is seen as shaping the class structure of capitalist society to a great extent. When the disadvantaged groups in society have succeeded in accumulating sufficient power resources, by means of organization, to challenge the profit-sharing system, employers try to maintain their profit shares for the most part by passing on the increase in labour cost in higher prices. In this perspective, inflation thus appears as a reflection of the distributive conflict in society.

It is our contention here that the Icelandic case is especially illustrative of how these processes can become intensified when the labour movement has reached organizational maturity, and also how governments become involved in the struggle. The tendency has been for conservative-led governments in Iceland to side with employers, or industry, and for leftist governments to favour labour.

While accepting that the stimulating effects of variations in export earnings may play a significant role in the determination of inflation rates, the postulated causal connections may be qualified in an important way. The role that the labour movement is accorded in the economic theories of inflation is primarily that of transferring increases in fishermen's earnings over to other employees by means of comparative bargaining, and inhibiting a "flexible" relationship between wages and prices by pushing for indexed compensations. This approach clearly leaves out the impact of an autonomous push from unions for pay increases, and it fails therefore completely to account for the very high rate of industrial conflict which has prevailed in the country.

It is not logically inevitable that fishermen's earnings should

increase automatically with profits in the fishing sector on the upswing. Revised decisions on fish prices by the VS (Fisheries Price Council--Verðlagsráð Sjávarútvegsins) should in principle be able to counter that tendency. But admittedly, the fishermen's unions are in an advantageous position to be fighting for price increases along with owners of fishing vessels at that level, and they seem on the whole to have been able to resist decreases in fish prices. In fact, fishermen have often put the pressure on, by means of strikes, to obtain increases comparable to that of other groups of workers. Thereby they have been able to harvest some of the fruits of increases in the volume of catches, which, during the sixties, were tied to the herring boom and, in the seventies, to more efficient trawlers and an expansion of capelin fishing. Thus, if it had not been for pressure from fishermen's unions and owners in the VS, the rises in fishermen's pay could easily have been restrained. Alternatively, this could have been effected on another level, i.e., if it had been possible to reduce fishermen's share of the value of catches as against owners' share. This has been attempted a number of times but without much success.

Further, the cost-push in fish processing is only logically inevitable if the fishing industry has been getting too large a share of the export earnings, as against the fish processing industry, by means of the fish price setting, or alternatively if earnings in other occupations rise faster than fishermen's¹. The "automation thesis" of earnings determination in fishing only implies that fishermen's earnings,

¹Owners of fishing vessels are likely to argue that the fixed-shares system in fishing gives the fishermen too large a share, consequently squeezing profits and generating needs for devaluation policies.

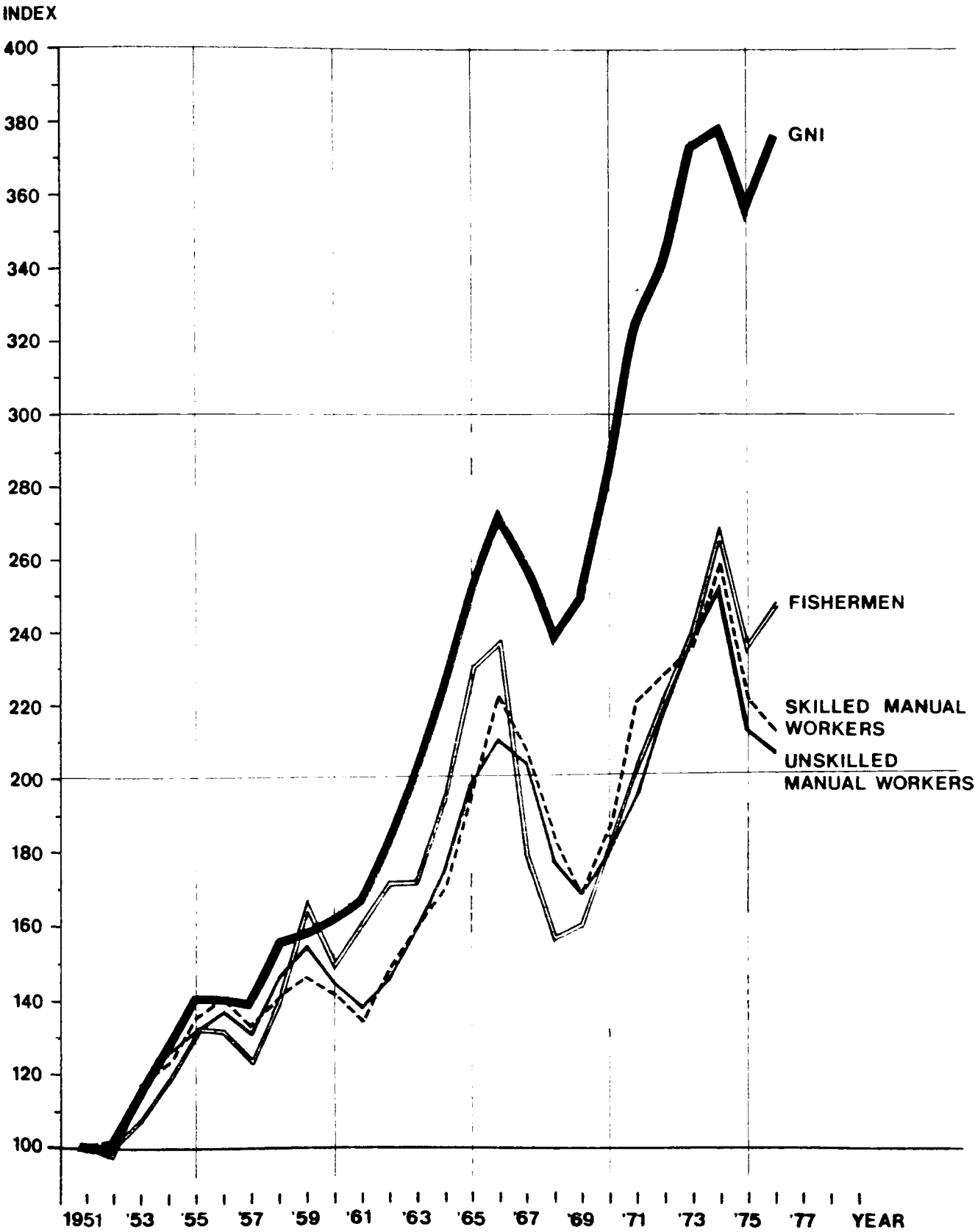
and therefore all earnings, rise as fast as profits, but not faster, because of the operation of the fixed-shares system and comparative bargaining. If this is true, union power and repeated conflicts, as we observed in the last chapter, may have had an extra effect on fishermen's earnings and therefore also upset the profits balance between fishing and fish processing to the disadvantage of the latter. It is of interest in this context that farmers, who have had to "bargain" their prices partly with the rest of the labour movement rather than "only" employers, have had much more difficulty in keeping in line with general pay increases¹.

As is clear from Figure VI.4, earnings of workers outside fishing have not, on the whole, risen faster than in the latter. One is therefore led to the conclusion that cost-push in fish processing may at least partly rise because price-setting has favoured the fishing industry and fishermen, as against the fish processing industry. The "automation" explanation of rises in fishermen's and other occupational earnings would therefore seem to have less credit than determined union pressure for bargaining goals which are, for the most part, based on inter-group comparison as well as assessments of developments in the terms of trade, or expectations of increases in the national income.

While high inflation rates are particularly associated with recession periods in general, the peaks do not so much coincide with the downswing as with the beginning of an upswing. In those cases, the inflation peaks seem thus to coincide better with the peaks in

¹Verðbólgu nefnd (1978), op. cit., p. 184.

FIGURE VI. 4. GNI AND REAL EMPLOYMENT EARNINGS 1951-1976 (1951 = 100).



SOURCE: Verðbólgunefnd (1978). Hagtiðindi and Þjodarbúskapurinn.

industrial conflict, which implies that they result at least partly from newly bargained wage rates¹. As Figure VI.4 shows, the earnings of unskilled manual workers decline less than those of fishermen, as the orthodox theory predicts. This was the case in 1956-1957 and 1967-1969, but in the government-induced cuts in real earnings at the beginning of the sixties, the unskilled workers' pay declined faster since fishermen gained probably from the increases in export earnings flowing from the devaluation policy².

The "automation thesis" suggests that fishermen's earnings decline in line with profits in the fishing sector, but since unskilled workers' earnings decline less, due to union resistance, cost-push is induced in the fish processing industry. The consequent devaluations and restrictions on wage indexation have, in fact, cut the real earnings of manual workers and fishermen decisively more than the overall reduction in the gross national income in all the recessions, as Figure VI.4 shows. In 1969, specifically, the earnings of manual workers continued on a downswing after the beginning of an upswing in the economy³. In a long-term perspective, this has meant that the absolute gap between the level of national income and earnings of manual workers and fishermen has gradually widened.

¹D. Soskice, "Strike Waves and Wage Explosions, 1968-70: an Economic Interpretation," in C. Crouch and A. Pizzorno (1978), op. cit.

²Cuts in income tax were supposed to compensate for these cuts in real pay.

³Wage rates declined slightly less than earnings because of unemployment and reduction of overtime work, but the pattern is still the same. Earnings are more relevant here, as they reflect better the changes in labour cost in industry.

This growing gap between the level of national income and workers' earnings is very intriguing, especially in the light of experiences in neighbouring countries where earnings seem to have followed gross national income much better¹.

The question which this obviously calls forth is whether a continually larger share of gross national income has gone to other occupational groups, like employers, or whether the share going to fixed asset investments has been considerably increased? As we see from the figure above, the earnings have declined most in recession periods, generally more than the decline in national income. As can be seen from Figure II.1 in Chapter II, the investment rate in the economy has generally increased most on the upswings, and it has typically declined during the recession periods like the earnings. Earnings seem not to have been reduced solely in order to increase public investments. But on the whole, the fixed asset investments rate measured in relation to gross national product, which has, however, not increased as much as gross national income, has increased slightly². The average increase between 1960 and 1976 seems to be just over 3%. But, at the same time, over two-thirds of this increase have been financed by foreign loans³.

The relatively high rate of investment which has prevailed in

¹H. Phelps-Brown and N. H. Browne, A Century of Pay; also H. Phelps-Brown, "The Influence of Trade Unions and Collective Bargaining on Pay Levels and Pay Structure," in W. McCarthy (1972), op. cit.

²Verðbólgu nefnd (1978), op. cit., p. 205.

³Ibid., p. 214.

Iceland may be a partial reflection of employers' favourable position, or "profit ease"¹. While a large proportion of the overall fixed asset investment has been publicly provided, especially since 1970, the relative investment in private industry has been high by international standards². B. Bollason similarly suggests that there has been less scope for increasing workers' earnings because of the high rate of investment in Iceland in comparison to the Scandinavian countries³. He does not, however, imply that this may reflect a disproportional gain on the employers' side, as we would do. It should be further added that investments have been extremely important as a means of preserving and accumulating wealth in the inflationary economy of Iceland, and entrepreneurs have, of course, had the greatest opportunities for making use of this possibility. Most of the investment capital in industry is at entrepreneurs' disposal, even though some of it may come from public investments funds, and they accordingly obtain the inflationary gains from the investments.

We would thus stress that earnings have typically been reduced through government policy measures which aim to stop the "wage-price spiral" that has usually followed devaluation measures. The purpose of these devaluation measures has usually been to put the profit margins right in the export industries, especially fish

¹See A. Glyn and E. Sutcliffe, British Capitalism, Workers and the Profit Squeeze (Harmondsworth, Penguin, 1972) for an account of a predominantly opposite state of affairs.

²Verðbólgu nefnd (1978), op. cit., pp. 205-206, 211.

³B. Þ. Bollason, "Launakjör á Íslandi og Öðrum Norðurlöndum," Þjóðviljinn, 8 (Nóv. 1978).

processing. They have thus involved periodic transfers of earnings from wage and salary earners to employers in these industries. The increasing gap between workers' earnings and the GNI would seem to indicate that the balance of these transfers has on the whole been decisively in the interest of employers.

