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## Charity in the Land of Plenty

Text by Jim Rice

A colleague and dear friend of mine, who has worked for many years as a tour guide in Iceland, mentioned to me that every so often a curious tourist would ask her about "poor people" in Iceland. She would usually just reply with the stock answer – that poverty is not much of an issue in modern Iceland. But she admitted that she didn't know what to tell these tourists now. This stock answer – the belief that poverty is non-existent in Iceland – is partially the result of a carefully managed image of Iceland that is presented to outsiders.

In a way it is part of the usual kind of simulacra that one finds in the tourist literature in general and not just in Iceland. Yet this is no mere construct of the tourist industry, but a widely held belief in contemporary Iceland and forms a key part of the national identity. The reason for my friend's crisis of faith was that we had the above mentioned discussion while sorting through bags of clothes that were donated to the charity Mæðrastyksnefnd (Mothers' Support Committee), located here in Reykjavík.

Mæðrastyksnefnd has been helping those struggling to make ends meet since 1928 and continues to do so today. I volunteered at this organisation for two years as part of my field research for my doctorate in anthropology, and spent another two years as an occasional volunteer while further researching, thinking and writing about the issues connected to charity in Iceland and in wealthy countries in general. My friend also volunteered at Mæðrastyksnefnd and described to me feelings of shock, disbelief and bouts of sleeplessness when she first started working there, similar to what some other staff members reported to me as well. If many native-born Icelanders have little appreciation of the daily struggles faced by low-income workers, pensioners and social assistance recipients, it is really not surprising that these idealistic views of Icelandic society continue to circulate and are exported abroad as well.

There is of course much to celebrate about Icelandic society and, yes, even the social welfare system – especially so when you consider the standards of living elsewhere. But the notion that a society based upon the free market system can exist without certain patterned inequalities is questionable to say the least.

During the course of my research I grew tired, so very tired, of constantly being told 'there are really no poor people in Iceland' when the subject of my research came up in conversation. One pattern I noticed was that these comments tended to be made by people with little or no connection to these issues either personally or professionally. Charity workers, nurses, critical scholars, the staff and officials of the municipal social services, the police and so forth may not agree as to the causes of and solutions to these issues, but the people I spoke to with experience in these areas certainly never denied there were problems. I was also warned by some of my Icelandic colleagues that I may be denigrated as a 'foreigner who doesn't know any better' if I ever discussed my research outside of the cloistered halls of academia. So be it. Some of my Icelandic colleagues are accused of being 'politically motivated' by the critics of their work. Anyone who challenges the status quo will be trashed in one way or another.

I am certainly not the first to note the pervasive discourses that present Iceland in the best possible light in a number of regards. I have often referred to this, somewhat cynically perhaps, as the 'Iceland is wonderful' discourse – in reference to, among other things, the prosperity of modern Iceland as found in its high standards of living, low levels of unemployment, and the general lack of easily visible socio-economic disparities. In many ways this is true. But it has also been well documented in the social science literature that Iceland spends proportionately less of its GDP on social welfare programs than the other Nordic states and even some states in Western Europe. The Icelandic social welfare system developed somewhat later than other comparable systems and which, once in place, offers comparatively meagre benefits in a more restrictive manner, to the point where the term 'Icelandic exceptionalism' has even been coined. In all fairness, Canada, my former home, is certainly no beacon of enlightenment either – the appalling conditions that many First Nations and Inuit people have

been forced to live under is but one shameful example among many. But the routine way in which structural inequality in Iceland is denied or trivialised at first mildly amused me, then annoyed me, and then, especially after some of the clients of Mæðrastyksnefnd shared aspects of their lives with me, it began to frustrate me.

I have long pondered why these discourses have such an appeal and are often accepted without much rigorous questioning. Multiple sources, including the UN, The Nordic Social-Statistical Committee, Statistics Iceland, and the work of certain Icelandic scholars, have pegged the poverty rate in Iceland at about 10% – that is, 10% of the population subsists at income levels considered to be below the poverty line for the nation as a whole. There are 300,000 people in this country, so do the math. Yet such numbers seem to fail to impress. Upon learning the nature of my research, people from all walks of life have routinely asked me 'how many people go to Mæðrastyksnefnd?' My reply that on average it was approximately 120 people a week (147 a week so far in 2007) – a figure which fails to take into account the number of children and other family members behind each individual client – resulted in expressions of disbelief but which often turned into tirades that questioned the need and motives of the clients. I won't even include some of the less kind things I have heard. "Oh they are not really poor, they are only going to Mæðrastyksnefnd to get something for free," was the most common reaction. Similar sentiments were also expressed by a former Prime Minister a few years back. When I asked for the supporting evidence of their knowledge, the reply was usually something along the lines of "Oh, my cousin's best friend's neighbour knows such-and-such who goes to Mæðrastyksnefnd." The smallness of Iceland does not mean the gossip network is necessarily any more accurate.