Even if one accepts that there has been a real short-term need for devaluations in the fish processing industry during recessions, the overall cuts in real earnings have at least favoured employers in the rest of the economy, that is, employers of close to 90% of employees. This is all the more striking since employers in the fishing sector have completely failed to meet the recessions with profits from the more numerous boom years. In 1969, a government-operated institution, the Fisheries Price Equalization Fund ("Verðjöfnunarsjóður Sjávarútvegsins"), was set up with the aim of imposing a saving in the sector in good years and evening out the fluctuations by paying out to firms in lean years. But as the 1976 Commission on the Problem of Inflation acknowledged, the Fund has completely failed to achieve this, if not worked against the goal¹.

The National Economic Institute has provisionally estimated income factor shares for the period between 1962 and 1976 which suggest that wage and salary earners' share of net national income has increased on average by about 8%. This would at first glance seem to run counter to the argument which we have advanced so far, namely, that employees have not fully maintained their proportional share in national income as against employers. But in fact, such figures on

¹Verðbólgunefnd (1978), op. cit., pp. 56-61.

employees' share of national income have little meaning unless one also takes into account the changes which have occurred in the occupational structure. As we showed in Chapter II, employers have continually declined as a proportion of the labour force. This is mainly because of the declining number of independent farmers. The rank of employees has also swelled with the very rapidly increasing participation of married females in the labour market, most of whom acquire employee status. These trends are also increased by the generally increasing concentration and growing size of employers, which we also reported. Employees have thus been growing as a proportion of the labour force, and simply on that demographic basis would one expect the share of national income allotted to them to have increased. Our provisional estimate of the change in the size of the employee classes, in Chapter II, would seem to indicate that the proportional change is at least of the same order as the estimated increase in the income share.

Admittedly, both of these proportions are somewhat imperfect estimates, but we would primarily wish to stress here that the estimated increase in employees' factor share, when thus qualified, does not seriously challenge our previous analysis of these developments. But let us look further at the alleged workings of unions and bargaining in the orthodox inflation theories.

The role of fishermen as the natural and only pace-setters in collective bargaining is clearly open to serious doubts. At any rate, comparisons amongst ASÍ unions, or between ASÍ and public service occupations, are easier to undertake since the average fish price, which largely determines fishermen's earnings, hides sizable

variations between different sectors of the fishing industry. And the volume of catches, which is also a factor in the picture, can only remain in the realm of speculation. It is indeed difficult to translate fish price increases into earnings increases for comparison, and actual earnings data are only available with at least a one-year time lag.

Leap-frogging competition between occupations should only be seriously consequential for cost-push in the sheltered sector and fish processing, if those increases were significantly higher than increases in fishing, that is, if they were adding to the lead from fishing. The expected effect of this factor would then contradict the main expectation from the orthodox theoretical explanation of the effect of export earnings fluctuations. The leap-frogging thesis would thus seem to be logically inconsistent in relation to the main theoretical framework. This sort of competition could, on the other hand, have a positive role in the "autonomous push" perspective which we are advancing. The effect of leap-frogging competition is likely, though, to be less pronounced in Iceland than in many neighbouring countries, because of the increased centralization in collective bargaining since 1964 as well as the predominantly wide extent of bargaining. Such a state of affairs is likely to work against the leap-frogging effect, even though groups actively try it, and promote comparative increases under the umbrella set by expectations of increases in national income, price rises, and bargaining power balances.

Autonomous bargaining strategies, especially amongst the ASÍ unions, play thus a decisive role in the present approach to inflation in Iceland, and, as we have indicated, its role is essential if the

very high level of industrial conflict is to be accounted for. While we emphasize the importance of pressure from the labour movement, it must be made clear that this could equally be defensive or progressive bargaining.

But why should the Icelandic labour movement have been so aggressive or powerful in attempted bargaining, so as to manage to induce this unusually high rate of inflation as a response from employers and governments? Following Goldthorpe¹, we would explain this apparent increase in labour's bargaining power by reference to the structure of social inequality in Iceland and, specifically, to the heightened social maturity of labour and its organizations. The effect of this increased maturity has been to make for a more equally balanced struggle between labour and employers.

In a previous section, we showed how the Icelandic labour movement has reached a state of organizational maturity which compares with the most advanced labour movements in the capitalist world. This is characterized by a very high degree of unionization of employees, early acquisition of "industrial citizenship rights" in the form of legalization of union activity and collective bargaining, capacity for large-scale concerted action, a high degree of centralization and coordination in collective bargaining, along with interest awareness and some minimal solidarity. Iceland does also have a long established and strong democratic tradition, and general citizenship rights were actualized very early, as we showed in the second chapter. We can sum up the importance of these factors here by saying that the

¹J. H. Goldthorpe (1978), "The Current Inflation."

Icelandic working class has, to a large extent, been free of legal restrictions on its participation in society for a longer period than is common in many of the neighbouring societies.

Legitimations of the structure of inequality in the form of a stable, subjective status order are largely absent from this demographically homogeneous society. There is, for example, a notable absence of class-based symbolic attributes like manner of speech, way of dressing, and derogatory behaviour, as we showed in Chapter I. Deference and respect towards higher echelons of society would therefore seem to exert only a very minor restraining influence on workers and their leaders in their struggle with employers (and governments) for a larger share of the national income. Such restraints are very important in pre-modern societies and where working class participation in society is actively restricted or immature¹.

Another factor which we would add to the account is the peculiar experience of governments' economic policies since 1960. The effects of the devaluation-indexation measures on unions' bargaining achievements have been unusually apparent. This has aroused considerable frustrations in the labour camp throughout the years when these measures have been vigorously applied. One of the results of this state of affairs is a considerable lack of trust in the relationship between unions, employers, and governments². One of the obvious consequences of this

¹T. H. Marshall (1963), op. cit.; F. Parkin, Class Inequality; and J. H. Goldthorpe and P. Bevan (1977), op. cit.

²See A. Fox, Beyond Contract: Work, Power and Trust Relations (London, Faber, 1974), for an account of the importance of trust in employment relations which would seem to apply equally at this level.

is the frequent short term of bargaining contracts, which in some years have been reduced to less than a whole year, as in 1975. The two-year contracts achieved in 1971 are a major exception to the norm.

Icelandic industrial relations during the 1960s and 1970s cannot be characterized as reflecting a high degree of consensus and equitable compromises between the parties in the labour market. The trade unions have not been actively represented in government policy-making bodies as is characteristic of societies where socialist-oriented parties have figured prominently in governments, as in Sweden, Norway, Denmark, and Britain¹. While the system is voluntaristic in principle, the governments have played an increasing role in the conflicts between unions and employers since 1960 and seemingly, for a large part, on the side of employers or industry.

Achievement of welfare benefits, or a social wage reflected in the form of collective consumption, has not progressed as far as in the neighbouring Scandinavia which provides the model for Icelandic developments in this area². In fact, many of such achievements have

¹Á. Stefánsson, "Áhrif Opinberra Ávarðana og Þátttaka Aðila Vinnumarkaðarins í Slíkum Ákvörðunum," in Vinnuveitandinn (1977), op. cit. See also C. Crouch, Class Conflict and the Industrial Relations Crisis (London, Heinemann, 1977); C. Crouch, The Politics of Industrial Relations (London, Fontana, 1979); W. Korpi (1978) op. cit.; F. G. Castles, The Social Democratic Image of Society (London, R.K.P., 1978); C. Crouch, "The Changing Role of the State in Industrial Relations in Western Europe," in Crouch and Fizzorno (1978), op. cit.; and D. A. Hibbs, Jr., "On the Political Economy of Long-Run Trends in Strike Activity," in E.J.P.S., 8 (1978), no. 2.

²F. G. Castles (1978), op. cit. See also H. L. Wilensky, The Welfare State and Equality (Berkeley, University of California Press, 1975) for accounts of the importance of welfare benefits as rewards.

been exchanged for a smaller pay increase, as we have shown. Full employment and a fairly high degree of demand for labour has prevailed, though, and unions have supported and pressed for government investments in large-scale employment developments¹.

We would conjecture that these factors which have increased labour's frustrations are primarily responsible for sparking off the high level of industrial conflict, which, in turn, has increased cost-push in the economy and called forth a response from employers in the form of heightened price inflation. The challenge from labour was made possible by the independent development of its structural conditions towards a very high degree of maturity.

VI.3.3. The Achievements of Icelandic Labour in Pay Bargaining in Comparison to Other Nordic Labour Movements

In an earlier chapter, the growth of production in the Icelandic economy was described, and the speed of developments since 1960 was specifically underlined. In comparing gross national product per inhabitant in the Nordic countries, it emerges that Iceland was very high indeed during the upswing of the early sixties: it came second to Sweden, which has remained steadily at the top of the Nordic league². After 1966, the situation changed, since Iceland dropped down to the level of Finland, if not lower, as a result of the recession which was greater in Iceland than in the rest of the countries. But Iceland

¹C. Crouch (1978), op. cit. provides indications of labour's potential influence in such matters.

²See OECD, Economic Indicators, and Economic Survey: Iceland, 1960-1979 (Paris, OECD).

improved its position in the production hierarchy in the seventies, rising to third and second place in 1973 and 1974, respectively. There have clearly been reasonable means of improving living standards in Iceland in the period since 1960, and they have indeed risen considerably. Our concern in this section, however, is with the success of Icelandic labour in retaining or improving the share of manual workers in the growing national income, in comparison to the neighbouring Nordic countries.

B. P. Bollason has examined the development in real gross national income in comparison to real increases in wages and earnings of manual workers in manufacturing industry in these countries between 1966 and 1977¹. The most significant difference between Iceland and the rest is the extent of the fluctuations in the development of manual earnings about the overall national income. The extensive cuts in earnings associated with recessions and at the beginning of the sixties, which we noted in the last section, appear here as a specific Icelandic characteristic. The resulting fluctuations produce a pattern which resembles more the pattern of earnings development which is associated with the period before the institutionalization of collective bargaining in Western capitalist societies². In that period, the late nineteenth and early twentieth century, the pay would only increase during decisive upswings and be cut in recessions and in years of stable production and market conditions. The effect of collective bargaining

¹Wages and earnings are deflated by the cost-of-living index. Source: B. P. Bollason (1978), op. cit.

²H. Phelps-Brown (1966). op. cit.

in this century has generally been to stabilize these fluctuations in wages, in booms as well as slumps. But due to the specific policy and economic context in Iceland, this has been less successful than seems to be common elsewhere, in spite of the organizational maturity and strength of the labour movement.

In general, the wages and earnings have followed the development of the national income closely in Scandinavia, and in Sweden and Denmark they have developed faster than the GNI for much of the period since 1966, implying that manual workers in these countries have improved their relative share. In Finland and Norway, the wages have stuck very closely to the GNI, but earnings have developed slightly slower. In the Norwegian case, it may be due to the fact that the actual length of manual workers' working week has declined faster than in any of the other countries, from 42 hours in 1966 to 35 in 1977¹. The negative "earnings gap" in Finland may, on the other hand, be a result of slack demand for labour and of unemployment, and it is likely to be related to the increased intensity of industrial conflict there lately².

The slight recession in 1975 is of considerable interest because it highlights the difference in the treatment of labour in Iceland in comparison to the rest of the Nordic countries. The negative effect on real wages and earnings in Iceland was phenomenal, indeed unprecedented in the OECD community, as remarked above (see also Figure VI.4). We have made much of the fact in our analysis that this recession

¹B. P. Bollason (1978), op. cit.

²Yearbook of Nordic Statistics 1975-1979 (Stockholm, Nordic Council).

coincided with the coming to power of a conservative-led government with a corresponding change in policy. In Denmark, where the volume of the recession was on a level similar to that in Iceland, the wages and earnings continued to increase at a relatively high rate. The same thing happened in Sweden. It would thus appear that, mainly due to the special system of profit-sharing in the fishing sector in Iceland and the repeated failures of employers and governments to cope with fluctuations in earnings there, the employers' organizations have been able to gain an unusual degree of government support in cutting real earnings of labour, mainly through engineered price inflation. Thus, the role of governments in combatting the power of Icelandic unions seems to have been particularly important.

In comparison to the Scandinavian societies where labour-oriented socialist parties have been the normal parties of government in the post-war period, the Icelandic labour movement has only been favourably represented by coalition governments for short periods, and it seems that manual workers have had to pay the price in lower real earnings, even for 20-25% longer working hours per week, and in a relatively low level of welfare provisions, as we showed in Chapter III. Despite the lack of unity between the labour movement and a large socialist or social democratic party in Iceland, the ASÍ is well aware of the political context of the pay struggle and the frustrated representation of labour in the corridors of power¹.

¹A. Stefánsson (1977), op. cit.

VII.1 The Distribution of Political Power

VII.1.1. Iceland's paradox

At this stage it remains to deal with one paradox which emerges from our findings in this study. This is the divergence between our conclusions regarding the strength of the labour movement and the rather lean results from it's quite intense strife. The labour movement appears as both strong and weak in a sense and this calls for explanation.

We have shown that demographic conditions for a strong labour movement are fulfilled in Iceland, with the level of unionization approaching 80%. Organizational conditions are also fulfilled since the unions are joined in national federations with about four fifths of unionists joined in the Federation of Labour (ASÍ). This has made frequent general strikes possible in Iceland. Some attitudinal conditions are also conducive to economic radicalism, since, for example, agreements on the distribution of incomes are largely absent and the general level of expectations is quite high.

The fulfillment of these conditions is, for example, reflected in the fact that industrial conflict has at times been very intense. Working-days lost as a result of strikes are generally amongst the highest in the Western world. Yet the labour movement has not achieved results in proportion to its efforts. This is particularly evident when one looks at successes with two of its major goals; increasing and preserving the level of pay for employees and developing a welfare system on the Scandinavian model. This is the paradox of our findings and as we indicated in the last chapter it is likely to be related to some characteristics of the Icelandic political system, especially the lack of Labour's effective political representation, both in parliament and in the State's apparatus. Of particular

interest here is, of course, Iceland's deviation from the Scandinavian norm of predominantly Social Democratic rule.

Thus in order to explain our paradox we must examine the political aspect of this story, especially the composition of the party system and the State, and try to relate it to the distributional outcomes which we have empirically observed. Thereby we will also give a more complete account of the "party" dimension along with our accounts of class and status. And lastly, to tie the analysis to our guiding themes, or "myths", we will provide material which is of importance for understanding and qualifying the myth of conservatism.

VII.1.2 Class, Party and State: A framework for analysis.

To begin with, we will briefly outline the theoretical basis of our presentation in this chapter. This will clarify the aspects which are dealt with and their outcomes which we have observed. Diagram VII.1 gives a schematic summary of the main dimensions, basic criteria and relationships. To follow the logic of the argument, the diagram is best read from bottom upwards, from class through party, to the state and distributional outcomes.

We have in this study conceived of class action as referring to what people do as collectivities. Hence we see class and party as intimately connected. There could be many criteria or bases for the formation of such collectivities, or parties, and a few of the most salient ones are listed at the base of the diagram. Property is of course one of the most important axes around which the organizational structure of a capitalist society forms. In Icelandic society this is reflected in the fact that two of the most influential interest organizations are the opposing federations of employers (VSÍ) and employees (ASÍ). Other notable organizations of that kind are the Federation of Cooperatives (SÍS) on the side of producers-employers, and on the other side the Federation of Public Employees (BSRB).

DIAGRAM VII. 1.

CLASS, PARTY, STATE: A FRAMEWORK

DISTRIBUTIONAL OUTCOMES

PAY - PROFITS
WELFARE SYSTEM - STATE PROTECTIONISM
HOUSING - BUSINESS INVESTMENTS



INFLUENCE ON GOVERNMENTS

COMPOSITION OF GOVERNMENTS, STRENGTH OF INTEREST
ORGANISATION



POWER BALANCES

CRITERIA: MEMBERSHIP, TYPE (Property owning etc.), ORGANISATIONAL
STRUCTURE, POLITICAL REPRESENTATION OF S-E GROUPS,
LEADERSHIP, IDEOL. STRENGTH, ACCESS TO MASS MEDIA



INTEREST ORGANISATIONS

SOCIO-ECONOMIC: VSI, ASI, BSRB, SIS, SB, LIU, SH, FII, VRI
POLITICAL PARTIES: IP, PP, PA, SDP, WL, ASD



BASES OF ORGANISATIONS

OCCUPATIONAL CLASS, PROPERTY, EDUCATION, SEX, INDUSTRY.
REGION, RACE, RELIGION, VALUES

The labour federations can be further subdivided into organizations which are based on occupational class (manual, non-manual etc.), or education and credentialism (unskilled, skilled, technical, professional etc.), for example the rather weak Federation of Professionals (BHM). But the ASÍ and BSRB are the most comprehensive and influential class formations (1).

On the employers' side one also finds the industrial organizations which have been very effective in influencing the State's policies and shaping the extensive system of state protectionism. Each major industry is thus represented by an organization which has as its main goal that of protecting the industry's interests against the state. The most prominent examples of these are the union of farmers (SSB), the federation of owners in fishing (LÍÍ), the federation of fish products exporters (SH), the federation of manufacturing entrepreneurs and the Chamber of Commerce (VRÍ). Each industry has "it own" R and D institute and one or more investment fund provided and run by the state. The industrial organizations are well manned with specialists, mainly economists and lawyers, and their public relations techniques have been very effective in shaping opinion in their favour, both amongst the general public and in governments. On this level it often seems that the competition for government favours between employers in different industries is more intense than the competition and conflict between employers and unions. This is probably because the strife of the industrial organizations in the mass media is very continuous and better represented by the largest daily newspapers than the activities and viewpoints of Labour.

- 1) See pp. 16-17 above. See also F. Parkin's interesting development of the neo-Weberian conflict perspective which has guided us in this work, especially chapters 4-7 in his Marxism and Class Theory - A Bourgeois Critique (London, Tavistock, 1979).

Region has been a rather influential basis of organizations especially within the cooperatives' federation (SÍS) and the Progressive Party (PP). Sex has been rather insignificant but growing in importance as is reflected in the emergence of feminist political organization in 1982-3, for example the parliamentary Women's List (WL). The other criteria, religion, and race are wholly insignificant, but values have of course shaped the political parties.

The way we proceed in the next sections, then, is to give a descriptive analysis of the parliamentary political parties, one by one. Then we turn to the state and ask which parties and organizations have had the best access to governments? This we primarily do by giving an account of government compositions and records in the post-war period. Lastly we reflect on the balance of power between the main interest coalitions, by assessing the respective strengths of the organizations and especially by mapping the interconnections between the political parties and the main interest organizations.

By relating class, party and state in this way we believe that we will manage to give a coherent explanation of observed distributional outcomes. Thereby we will also clarify our paradox of a labour movement which has used its great industrial power and yet has failed to achieve successes which are comparable to those of the Scandinavian labour movements.

As we will show, the answer lies in Labour's frustrated political power, against employers' organizations and political parties which combine greater advantages of all the major dimensions of power: industrial, political and cultural.

VII.2 Political Parties

VII.2.1 A Conserative Giant - The Independence Party (IP)

Size

The Independence Party has been by far the largest political party in Iceland since its founding. In the post-war period the IP has usually received close to 40% of the vote in parliamentary elections, as table VII.1. shows. The most notable lows in the party's electoral fortunes were in 1967 and 1971, i.e. in the latter part of its continuous reign in government with the SDP (1959-1971). The all time low of 32,7% in 1978 followed a four year reign with the PP which ended with very unpopular wage cuts earlier in the election year. The rather poor success in 1979 (35.4%) after a one year of an unstable coalition of the leftist parties is commonly applied to weak leadership and its rather radical neo-liberal anti-inflation program with which it fought the election. On the other hand, the IP's greatest success in the post-war period followed the premature collapse of the leftist coalition in 1974.

TABLE VII.1. Size of Political Parties
(% of votes in parliamentary elections 1946-1983)

Party	1946	1949	1953	1956	1959(J)	1959(O)	1963	1967	1971	1974	1978	1979	1983
IF	39.4	39.5	37.1	42.4	42.5	39.7	41.4	37.5	36.2	42.7	32.7	35.4	39.2
PP	23.1	24.5	21.9	15.6	27.2	25.7	28.2	28.1	25.3	24.9	16.3	24.9	19.0
USP-PA	19.5	19.5	16.1	19.2	15.3	16.0	16.0	17.6	17.1	18.3	22.9	19.7	17.3
SDP	17.8	16.5	15.6	18.3	12.2	15.2	14.2	15.7	10.5	9.1	22.0	17.5	11.7
MLP	..	..	6.0	4.5	2.5	3.4	..	..	..	..	..	..	..
ULL	..	..	..	..	..	..	..	..	..	4.6	3.3	..	..
ASD	..	..	..	..	..	..	..	..	8.9	..	..	..	..
WL	..	..	..	..	..	..	..	..	..	..	..	..	7.3
OTHLRS	0.2	0.0	3.3	0.0	0.0	0.0	0.2	1.1	2.0	0.4	2.2	2.5	0.0
	100	100	100	100	100	100	100	100	100	100	100	100	100

Notes: IF-Independence Party (conservative), PP-Progressive Party (agrarian-centre)
USP-PA-Peoples' Alliance (socialist), SLP-Social Democratic Party (left-centre)
IPF-National Preservation Party (against foreign military forces), ULL-Union of
Liberals and Leftist (liberal left-for unity of left forces), ASD-Alliance of
Social Democrats (liberal left-against the party system), WL-Women's List
(left to right-for equality of sexes).

x: The IF and SLP formed an electoral alliance this year, as a result of
which the PP figures are underrated and the SDP figures are overestimated.
Sources: Töluræðihandbókin 1974, Hagskýrslur Íslands.

Origin and ideology

The IP was founded in 1929 with a merger of two parliamentary associations, the Conservative Party (est. 1924) and the Liberal Party (est. 1926). The Conservative Party (43% of votes in 1927) stood for a mixture of conservative and liberal policies while the Liberal Party (5,8% in 1927) primarily emphasized nationalism (1). In this formative period of the Icelandic party system (1910-1930), the issue of full independence from Denmark was still a lively concern amongst politicians and the public alike.

The ideological pillars of the IP can be summarized under the headings of nationalism, liberalism, pragmatic conservatism, class cooperation and support for Iceland's membership of Nato as well as the presence of a Nato defence force in the country (2).

(1) H. Guðmundsson, Uppruni Sjálfstæðisflokksins, (Reykjavík Félagssvísindadeild and Ö.B., 1979), chs. 9-11, and O.TH. Hardarson, "Concervative Voting - The Icelandic case in a North-European context" (LSE, M.Sc. thesis, 1979), pp. 11-26.

(2) S. Kristjánsson, (1978) op. cit., ch. III.3. and H. Guðmundsson (1979) op. cit.. See also N. Elder et. al. The Consensual Democracies? (Oxford, Martin Robertson, 1982) which mainly uses Kristjánsson work on Iceland.

The IP was from the beginning more positively associated with the independence struggle than the other parties. The SDP was a class party and the PP was primarily associated with sectional interests even though it also emphasized nationalism. The SDP, in particular, turned decisively away from radical nationalism after 1918 in the interest of replacing independence politics with class politics and international cooperation of social democratic movements. They even called for a joint Icelandic-Danish citizenship (1).

The IP crystallized the nationalist sentiment in its name and effectively tied it to its ideal of national unity and class cooperation instead of "class hatred" and internal conflicts (2).