But consider what it implies when the clients of charities are dismissed as only 'wanting something for free.' The argument, as I see it, is thus: 'Rain or shine, snow or sleet, 130 or 140 or so people each week throughout most of the year turn to Mæðrastyksnefnd to wait in line, provide identification to an interviewer and face questions about their income and personal lives, in order to receive two bags of groceries and access to donated clothing for themselves and their children, all because they have nothing better to do or only want something for free.' It sounded more and more preposterous with each passing week that I spent observing the daily practices of this organisation and getting to know some of the people who went there. As one staff member from Mæðrastyksnefnd put it to me, "No one comes here for fun." Indeed. It is most certainly not fun to have to ask for help from a private organisation run by private citizens. It is not fun to have to turn to the state for assistance either, even though this is a publicly funded entitlement of citizenship or residency. But people have to do what they have to do for the sake of themselves and their families in certain situations. Denying or trivialising the situation will certainly not contribute to a productive dialogue about the issues.

***If many native-born Icelanders have little appreciation of the daily struggles faced by low-income workers, pensioners and social assistance recipients, it is really not surprising that these idealistic views of Icelandic society continue to circulate and are exported abroad as well.***

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## Lower Phone Bills – by Law

Text by Ian Watson Photo by Gulli

On May 23, the European Parliament passed the Eurotariff law, which caps the cost of mobile telephone calls made and received in another European Union country. The law was a last resort, after years of mobile operators failing to react to charges of excessive and anticompetitive pricing for roaming calls.

Receiving a call in another EU country cannot now cost more than €0.24 (about 20 ISK), plus VAT. Making a call from one EU country to another cannot cost more than €0.49 (about 41 ISK), plus VAT. These caps will decrease in 2008 and again in 2009, when they will reach €0.19 and €0.43.

While Eurotariff does not extend to Iceland, Norway, or Switzerland, it probably will soon. The EEA Joint Committee is currently working on extending Eurotariff to the EFTA countries. Iceland would then have to formally adopt it into Icelandic law. This process will take at least until the beginning of 2008.

Though EU operators have until September to fully implement the new tariffs, a few already have, such as Germany's largest operator, T-Mobile. When roaming in Europe, German T-Mobile customers now pay the equivalent of 24 ISK per minute to receive a call, and 49 ISK per minute to place a call (including VAT).

### High Prices Persist in Iceland

In contrast, Siminn customers roaming in Germany currently pay 39 ISK to receive a call and most commonly 99 ISK (actually 79–169 ISK) to place calls to European countries. Vodafone customers pay 40 ISK to receive a call and 59–128 ISK to place a call. (Vodafone offers a "Passport" plan which can reduce these rates, but only under very particular circumstances.) Sko customers pay 40 ISK to receive a call and 90–160 ISK to place a call.

It is of historic significance that the roaming situation got so bad that the European Parliament had to pass special legislation to stop it.

And even if the Eurotariff doesn't formally

apply to Iceland yet, one might think it would be a signal to Icelandic mobile operators that their game is up. After all, it is hard to defend charging Icelandic customers almost double the roaming rates that other Nordic customers pay.

Instead, Icelandic telephone companies seem to be trying to pretend for as long as possible that the Eurotariff doesn't exist. Both Siminn's spokesperson, Linda Waage, and Vodafone's spokesperson, Hrunnar Pétursson, explained to me that they would not be lowering their roaming prices.

This is no surprise to anyone familiar with the behaviour of other European telephone operators. They fought bitterly against the Eurotariff and most, out of raw financial self-interest, are waiting until the last possible moment to implement it.

### Dubious Justifications from Siminn and Vodafone

Both Waage and Pétursson gave the same justification of why Siminn and Vodafone are unable to lower rates. As well as regulating the per-minute retail rate to the customer, another provision of Eurotariff caps the wholesale "settlement rate" that mobile operators pay to foreign operators to terminate a call in another country – for example, the price Siminn would pay to a German phone company for processing a telephone call to an Icelandic on a visit to Berlin. This cap has been set at €0.30, or 26 ISK (due to drop to €0.26 by 2009). According to both spokespersons, the problem is that until the Eurotariff is formally extended to cover Iceland, Siminn and Vodafone's roaming partners in Europe are not yet required to offer Siminn lower rates for terminating calls to Icelandic customers in Europe.

The flaw in this story is that it assumes that high settlement rates form a price bottleneck for Siminn and Vodafone. In fact, European Commission research suggests that high retail mark-ups have been the most substantial

factor in keeping roaming rates high. Carriers whose customers receive a call while roaming in the EU pay an average settlement rate of approximately 8 ISK per minute, and charge the customer an average retail price of about 46 ISK.