The party's liberalism was also neatly tied to its name. Thus "independence" of the people was emphasized as referring equally to the independence and freedom of the individual in general and the entrepreneur in particular. This was also reflected in a rather loose party discipline. The IP took stance against heavy taxation of firms and individuals. Pragmatism influenced the IP's liberalism, however, and the party had a major role in evolving an extensive system of state support and protectionism for business firms, ranging from everyday state economic management solutions to a system of investment funding. As regards the build-up of a welfare system for the public the party was also quite pragmatic. While the IP was not very prominent in initiating such services and expenditures it rarely resisted them forcefully, as for example,

(1) S. Kristjánsson, "Icelandic Communists: Comintern's Puppets or a National Movement?", paper submitted to The Nordic Pol. Science Association Symposium on "Problems of Governance in the Nordic Countries". (Reykjavík, 1953) pp. 13-14.

2) S. Kristjánsson (1978), op. cit.

conservatives in Scandinavia did (1). Indeed S. Kristjánsson has characterized the IP's liberalism as "social liberalism" (2).

While the IP has cherished traditional values, law and order, and favoured gradual change of society, its conservatism must also be characterized as rather pragmatic. At the beginning this was reflected in the decision to reject the "conservative" label even though the overwhelming majority of MPs and voters of the IP came from the Conservative Party. In addition the IP has initiated considerable political changes, notably of rightist or liberal character, like with the government program of 1960 (3).

Lastly, the IP has resisted an anti working class image with its emphasis on class cooperation. The party also tried to gain influence within labour unions. In 1938 a society of independent fishermen and workers was established in Reykjavík as a branch of IP (Óðinn). More such societies of conservative workers followed and in 1940 a nation-wide federation of 12 such societies was formed. The aim of these was to consolidate working class support for the IP and challenge the SDP and communist dominance of the labour movement. The IP was to succeed considerably on that score, especially after 1942.

As regards its general ideological stance, then, S.Kristjánsson concludes that the IP resembles such parties as the Christian Democratic Party in West Germany and the Conservative Party in Britain, rather than the Liberal and Conservative parties in Scandinavia (4).

1) O.TH. Hardarson (1979) op. cit. pp. 17-20.

2) S. Kristjánsson, "The Electoral Basis of the Icelandic Independence Party, 1929-1944", in SPS,2 (1979a), no.1, p.48).

3) G. H. Kristinsson, "Vidreisnarstjórnin" (Reykjavík, Univ. of Iceland, B.A. thesis, 1981).

4) S. Kristjánsson (1979a) op. cit., pp. 32-42.

Supporters

The IP has succeeded in obtaining a very broad following, across classes and regions. Contemporary surveys of voters are not available in Iceland so that the study of party supporters has to be based on inference from aggregate data or otherwise estimated. S.Kristjánsson has undertaken the most advanced study of party supporters in Iceland using a method for aggregate data proposed by W.P.Shiveley (1), covering the period from 1929 to 1944. The same method was applied for the rest of the period up to 1959 by O.TH. Hardarson (2). After that year such methods can not be applied due to changes in the constituencies' structure.

The general conclusion from these studies is that the IP had the support of almost all capitalists, a great majority of the middle class, somewhat less than half of farmers and a sizeable proportion of manual workers. The party was strongest in Reykjavík and other notable urban areas, but its support in rural areas was still strong. Lastly Kristjánsson argued that the IP was particularly successful in attracting women voters.

These findings suggest that the IP is quite strong amongst the working class for a conservative party. Kristjánsson's estimation indicates that between 18 and 27% of manual workers voted for the party in the inter-war period. Skilled workers and foremen were, for example, particularly likely to support the IP (3). So Iceland resembles Britain, rather than the Scandinavian countries in that the proportion of the working class voting for non-socialist parties is much higher than the proportion of non-manual workers supporting socialist parties (4).

1) S. Kristjánsson (1979a) op. cit., pp. 32-42.

2) O.TH. Hardarson, (1979) op. cit., ch. 2.

3) S. Kristjánsson, Sjálfstæðisflokkurinn (Reykjavík, Félagsvísindadeild and Ö.Ö., 1979b), pp. 36-41.

4) S. Kristjánsson, (1979a), p. 43.

There are no doubt many reasons for the success of working class conservatism in Iceland. Here we can do no more than mention the more likely ones since systematic studies of this are completely lacking and no suitable data is available. The most important aspect is probably that the IP has been very successful in disseminating its value system across the boarders of the classes (1). Two factors which have particularly facilitated this success are, firstly, the most effective party machinery in the country and, secondly, continuous support of the most influential mass media in the country (see further in the next section) (2). The IP has also managed to make its ideology attractive to sections of the working class with its emphasis on, for example, nationalism, unity, class cooperation, pragmatism, and specifically by glorifying the work ethic and industrious workers as well as the goal of private home ownership for all. The emphasis on class cooperation has in practice led the party into compromises with the labour movement's demands for rights and social policies.

Structural conditions have also been favourable to the IP, as S. Krisjánsson argues. For example, the predominantly small firms in the economy have made for relative closeness between employers and employees, which may have provided barriers to the development of radical leftist values amongst some sections of the working class. The weak status system and interrelationships between people of different classes in a small society (through marriage, kinship and other social ties) may also have worked in the same direction, inhibiting barriers to IP ideology amongst members of the working class.

1) Cf. F. Parkin (1971), op. cit., ch.3

2) O. TH Hardarson, "Political Parties in Iceland" (Mimeo, Univ. of Iceland, Fac. of Soc. Sci., 1982), pp. 7-10

Lastly, the splits and internal feuds on the left wing of Icelandic politics, often over foreign policy matters of little relevance for the everyday problems and interests of workers, have probably worked in the IP's favour as well.

Relations to interest organizations and mass media.

The IP has very close relations with employers' most influential organizations. The foremost of these are the Federation of Employers (VSÍ) and the industrial organizations, in fishing, fish processing, manufacturing and commerce. The IP has also made significant inroads into the labour unions. Approximately one in every four delegates to the ASÍ convention in 1976 was a supporter of the IP (1). In 1980 a publically proclaimed supporter of the IP was elected to become vice-president of the ASÍ. The IP is most influential in the Union of Shop and Clerical Workers which is one of the largest union federations.

The IP has always been forcefully supported by the biggest daily newspaper, Morgunblaðið, which find its ways into about 70% of homes in the country. The second largest daily, the evening paper Vísir, was also an ardent supporter of the IP until the emergence of the more liberal and independent Dagblaðið in 1975. In 1982 these two evening papers were joined again (Dagblaðið-Vísir) and remain open for opponents of the IP to express their views, even though owners and editors are known to be IP supporters. This paper reaches about 60% of homes (2).

1) S. Kristjánsson (1979a) op. cit., p. 49.

2) Fjölmíðlakönnun SÍÁ (Reykjavík, SÍÁ, 1983) p. 9.

VII.2.2 A Strong Agrarian Heritage - The Progressive Party (PP).

Size

The PP has usually been the second largest party in Iceland. Since 1923 its following has been close to 25% of the vote. In the inter-war period it was the normal party of government, and since 1971 it has participated in all the coalitions, leftist as well as rightist oriented.

The PP has always benefitted from the structure of the electoral system. Its support has primarily been from the rural constituencies which have always been overrepresented in parliament relative to the distribution of votes. In the 1959-78 period the party has polled 14-18% in the predominantly urban constituencies while it got 30-50% in other parts of the country (1). Table VII.2. shows the distribution of parliamentary seats between the parties. Tables VII.1 and VII.2 may be compared for an assessment of the relative overrepresentation of the PP in parliament.

As the tables show the party has sometimes received close to a third of the parliamentary seats for about a quarter of the votes. In 1942 and 1959 the structure of the constituencies and the system of representation were changed, mainly with the aim of reducing the PP's disproportional gain. Despite these adjustments the PP still enjoys an extra gain over the other parties. In 1983 the gain amounted to two parliamentary seats.

In the post-war period the support of the PP was strongest when it was the leading opposition party in 1963 and 1967. The low of 16,9% (12 seats) in 1978 followed the fall of the unpopular coalition of the IP and PP.

1) O.TH Hardarson (1982), op. cit. p.14

TABLE VII.2. Distribution of Parliamentary Seats 1945-1983

Party	1946	1949	1953	1956	1959(J)	1959(O)	1963	1967	1971	1974	1978	1979	1983
IP	20	19	21	19	20	24	24	23	22	25	20	22	23
PP	13	17	16	17	19	17	19	18	17	17	12	17	14
USP-FA	10	9	7	8	7	10	9	10	10	11	14	11	10
SDP	9	7	6	8	6	9	8	9	6	5	14	10	6
NPP	..	..	2	..	..	..	..	..	..	..	..	..	..
ULL	..	..	..	..	..	..	..	..	5	2	..	..	..
ASD	..	..	..	..	..	..	..	..	..	..	..	..	4
WL	..	..	..	..	..	..	..	..	..	..	..	..	3
UTILERS	..	..	..	..	..	..	..	..	..	..	..	..	..
TOTAL	52	52	52	52	52	60	60	60	60	60	60	60	60

Sources: Tölfræðihandbókin 1974, Hagskýrslur Íslands.

Origin and ideology

The PP was established in the parliament in 1916 and it became the natural party of government in the inter-war period. The party defined itself as a sectional party, a representative of farmers and the cooperatives which were by then common in the rural areas. Nationalism with an emphasis on rural culture was the dominant base of the PP's ideology from the beginning (1). This is for example exemplified by the party's association with the nationalistic Young People's Societies. The emphasis on farmer interests and rural culture produced the party's persistent preoccupation with a fight against internal migration, especially from the rural areas to the urban south-western part of the country. This culminated in 1971 in the establishment of a strong regional development agency which actively provided firms and communities in the provincial areas with subsidized investment capital. This has recently been blamed as one of the causes of increasing overinvestments in agriculture and fishing.

The PP supported a mixed economy of private enterprises, cooperatives and public enterprises. It soon made inroads into state banks which it partly used to support favoured producer cooperatives within SÍS, the Federation of Cooperatives (2). As an agrarian party interested in preserving the social structure in which an old class of dominant farmers and provincial officials ruled, the PP was a very conservative party. But its association with the cooperatives and state interventionism and protectionism has often been taken as a sign of progressive social orientation. This may have been slightly misconceived or exaggerated since the party also emphasized the ideology of self-help and scorned welfare recipients in the early days of the Icelandic welfare state (3). The PP thus strongly

1) S. Kristjánsson (1978) op. cit., pp.202-203

2) Ibid, p.194 and 209.

3) Ibid, p.211

resisted the unions' fight for increasing rights and higher wages (1).

In the post-war period the party increasingly defined itself as a moderate centre party in the face of a declining rural population. It has largely succeeded with this facelift, probably as a result of its pragmatic politics and persistent splits and feuds on the left wing.

When the PP has been in government with the IP, like in 1974-8 and 1983-, it has been very tough on the unions, supporting the largest pay cuts and temporarily restricting collective bargaining. On the other hand it has also headed leftist coalitions, like the one which was in power between 1971 and 1974, which supported increased rights and generous rises in pay levels (2).

In foreign policy the PP has supported membership of Nato and it has at times voiced some opposition to the presence of foreign bases in the country.

Supporters.

The PP's traditional strongholds are still rural areas where the Cooperative Movement has been strong (3). S. Kristjánsson has estimated that the farming population provided the great majority of the party's support in the inter-war period. In the post-war period this has of course broadened somewhat, to migrants and their descendants in the more urban areas and to some sections of the growing middle class. Fluctuations in the PP's vote in different constituencies, like between 1978 and 1983, show that the urban support is very fragile (4).

1) Ibid, pp.204-208

2) See pp.25-26 above

3) O.TH. Hardarson (1982), op. cit., p.14

4) Alþingiskosningar 1978, 1979, 1983 (Reykjavík, Hagstofa Íslands)

Relations to interest organizations and mass media

As is clear from the account so far, the PP is intimately linked to the cooperative movement. The other main interest organization which shapes the party is the union of farmers which has been very powerful and effective in its interest struggles. One sign of its great fortune is the fact that it owns one of the largest top class hotels in Reykjavík (Hótel Saga). This coalition of agrarian interests, the PP, the SÍS and the Union of Farmers have built up a very strong corporatist system of state protectionism for the agricultural industry, including investment funds, state run research and advisory services, a national bank (Búnaðarbankinn), and an elaborated system of grants and subsidies, to name a few of the salient features (1).

The PP does not have much influence within the labour movement, ASÍ and BSRB. But it exerts considerable influence within the Society of Cooperatives' Employees (VMSS).

The PP owns a daily newspaper, Tíminn, which is seen in about 29% of homes in the country, mainly in the provincial areas. The party has also had considerable influence in the state-run radio and television system through its tenure in government, which gives access to its politically controlled board. This is important for influencing recruitment of staff, for radio policy and even for scrutinizing individual programs.

1) S. Kristjánsson, "Corporatism in Iceland (ECPR, Grenoble, 1978b).

VII.2.3 The Struggling Socialists - The Peoples' Alliance (PA)

Size

The United Socialist Party - Peoples' Alliance has generally been the third largest parliamentary party in the post-war period, polling from 15 to 23% as Table VII.1. shows. In 1956 it received over 19% of the vote while the PP got a little less than 16%, but the PP got 17 MPs while the USP-PA only got 8. This shows the advantage the PP was enjoying in the electoral system, shortly before its last adjustment to date, in 1959. In 1978 the PA managed to become the second largest party in the country, with 22,9% of the vote and 14 out of 60 MPs. But this position was lost again in the following election in 1979 after its participation in the troubled leftist coalition which fell with the exit of the SDP.

Origin and ideology

The Peoples' Alliance owes its existence to a series of splits in the SDP. Soon after its establishment in 1916 there emerged considerable schism within the SDP organizations, mainly reflecting the international split between social democrats and communists (1). This culminated in the first formal split in 1930 when the left of the SDP broke off and established the Communist Party (CP). This party is the oldest formal ancestor of the PA.

The CP was a revolutionary party affiliated to Comintern, advocating abolition of capitalism and nationalization of the private means of production. In the latter part of the 1930s the party became more independent of Moscow and was eventually dissolved in 1938 to become the United Socialist Party along with a left faction from the SDP (2). In 1956 there was yet another split in the SDP when a former leader, Hannibal Valdimarsson, went away with some

1) S. Kristjánsson (1978), op. cit., pp. 163-4.

2) O.TH. Hardarson (1982) op. cit., p.11.

supporters to form an electoral alliance with the USP, called the Peoples' Alliance. This remained a loosely formed alliance until 1968 when it became a formal party with the concomitant dissolution of the USP. This was not, however, without pains since Mr. H. Valdimarsson left the new party therewith and took part in establishing the short lived Union of Liberals and Leftists (1971-1978).

The USP won a major victory in its first election, in 1942, and became larger than the SDP with 16,2% of the vote (1). It took part in government with the IP and SDP in 1944-7 and therewith became much more integrated into the political system than the CP had ever been. The PA has been a relatively frequent participant in governments, since 1971 and while it has of late aspired to become a more respectable leftist social democratic party, its communist past has continued to haunt its image and restrain successes.

The CP, unlike the SDP, strongly emphasized nationalism from the beginning along with its revolutionary socialism (2). This orientation has persisted through the years and figures highly in contemporary PA ideology. It is, for example, reflected in the firm opposition of the PA to the presence of Nato forces in Iceland as well as to Iceland's participation in NATO. Firm opposition to foreign investment in the economy and opposition to cooperation with foreign multinational corporations is another prominent variant of the nationalist ideology. Emphasis on the virtues of traditional Icelandic culture is also prominent.

The PA defines itself today as a socialist party committed to democracy and parliamentarism (3). It has condemned the Soviet foreign policy on occasions such as the invasion of Czechoslovakia and Afghanistan, as well as violation of human rights in the Soviet system. It supports

1) O.TH. Hardarson (1982) op. cit., p.11

2) S. Kristjánsson (1978) op. cit., pp.163-4.

3) O.TH. Hardarson (1982) op. cit., p.12.

public ownership of major industrial firms and utilities. The PA does not, however, favour a Soviet-type economy. It has for example not called for nationalization of the heavily state protected fishing sector. In fact there is a very large discrepancy between the PA ideology as it is formulated in its manifesto of 1975 and the party's actions in governments and election campaigns (1). The marxist tone of the manifesto has become redundant in the party's more reformist everyday appearance.

The PA has strongly emphasized its support of the labour movement's struggle and it has advocated increased social expenditures through the state, in fact mainly in line with the Scandinavian model of a welfare state. Regional policy has also been increasingly emphasized in PA politics.

Today the PA is commonly recognized as being furthest to the left of the political spectrum. As such it is often treated as the natural opponent of the IP. The IP's daily newspaper, Morgunblaðið, generally devotes extensive energy to attacking the PA, generally painting it in communist colours and connecting it to the negative legacy of the Soviet system.

Amongst the Nordic countries, Iceland resembles Finland in having such a large socialist party to the left of the SDP (2).

Supporters

The traditional base of the socialist parties in Iceland has of course been the working class. The PA probably has its biggest support from that social group even though it

1) Stefnuskrá Alþýðubandalagsins (Reykjavík, miðstjórn Abl., 1975).

2) Nordic Democracy (Copenhagen, Det danske Selskap, 1961) pt.1.

only enjoys the support of a minority of workers. Still the PA supporters are quite a diverse group, ranging from old time communists to social democrats, from fishermen to younger educated radicals (1). The PA has also rather successfully appealed to rural voters. All in all, the party is stronger in the urban areas, but it is also considerably stronger than the SDP in the rural areas. The party's following has been relatively stable in the Seventies and early Eighties, probably balanced by new recruits from the higher educational system and spilloffs due to further splits on the left wing, most notably the emergence of the ULL in 1971 and the Women's list and Alliance of Social Democrats in 1983. The exceptionally great success in 1978 is largely explained by the unpopular wage cut which the government tried to pull through early in the election year. The PA and SDP, together in opposition for the first time since 1953-56, turned this into an election issue. The most notable slogans of the PA at the time were "Voting is a question of pay" and "Labour contracts reinstated".

Relations to interest organizations and mass media.

The PA champions itself as the party of the working class and the unions. Its ancestors successfully challenged SDP dominance of the unions in the Thirties and today the PA is the most influential party within ASÍ, mainly in lower class unions. Since 1978 the president of the ASÍ has been a PA man, and so has the vice president of BSRB. The president of BSRB is not connected to any political party. But even though the PA is presently the strongest political party within the labour movement, the extent of its strength is not all that great. The ASÍ and BSRB are governed by coalitions, mainly from the PA, IP and SDP. So there is no

1) O.R. Grímsson, "Iceland: A Multilevel Coalition System", in Government Coalitions in Western Democracies, E.C. Browne and J. Dreijmanis (eds), (New York, Longmans, 1982), pp. 146-7.

organic link between the ASÍ/BSRB and any one political party. The large Reykjavík Union of Unskilled Manual Workers (Dagsbrún) is probably the most important stronghold of the PA within the labour movement.

The only other notable contact with interest organizations is the one with the Union of Military Base Opponents (Samtök Herstöðvarandstaðinga).

The PA owns a daily newspaper, Þjóðviljinn (The Nations Will), which is seen in about 16% of homes. The party, as other leftist parties in Iceland, has thus suffered from unequal access to mass media, especially as compared to the IP and PP. And the PA has also been relatively impotent within the state's broadcasting system, in proportion to the IP and PP.

VII.2.4 The Nordic Deviant - The Small Social Democratic Party (SDP)

Size

The SDP has polled from 9,1% (1974) of the total vote to 22% (1978) in the post-war period. Most frequently it has been in the region of 14-17%. This clearly makes it the smallest party of its kind in the Nordic Community (1). The lows of 1971 and 1983 are clearly associated with further experiments within the Left, the emergence of new parties, the ULL and ASD. The all time low of 1974 (9,1%) seems to be additionally connected to the great success of the IP in that year. It is generally believed that there is considerable interchange of voters between the SDP and IP, especially after their long cooperation in government

1) Nordic Democracy, op. cit., pp. 92-96.

(1959-1971). Internal problems within the party have also played their part. The all time record of 1978, already explained, is just above the previous record of 21,7% in the midst of the Great Depression (1934) (1).

Origin and ideology

The SDP was established, on the Scandinavian model, in 1916 as the political arm of the labour movement (ASÍ). The ideology was imported from Scandinavia and the SDP was a very radical party, a democratic socialist party of the working class, stressing the class nature of politics as against the prevalent preoccupation with the independence struggle. The SDP meant by "class politics" an interest struggle over the distribution of economic rewards (2). The SDP favoured public participation and control of the economy, especially where it deemed the private interests as faulty. This, for example, applied to the development of the herring factories and the role of the state in investment funding (3). The SDP has changed its policy on the latter in the last years.

Support of the unions in acquiring bargaining rights and improved pay and conditions was of course a major preoccupation of the SDP. It favoured the use of the state to build up welfare services with the aim of eliminating poverty and improving the level of living of the working class. Gradual, peaceful change of society through parliament and the state was thus the proclaimed goal.

The SDP viewed itself primarily as an urban party. It is the only party which did not try to capitalize support by appealing to nationalist sentiments as we noted above. On the whole the manifesto of the party was -as with the PA- more radical than the actual praxis in governments and parliament (4).

1) O.TH. Hardarson (1979) op. cit., p.16.

2) S. Kristjánsson (1978), p.128.

3) Ibid, p. 157-8.

4) Ibid, pp. 110-164.

In the post-war period the party moved gradually to the center, more so than the Scandinavian SDPs, as it repeatedly lost factions of its left arm. In 1960 it initiated liberalist oriented reforms in the economy while in government with the IP. At the same time it emphasized the need to build up a welfare state. In practice, the increase in social expenditures during the reign of the IP and SDP (1959-71) lagged significantly behind that of the Scandinavian societies at the time. (1)

Mixed economy, Welfare State, democratization and pragmatic politics have been the main ideological characteristics of the party in recent years, along with a strong support for Nato. The difference with the PA on foreign policy has been the most difficult issues separating the SDP and the PA. Apart from that they have often been competing for the same votes on similar policy grounds. There have thus been rather intense frictions between the SDP and the PA, an example being their very difficult cooperation in the short lived leftist coalition of 1978-9.

In 1978 the SDP successfully got a facelift with many new candidates, presenting itself as "a new party on an old base". One of the most influential architects of this operation and the following electoral success was the late Mr. Vilmundur Gylfason, who left the party in 1982 following his second defeat in the election for the deputy leadership of the party (2). He subsequently formed the Alliance of Social Democrats which got 4 MPs into parliament in 1983. The failure of the SDP to consolidate the victory from 1978 largely explains the continued internal problems in the party.

1) Social trygghet i de nordiska laanderna. (Stockholm, Nordic Council, 1980), ch. 6.

2) O.TH. Hardarson (1982) op. cit., pp. 18-19.

Supporters

The rather critical stance that the SDP has taken against state protectionism in agriculture has, amongst other things, helped to preserve the party as a primarily urban party. It still has considerable appeal to urban working class voters, but it has in its best elections attracted a great number of middle class voters as well as from the pool of uncommitted and dissatisfied voters from most colours of the political spectrum. The strong emphasis on Nato's role in Iceland has paved the way for considerable appeal to dissatisfied IP voters. This clearly makes for a rather unstable and ill defined following, which is indeed reflected in the great fluctuations in the SDP vote.

Relations to interest organizations and mass media

As we already noted the ASÍ and SDP were formally linked from the beginning in 1916 as one federation with a joint central committee and national conventions. The struggling communists challenged the SDP dominance of individual unions and the ASÍ with increasing success in the 1930s. The IP also joined in that challenge. These conflicts culminated in the defeat of the SDP in 1940-2 when the link was formally severed. Since then the ASÍ has referred to itself as an industrial movement independent of political parties. In effect the political parties have quite viciously fought for influence within the labour movement. In these competitions the SDP has not fared particularly well, even though the presidency of ASÍ has frequently been held by supporters of the SDP, often through cooperation with the IP against the PA (1). The SDP now ranks third after the PA and IP in influence within unions.

The SDP owns a daily newspaper, Alþýðuhlaðið, which dates from the 1920s. Its circulation has declined in recent years and there have been great difficulties with its publication. Now its circulation is less than 4% of homes,

1) Þingtíðindi (Reykjavík, ASÍ) and H.H. Gissurarson Stétt með stétt (Reykjavík, Verkalýðsráð Sjálfstæðisflokksins, 1981).

so the propagandist role of the paper is probably only effective for maintaining the hard core of followers. Politicians of SDP have increasingly made use of the liberal evening paper, Dagblaðið-Vísir, in reaching the electorate with contributions to its "public forum columns" (Kjallarinn). The emergence of Dagblaðið in 1975 was clearly of immense importance for softening the overwhelming media monopoly of the IP which had persisted more or less from the inter-war years. This is no doubt one factor which explains the increasing electoral volatility of the 1970s (1).

VII.3.1 Powerholding in the State - Government Coalitions

Having surveyed our main criteria of power of the respective interest coalitions, we still have to look at the state to complete our account of the basic power balances in Icelandic society. We will then finally be in a position to better relate the structure of power in society and state to our conclusions relating to the lean development of the Welfare State in Iceland.

In table VII.3 we see that the conservative IP has not surprisingly been the most frequent participant in government coalitions in the post-war period. In fact it has been the normal party of government in the period, a status which the SDPs have held in Scandinavia.

The IP has been in power for 32 of the 40 years between 1944 and 1983. In all the governments except in 1980-83 it has been the most influential governmental party. The Thoroddsen cabinet of 1980 was originally supported by only 5 IP MPs while the rest of the parliamentary party was in opposition. Thoroddsen, then a deputy leader of IP, made

- 1) S. Kristjánsson and O.TH. Hardarson, "Problems and Prospects of Party Government in Iceland" (ECPR, Aarhus, 1982) and O.TH. Hardarson "Electoral Volatility in Iceland" (ECPR, Lancaster, 1981).

Table VII.3.

Composition of Governments 1944-1983

Year	Parties	Prime Minister	R/L/M
1944	IP, USP-PA, SDP	Ólafur Thors (IP)	R-M
1947	IP, PP, SDP	Stefán J. Stefánsson (SDP)	R
1949	IP	Ólafur Thors (IP)	R
1950	IP, PP	Steingrímur Steinthors (PP)	R
1953	IP, PP	Ólafur Thors (IP)	R
1956	PP, PA, SDP	Hermann Jónasson (PP)	L
1958	SDP (CARETAKER)	Emil Jónsson (SDP)	M
1959	IP, SDP	Ólafur Thors (IP)	R
1963	IP, SDP	Bjarni Benediktsson (IP)	R
1967	IP, SDP	Bjarni Benediktsson (IP)	R
1970	IP, SDP	Jóhann Hafstein (IP)	R
1971	PP, PA, ULL	Ólafur Jóhannesson (PP)	L
1974	IP, PP	Geir Hallgrímsson (IP)	R
1978	PP, PA, SDP	Ólafur Jóhannesson (PP)	L
1979	SDP (CARETAKER)	Benedikt Gröndal (SDP)	M
1980	PP, PA, IP (FRACTION)	Gunnar Thoroddsen (IP)	M
1983	IP, PP	Steingrímur Hermannsson (PP)	R

Note: R-Rightist, L-Leftist, M-Indeterminate.

Parties are listed in order of parliamentary size.

Source: Tölfræðihandbókin 1974, Haðskýrslur Íslands.

the move to form the government when a political crisis seemed to be imminent with the president likely to appoint a non-partisan government, after the leaders of the parties had repeatedly failed to form a coalition. A similar situation had happened in 1944 when a part of the IP refused to support a government which included the United Socialist Party. But the great majority of the parliamentary party supported O. Thors, the IP leader, in that government.

In all the other governments in which the IP has participated it has been the most influential party, even when it has not held the prime minister's chair as in 1983. In exchange for the prime minister's chair (due to a leadership crisis within the IP) the IP received 6 out of ten chairs in the government as well as other important posts in the political system. On the whole we can clearly conclude that the IP has been in the position to have the greatest influence on the build-up and manning of the state's mechanism in Iceland, as well as shaping economic and distributional policies.

The PP has been the second most influential governmental party, again in accordance with size. As a centre party it has tended to be greatly influenced by its coalition partners. When it has worked with the IP the employer interests have been significantly dominant (for example in 1947-56, 1974-78 and from 1983). But on the other hand the PP has also led the three rather short lived leftist coalitions in the history of the Icelandic republic (1956-58, 1971-74, 1978-79). In those coalitions it is often claimed that the PP has been more influenced by the PA and the labour movement.

When one considers that leftist oriented coalitions have only been in power for 7 out of 40 post-war years (1), and

- 1) The two SDP minority governments were only caretaker governments with no effective power for political change.

even then, highly restrained by compromise politics and a hostile state bureaucracy, the conservative dominance of the Icelandic state can not be questioned (1). In the Icelandic political system the power of the parties is not confined to ministries and parliament. Mirror coalitions are formed throughout the system, through state boards, the state banks, the investment funds, the state broadcasting system, local councils and interest organizations (2). These are often responsible for everyday running of the respective organizations and for hiring of personnel. Political appointments are therefore easily effected and have been very common indeed. Bearing this in mind it is easy to see how the persistent conservative rule in Iceland has consolidated its power in the build-up of the state's bureaucracy.

VII.4.1.

Conservative Rule and the Welfare State- A Welfare System for Business Firms?

We can now pull together the threads of our findings and arguments. In Diagram VII.2. we have schematically represented these, showing the empirical ingredients of the interrelationships between power bases, interest coalitions, the state and distributional outcomes. The results are quite clear and they systematically resolve our paradox with which we began this chapter.

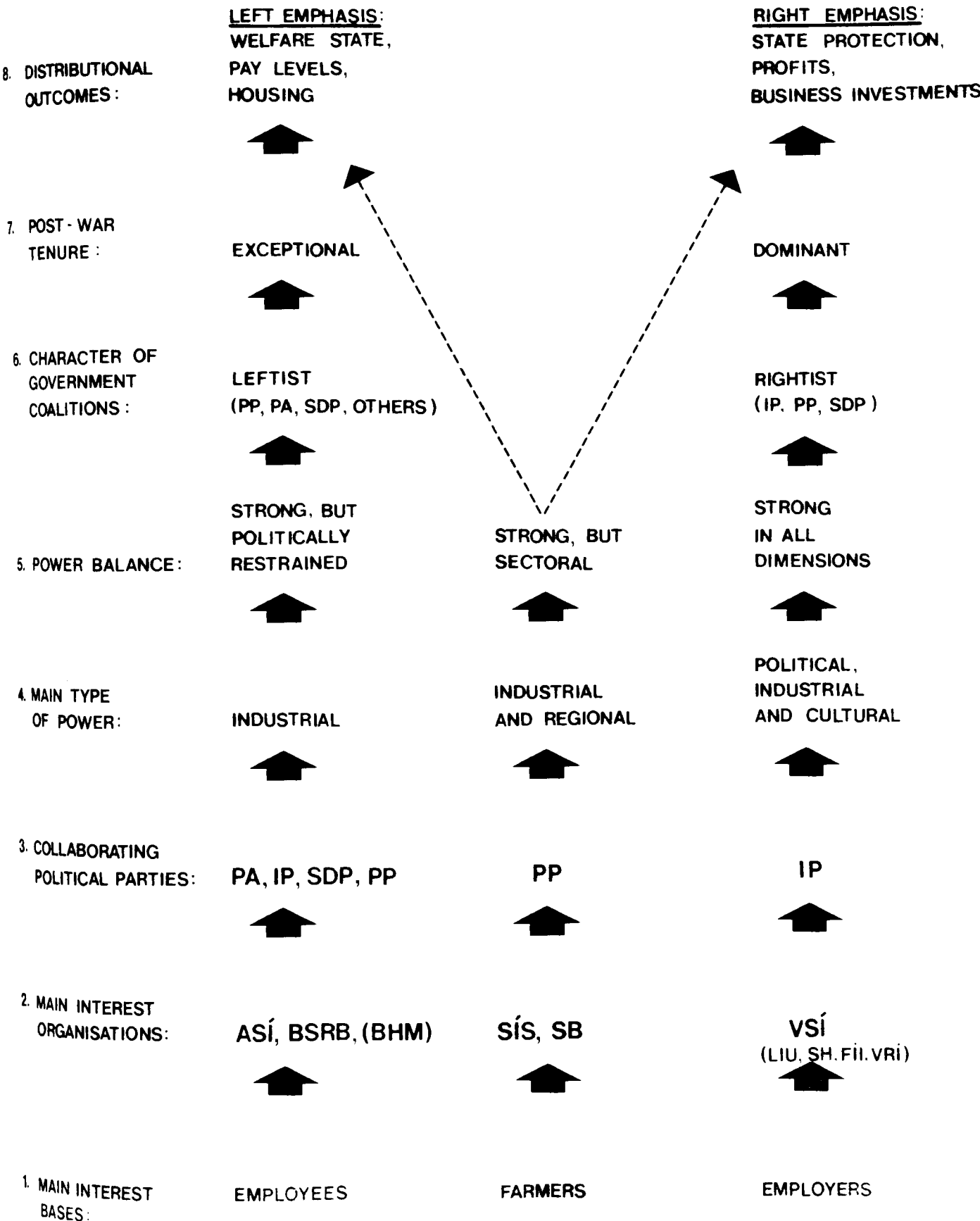
1).O.R Grímsson (1982), op. cit.

2) Ibid.

DIAGRAM VII.2.

THE FORCES OF REDISTRIBUTION: CLASS, PARTY, STATE

(read from bottom)



The paradox of a strong and relatively militant labour movement which has not succeeded particularly well now appears in a new light. The great industrial power of Labour is not matched with political power since the ASÍ/BSRB are not linked to a strong political party which has been influential in governments, as has been the case with the Labour parties of Scandinavia and Britain. Governments which have been characterized as leftist and union oriented have been exceptional in Iceland.

On the other hand the great industrial power of employers, stemming from property as well as organization, is matched with great political and great cultural power. The Federation of Employers (VSÍ) is closely linked to the IP, by far the largest political party in the country and the dominant governmental party in the post-war period. This coalition of interests is also in charge of major forces in mass media in the society, including the largest daily newspaper which finds its way into about 70% of homes. The employer and managerial class of Icelandic society has thus clearly been blessed with abundant power to serve its interests, based on property, organization, political representation, means of cultural production and dominance of the state mechanism.

The relatively strong countervailing industrial power of the labour movement has heightened conflict levels in the society and increased inflation when it has been used to challenge the prevailing distribution of rewards and levels of living. The state has -not surprisingly- been frequently used to curb the union power and to trim down the successes which unions have periodically obtained through strike sanctioned bargaining. This is, for example, reflected in periodic restrictions on bargaining rights and large wage cuts which we have described in this work. The labour movement's goal of a state-run welfare system which improves the social conditions of living and increases equality in distribution has similarly been restricted by the adverse political forces which have dominated the state. This primarily explains the poor development of welfare

services and of the system for financing of home building (in which the state and pension funds lend families only between 40-50% of the cost of the dwelling -the rest often having to be bridged with short-term bank loans and excessive extra work on behalf of the family members themselves) (1).

The welfare system for employees, which has the main aim of changing the distribution of rewards in the interest of lower level employees, has then been rather poorly developed in Iceland, compared to the Scandinavian welfare systems. At the same time the employer oriented powers have forcefully developed what we have elsewhere tentatively called a welfare system for business firms (2). This primarily involves the use of the state to further the interest of employers. It involves an elaborated system of state protectionism in which the main character of economic management is one-sidedly oriented to employer interests. Thus the state frequently takes in effect responsibility for securing profits in various industries, most clearly in the fishing sector and agriculture. The state shapes its policies towards that end, from taxation, through devaluations policy, incomes policy, monetary and fiscal policy to the means tested distribution of grants to individual firms.

- 1) I.V. Johannson and J.R. Sveinsson, "Housing in Iceland: Inflation Helps Those Who Help Themselves", in Acta Sociologica, 24(1981), no.4, pp. 223-237.
- 2) S. Ólafsson, "The State, Socio-Political Conflicts and Inflation in Iceland", a paper submitted to the Nordic Political Science Association Symposium on "Problems of Governance in the Nordic Countries" (Reykjavík, 1983).

The state also greatly contributes to taking the risk out of business investments, with the running of a system of investment funds, in some cases supplying subsidized capital. With the overall investment level being very high by international standards (1), the state has in some cases helped business firms into unprofitable overinvestments which have boomeranged back to the state in the form of further demands for grants and profits securing measures.

Thus the distribution of power is clearly reflected in the character of the system of rewards distribution in Icelandic society. Accordingly it appears that the lower level employees have paid rather dearly for the failure of the leftist political forces to consolidate their power in a unitary political party which would provide countervailing power on the level of the state.

1) Verðbólgu nefnd (1978) op. cit., pp. 205-206.

VII. CONCLUSIONS: MYTHS AND REALITY

It now remains to pull together the main findings of this research and to consider their implications. At the beginning of the first chapter, we summarized some major themes which we wanted to put to empirical tests and theoretical scrutiny. The first and the most general theme was the one we characterized as the myth of uniqueness. Because this theme ties up with all the others in many ways, we shall not reflect upon it until later in the discussion, and we move instead directly to the myth of traditionalism and ask whether contemporary Iceland can properly be labelled a member of the family of advanced modern societies?

We have shown in Chapter II that the per capita level of affluence in Iceland has been very high in the last decade, in general on level with the 10 to 15 highest countries in the world. Still, modernization started late compared to many neighbouring societies. The conditions for modernization were fully established in conjunction with the fight for independence during the last century. The "spirit of capitalism" and entrepreneurial initiative had been well alive for a long time, and structural conditions were gradually fulfilled during the latter half of the nineteenth century. We showed how the capitalist market economy, Icelandic commerce, and the expansion of the fishing fleet largely took place in the same period. Iceland's equivalent to the industrial revolution in other countries was the rise of a large-scale fishing industry, and later a fish processing industry, which together played the key role in providing the multiplicative effects in employment

developments that have typically been found to follow industrialization. The introduction of large steam trawlers in the first decade of this century provided the greatest break in multiplicative employment developments. These changes started very late compared to a country like Britain, which was the first society to industrialize, but apparently the time lag between, for example, Sweden and Iceland was not all that great. On that account, a late start would not seem to condition societies to levels of contemporary affluence lower than those of societies which had earlier "take-offs" into modernity. Given that Iceland has reached a very high level of affluence, one can establish that these developments have indeed been very rapid, and that is of considerable importance for the contemporary social structure.

The industrial structure of Icelandic society has taken on all the familiar patterns of highly industrialized economies. This is broadly reflected in employment sectoral developments--namely, a decline in primary sector employment, a relative stability in the secondary or manufacturing sector, and a very rapid expansion of employment in tertiary sector industries (commerce, general services, government bureaucracies, and welfare institutions). The special role of the fishing sector in Iceland is obviously rather unique, but we have emphasized the importance of classifying the fish processing industry as a relatively large-scale manufacturing industry. We have also underlined the multiplicative importance of using advanced technology of production in the fishing sector, which brings productivity to levels which are comparable to highly productive manufacturing industries. As we showed, these developmental dynamics have produced all the expected general employment patterns found in advanced

industrial societies, even though the Icelandic tertiary sector may not be quite as large as in the leading countries, such as the U.S., for example. The same conclusions are invited if we look at the occupational structure as well, namely, that Iceland has had rather similar occupational structural developments as are found in the advanced industrial capitalist societies. This is generally reflected in a relative decline of manual occupations, the growth of skilled ones, and even more marked growth of white-collar jobs, including higher professional and managerial ones. Increasing concentration amongst employers, along with a decline in their numbers, is also found, and consequently the proportion of wage and salary earning employees in the active population is increased. On the basis of our examination of such employment structures and developments, along with a reference to prevailing international division of labour amongst industrial countries, we have accepted the hypothesis that contemporary Iceland is properly described as a member of the family of modern industrial societies.

These basic modernizing developments have had their concomitants in well known population developments, such as urbanization, a decline in death rates and later in birth rates, and a shift from extended family structures to the nuclear family, with few children on average, and married females increasingly being engaged in paid employment in the labour market. The development of an increasingly democratic political system, in terms of participation, brought with it liberal citizenship rights and benefits. In turn, interest-based organizations and parties emerged to become primary factors in shaping the social structure. The labour movement started to form itself, even from the

earliest decades of the modernization period, and towards the end of the Great Depression it had taken on its modern organizational structure. Institutionalization of class relationships in the labour market became quite mature following the legislation on collective bargaining and industrial relations in 1938.

The growth of national income was somewhat periodic, but the growth of manual workers' real wages fluctuated to a much larger extent, since resistance to pay increases has typically been rather strong. Inflation has played a key role in reducing the purchasing power of nominal wages in many periods, often as a result of deliberate government policy. By the thirties, the labour movement was already strong enough to retain the same level of nominal wages despite some decreases in prices and persistent pressures from employers and governments to cut the wage rates. There are two outstanding periods in which wages increased particularly fast, from 1942 to 1946 and from 1969 to 1974. Labour has clearly had to use its organizational power to obtain increases and to maintain previous achievements. The history of the labour movement in this century is not a history of uniform and gradual victories, even though on the whole much has been achieved. Periodic victories and defeats along with intensive defensive struggles have, to a considerable extent, characterized the history of the movement.

On the whole, then, we can say that, in respect to those features of the social structure which we have examined, along with the pattern of modernization, the emerging conclusions are quite unanimous. As regards all of these features, Iceland is best described as a typically modern society of the industrial-capitalist kind. The

organizational, and probably cultural, similarity with the neighbouring Scandinavian societies is particularly strong. We would thus reject the myth of traditionalism. Even though social and cultural characteristics of a specific kind which emerged in the pre-modern society could be identified in contemporary Iceland, we believe that our conclusion in respect to these fundamental structural aspects will not be disqualified. All societies preserve some such relics from the past, but the emergent developmental characteristics are best relied upon for typifying contemporary social structure, in Iceland no less than in other modern societies.

We turn now to the myth of equality theme. Following on our theoretical discussion in Chapter I--especially as regards the importance of separating status from class in an analytical sense, of separating micro-level interactional contexts from macro-level stratification contexts, and of separating status stratification (deferential attitudes) from class consciousness--one of our main tasks in this research was to examine the degree and structure of inequality in Iceland. For this, we focused mainly on economic and work-related aspects, as our approach takes those to be the most basic dimensions of inequality in modern society. Even though the inequality structure is often more masked than apparent, in these aspects as in derived ones, we believe, while acknowledging methodological difficulties, that the structure can be sufficiently delineated to serve our goals. International comparison provides also an important qualification in establishing whether there is a marked structure of inequality in Iceland, as well as for outlining its characteristics. Our findings have consistently shown the existence of an inequality structure, and

international comparisons indicate that it is of the same general nature as prevails in other advanced societies. There are some minor deviations, of course, but as regards the extent of income inequality the comparison that we have been able to undertake suggests that Iceland is generally on level with its Scandinavian neighbours. But even if we accept that income distribution is at least as equal as that of the most equal Scandinavian societies, Norway and Sweden, the net comparison of inequality structures is somewhat to Iceland's disadvantage. This is because redistribution through taxation seems to be less consequential in Iceland, and the social wage--egalitarian collective welfare and security benefits--is markedly inferior in Iceland. The system of taxation in Iceland, with its heavy emphasis on indirect taxes on consumption, is also relatively unfavourable to the lower income groups in Iceland who pay a higher proportion of their earnings on such taxes. Lastly, the volume of work which Icelanders deliver in the labour market seems to be from a fifth to a quarter greater than workers in the other Nordic countries deliver, and this difference weighs tremendously in such a comparison of inequality. In terms of a "net advantage" conception, we can thus clearly conclude that the disadvantaged groups, or the lower class, in Iceland are decisively worse off. The degree of net inequality in Iceland is thus greater when these related aspects are considered together, since the social wage and taxation are generally effective means of decreasing inequality, and the volume of work is usually greatest amongst the manual workers.

More specifically on our findings, we may repeat that the lowest 10% of income receivers in Iceland have a rather low proportion of the total income as their share, but the same applies to the top 10% as well.

As regards income differences between broad occupational classes, it seems that the differential between skilled and unskilled workers is rather large in Iceland by international standards, but the gap between professional occupations and unskilled workers is rather small. The latter would seem to imply that the correlation between education and earnings at higher levels is rather low in Iceland. The differential between manual and clerical groups seems to be in line with what is common in the countries that we looked at. There has been a significant reduction in the inequality of the personal distribution of incomes during the last half a century, as measured by the Gini coefficients and decile shares. But it appears that the best part of this equality trend has been caused by changes in the occupational structure, namely, the relative decline in the number of low-paid jobs and the increase in higher paid occupations. Similar results have emerged from research in Sweden and Norway.

Still, there seem to have been some changes in the occupational incomes hierarchy in Reykjavík over the last 50 years. But these changes are, on the whole, rather contradictory. Incomes of white-collar occupations, especially in the civil service, seem to have declined relative to the overall average, as have the incomes of fishermen. But in the lower rungs of the hierarchy, there have been changes towards increasing inequality. Unskilled manual workers, the largest occupational class, have continually lagged behind the average for all occupational classes, and skilled workers have significantly improved their position. In a long-term perspective, the skill differential between these two groups of manual workers has therefore increased, mainly by way of wage drift and bonus payments to the

skilled workers. Between the early sixties and 1975, a period of extensive economic growth, there is some indication of increased inequality in the distribution of incomes, for example, amongst males in the private sector. The commonly taken-for-granted assumption that economic growth generates greater equality is thus not born out by our case.

Prospects for growth of earnings during the career seem to be of a similar kind to what prevails in other advanced countries. The Icelandic labour market operates clearly on the same principles as typically govern markets in industrial-capitalist societies. This is reflected in the fact that manual occupations offer very restricted progressions compared to many white-collar ones. Females do also generally not achieve such seniority or career increases to any significant extent. There is clear evidence of a sexual discrimination in remunerations for work in the labour market. But, on the whole, females tend to be concentrated in lower class occupations, and the importance of a class effect is thus quite marked in this case as well.

In addition to being subjected to intense work effort, the manual working class enjoys markedly inferior security in the labour market, both as regards insurance against unemployment and legal security.

We have thus found a basic structure of inequality in Iceland which has most of the primary features that are well known in the neighbouring societies. That, in itself, as well as the findings on modernization, does imply that the class principle is of at least the same general importance for the contemporary Icelandic social structure as it is accorded in those other societies. Many of the findings on the fundamental inequality structure showed, in fact, the relevance

of conceptions in terms of class structure, and we therefore reject the myth of classlessness along with the myth of equality. When we come to reporting further on our findings, the importance of the class principle, or of the class structure in Icelandic society, will be increasingly solidified.

Starting with our examination of the evidence on class mobility, the relevance of class structure already emerges further, but we shall primarily deal with mobility with reference to the theme which we characterized as the myth of openness. We have shown that absolute mobility has been quite extensive in Iceland during the last decades, while at the same time arguing that the experience of Iceland in this field is not so far removed from that of Sweden. Most of the mobility which has taken place has been due to the changes in the occupational structure, i.e., the contraction of low class jobs and the expansion of high class ones, and such changes have been quite great in Iceland in the period under consideration. Because of that, long-range mobility from low class origins to high destinations has probably been more marked in Iceland than in Sweden, but this is exaggerated, though, in the Icelandic data as a result of the sampling frame that was used. Mobility from the working class to the middle class is, on the other hand, greater in Sweden. At the top of the class structure, there seems to have been more security of inheritance in Sweden, i.e., as regards the absolute chances of sons for inheriting similar class positions as their fathers hold. Downward mobility from the middle class is less marked in Iceland, which lends support to our qualification of the data in respect to the very broad definition of the upper class in the Icelandic class schema which was used.

In both of the countries, the chances of sons of working class fathers finding themselves in working class positions are overwhelming. Two-thirds of those individuals in both countries remain thus in the working class. This aspect is particularly interesting in the Icelandic case, in light of the fact that working class individuals are underrepresented in the sample, and upward mobility is equally exaggerated.

Despite the opportunities which have obtained for upward mobility in Iceland, the realization of them has distinctly been skewed in terms of class origins. If the mobility is examined in relation to the sizes of the respective occupational classes by means of the "index of association," it becomes quite clear that the likelihood of sons inheriting their fathers' broad class position is generally the greatest effect. The tendency is therefore towards reproduction of experiences of class positions across generations. The actual upward mobility which has taken place, even if it is relatively large by international standards, is much less than would be expected if all individuals had equal chances irrespective of class origin. Furthermore, there has been a greater tendency for mobility opportunities to involve rather short-range than long-range passages.

If class mobility is examined independently of the changes which have taken place in the occupational structure, i.e., the independent fluidity between classes, then the relative openness takes on a slightly different pattern. The tendency for net upward mobility disappears to a considerable extent, indicating the importance of the structural changes for inducing the actual upward mobility which has taken place. When mobility is examined in this way, it provides the

best indication of actual class barriers and their effects. We found that both the "closure thesis" and the "buffer-zone thesis" were supported as descriptions of relative mobility chances and class barriers in Iceland. These theses have been found to apply in the two other countries from which we have similar data, namely, Britain and the U.S. The former thesis says, briefly summarized, that there are distinct tendencies for closure at the top and at the bottom of the class structure, and the greatest inhibitions are on long-range mobility across many classes. Thus, sons of top class fathers and of low working class fathers compete for jobs high in the class structure on extremely unequal terms. The buffer-zone thesis says that most of the mobility is interactions of a short-range kind and that it takes place within the middle reaches of the class structure, in the lower rungs of the white-collar hierarchy and in the upper reaches of the manual section. Thus, a partial barrier, or a buffer, in the middle reaches seems to condition and inhibit relative long-range mobility chances in both directions. As we already implied, Iceland seems to share this structural feature with other advanced societies.

We are thus led to partially reject and to qualify the myth of openness. There have been considerable opportunities for upward mobility, for sons from disadvantaged classes to raise themselves to more advanced class destinations. Still, these chances have been distinctly conditioned by the class structure and in a similar way as is found in other industrial capitalist societies. Most of these opportunities have been due to changes in the occupational structure rather than to erosion of class barriers, as might, for example, be expected to flow from expansion of free higher education. The actual

mobility which has obtained is thus very closely related to high rates of economic growth and the structural shifts that it induces. In other societies, it has been found that relative mobility opportunities have not increased by economic growth. Apparently, they have only been masked by the concomitant changes. If continuous and steady economic growth was an inherent feature of industrial capitalism, this finding would not be of much practical importance. But since economic growth is variable and faulty, the implication remains that, with long-term reductions in growth rates, or recessions, the class-based inequalities become more apparent or possibly increase. We may reiterate again, at this point, that economic growth has not reduced income inequality either in the last two decades.

As regards the ideological relevance of mobility, we have stressed the importance of meritocratic ideology, or the belief in equality of opportunity in an open society, as a major legitimating ideology in modern capitalist societies. Our findings on actual mobility opportunities would seem to support the hypothesis that there have been structural conditions in Iceland which could support a relatively strong version of such an ideology in the contemporary society. We have also provisionally rejected the contention that this ideology is likely to be exceptionally strong or of a different kind in Iceland. Such an argument is not required at any rate to explain egalitarian terms in everyday interactions, as we showed in Chapter I. We argued there that Iceland's stratification system is somewhat specific as regards the relative absence of subjective status or deferential distinctions, while class-based inequality can readily be identified and perceived by individuals. This state of affairs, which

is a generally emergent feature of capitalist societies, is likely to be rather far advanced in Iceland and possibly in those societies which experienced a very weak form of feudalism prior to the rise of capitalism. Such a structural feature can easily coexist with meritocratic ideology.

Meritocratic ideology is also conducive to individualistic attitudes, and we conceded that they might be quite strong in Iceland. We wish, however, to qualify the myth of individualism somewhat by asking whether it has been so strong as to inhibit or impair collectivist orientations or strategies in the contemporary society? If individualism was extremely strong, one would expect it to resist the formation of institutionalized mass organizations, of class as well as any other kind, and also to inhibit class action or active social movements.

The first thing of relevance to note in this case is the implication of mobility for formation of classes as demographic and cultural collectivities, in the sense that such groups of individuals share long-term experiences and outlooks. As many recent writers have emphasized, this is of great importance for class structuration and class action. This concerns recruitment to and composition of the present classes. As we showed, the upper class groups are generally more heterogeneous in composition than the working class because of their expansion and the consequent recruitment from the other classes. The working class does, on the other hand, recruit individuals primarily from its own sources, i.e., sons of working class fathers. This makes for a very great degree of homogeneity in its composition, and one would expect also relative homogeneity in experiences and attitudes, which should facilitate collectivism and concerted actions.

Class formation amongst the lower classes can also be approached on a different level, namely, along the party or organizational dimension. Class-based politics have been dealt with by the Icelandic political scientists, and we focused in our work on class-based organizations and action in the labour market, namely, the labour movement which is, of course, primarily class-based.

While one would not want to postulate an inevitable direct causal connection, it may be noted that organizations of employees in unions is very low indeed in the U.S., which is widely believed to be a society characterized by a very strong sense of individualism. As we showed in Chapter VI, the level of unionization in Iceland is, on the other hand, amongst the highest in the capitalist world. In terms of such organization, it does thus appear that individualist orientations have not inhibited this aspect of class formation. Furthermore, the organizational structure of the labour movement is very distinctly, and perhaps unusually, highly patterned along broad occupational class groups. There is not much intermixing of individuals from basically different classes in the same unions, especially as regards the unions of manual workers. The labour movement is also highly centralized, and individual unions are also joined together in national confederations, again class-based, which have important roles in collective bargaining. The high level of unionization, the class-based confederate structures, along with the predominant industrial basis of unions, provides for a very mature organizational form of the labour movement, even by international standards. In that respect, one could say that the Icelandic labour movement is potentially a very powerful social formation.

While we have not rejected the myth of individualism, we have thus fundamentally qualified it. But the question of whether the potential organizational force of the movement has materialized in practice is also of relevance to the question of whether collectivist solidarity is real in the Icelandic class structure. This is therefore of direct relevance for the theme of individualism, but we wish to deal with it with reference to the myth of consensus and conservatism at the same time.

Our research into industrial conflict showed that its level is extremely high in Iceland, even by a wide international comparison. The muscle of the labour movement has clearly been extensively used for sanctioning in collective bargaining. In our analysis, we found support for our theoretical conjecture that a clear awareness of distributional inequality exists widely in Iceland, but at the same time one does not find much evidence of political radicalism in the labour movement as a whole, as prevails, for example, in France. The orientation of the movement is basically economic, and the best part of the strike activity is related to pay issues. Participation in strikes is often so extensive that general strikes emerge as a particular Icelandic pattern in industrial conflict, and strike breaking is rare indeed. The ASÍ, or the confederation of the lower class unions, has carried on the greatest part of this struggle, and the federation of unskilled manual workers has also figured highly in the activities. This high level of industrial conflict is not in any obvious way due to a low level of institutionalization of industrial conflict. Iceland has an industrial relations system of the Scandinavian kind which is widely believed to be very mature and particularly

conducive to industrial peace. It is, we believe, adverse political and economic conditions which have produced this very high level of institutionalized class conflict in Iceland. Labour's successes in bargaining have been very periodic, rather than continuous and gradual, and the level of real pay has fluctuated quite largely. Adjustments of the level of real pay have thus been rather freely used in short-term economic policy measures in Iceland. The labour movement has therefore had to carry on a highly defensive struggle for preserving past achievements, as well as for gaining new ones. Despite labour's intense pressure at times, the net successes have not always been particularly impressive.

As a reaction to the labour movement's pressure for a larger share of the national income, employers have increasingly resorted to new counteracting methods, like pressurizing governments into adopting economic policy measures which are favourable to them. Thus, the governments have been drawn into the interactions between the parties of the labour market. The labour movement has also applied pressure on governments in order to further the interests of its members. But according to our analysis, the employers have had more success on that front. That is, we believe, primarily reflected in the fact that real earnings of manual workers in Iceland have in the long run lagged very significantly behind increases in the gross national income. This has come about primarily as a result of economic policy measures, especially in recessionary periods. Short-term economic problems have frequently been solved, to a large extent, by drastically cutting the purchasing power of earnings, and usually more so than the actual reductions in the national income itself. This result has typically

been achieved by a combination of inflationary measures, like devaluations of the currency, in conjunction with restrictions on wage indexations. Thus prices have periodically galloped ahead of wages, resulting in lowered real earnings. In comparison to many neighbouring countries, the earnings of workers have not developed nearly as closely in line with gross national income in Iceland. It would thus seem to be implied that Iceland's high rate of inflation is, at least partly, a reflection of quite intense distributional conflicts, and that employers and their organizations have managed to influence governmental policies and measures more in their interests than the labour movement. This may be related to the fact that in the post-war period the conservative party has been the largest party in most of the governments, and those conservative-led governments seem to have applied the wage cutting measures to the greatest extent. In that sense, the political environment within which the Icelandic labour movement has had to conduct its activities has been more hostile than has been typical in the neighbouring Scandinavian societies, where the labour parties have been the normal parties of government for a long time. Our comparisons clearly indicate that the successes of the Scandinavian labour movements have been more profound and secure than those of the Icelandic labour movement.

The picture of these relationships which emerges is thus one of quite intense interest conflicts, and the consensus picture of harmonious relationships is therefore seriously shattered. While there are usually elements of both conflict and consensus in all social relationships, we believe that we have provided a necessary corrective to the, perhaps prevailing, consensus emphasis with our analysis of conflicts

in the labour market. In so far as the consensus emphasis implies conservatism, the theme is equally qualified, but it must be stressed that these are big themes, and we have drawn implications for them from findings which can only be partially relevant to their applicability. We do thus want to stress that our contributions do not comprehensively cover these themes, and, as we have emphasized, they only provide qualifications or correctives to some prevailing interpretations.

Returning now again to the myth of uniqueness, the first point to note is that this cannot be dealt with in a completely definite way. But a considerably great thrust in our findings and arguments has been to emphasize similarities in the basic social structures of Icelandic society and those of other advanced societies, particularly the neighbouring Scandinavian ones. The conclusion which we would want to draw from the comparative perspective which we have been able to maintain is that Iceland clearly belongs to the family of Western industrial capitalist societies--that there is a clear family resemblance as regards fundamental social structures, while some unique derived and cultural features are accepted as possibilities in all such societies. We have, for example, outlined Iceland's rather unique record of industrial conflict and inflation and tried to explain these features in terms of some characteristics of the contemporary social structure and socio-political currents. All advanced societies exhibit some unique aspects which can be similarly accounted for.

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