These figures suggest Siminn, Vodafone, and Sko make a gross profit of 31–32 ISK per minute when their customers receive a call in Germany. The Icelandic companies' lavish advertising, as well as their use of vanity prices (just below a round number and always ending in 9), is further evidence that their retail rates include a fat margin. The Commission's report concludes that "the price for receiving a call is clearly an area where operators could act immediately without the need for any movement on wholesale rates."

I asked both companies for sample costs breakdowns on roaming calls, and while Siminn originally promised to provide one, neither company ultimately responded. This was no surprise. Settlement rate agreements typically include a confidentiality clause. And publicising information about high retail mark-ups would be embarrassing.

### The Beginning of the End

But the salad days are almost over for Siminn and Vodafone. Consumer displeasure is mounting, and Eurotariff shows what fair pricing would look like. It's just a matter of how fast the end game will be. The companies will likely stall up to the very last minute.

Meanwhile, I had to laugh at Vodafone's recent gesture towards mobile customers: a reminder to turn off their voice mail box when they are roaming. (My voice mail has been permanently turned off for several years, since pressing the "no" button on my phone to reject an incoming call in Slovenia cost me 600 ISK.) More helpful and honest would be a default (or optional) setting in which voice mail would automatically turn on in Iceland and off when abroad.

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A quirk of Icelandic culture is that it's widely accepted for customers not to find out the price of a good until they pay for it. So, for Icelandic consumers, an especially positive feature of Eurotariff is that it requires mobile operators to actively inform customers about the cost of making phone calls in each country they roam to. After all, it is normal to know how much something costs before you buy it.

Eurotariff doesn't yet cover SMS or data transfer costs, but these areas are under study. (Siminn currently charges me 49 ISK for SMS while roaming in Europe, a substantial increase from several years ago when the average price was in the low- to mid-thirties.)

### A Law Was the Only Way

Cynical and manipulative marketing, pricing, and calling plan design are typical of telephone companies all over the world. Calling plans have such intricate rules that it is often impossible to compare them. Offers like "Make six calls after six o'clock and get 60% off" are virtually impossible to manage in the practice of everyday life. Websites frequently spread information over many different pages, so that customers have trouble getting a full overview of what they have signed up for. Finding price information typically involves multiple clicks, which suggests that companies don't want you to know the price before you decide. Getting an itemised telephone bill is often costly or complicated, which makes it hard for customers to evaluate their usage. Columbia University law professor Timothy Wu, in a recent paper called "Wireless Net Neutrality," argues that American mobile companies have even deliberately crippled the technical development of the mobile phone system in order to protect their own revenue stream.

Similarly, once it became customary in the European mobile phone industry to give roaming users no notice of calling rates, telephone companies had no incentive to change the custom. After all, it's in a company's short-term interest to not bother informing customers about high costs, especially if it can argue that such notice would be an annoyance.

These smoke-in-the-customer's-face strategies look like innocent oversights on the company's part, but I highly doubt they are that, and they are probably carefully calculated to fall just short of what would give cause for legal action by regulators or consumer groups. And they are highly profitable. A recent article in Harvard Business Review by Gail McGovern and Youngmee Moon, called "Companies and the Customers Who Hate Them," claims that 50% of American mobile operators' revenue derives from penalty fees from customers who "break" the rules of their service contracts. But it suggests that such practices have gone too far, and recommends that companies move away from "corporate practices that prompt customers to make mistakes that financially benefit the company."

In the European mobile phone industry, it is pretty clear that competition has brought many benefits, but that self-regulation is not enough. Discerning consumers saw through the roaming costs racket, but could do little on their own to change it. Some degree of outside supervision, through legislation if necessary, is the only way to bring about a truly competitive telephone market and to transform the morally obvious into the legally binding.

*In the next issue, Ian will review prices for international calls and home internet service.*

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## How to drive in Iceland

A relatively large percentage of foreign tourists in Iceland travel around the country by car. Conditions in Iceland are in many ways unusual, and often quite unlike that which foreign drivers are accustomed to. It is therefore very important to find out how to drive in this country. We know that the landscapes are beautiful, which naturally draws the attention of driver away from the road. But in order to reach your destination safely, you must keep your full attention on driving.

### Livestock on the road

In Iceland, you can expect livestock to be on or alongside the road. It is usually sheep, but sometimes horses and even cows can be in your path. This is common all over the country, and can be very dangerous. Sometimes a sheep is on one side of the road and her lambs on the other side. Under these conditions—which are common—it is a good rule to expect the lambs or the sheep to run to the other side.

### Single-lane bridges

There are many single-lane bridges on the Ring Road. The actual rule is that the car closer to the bridge has the right-of-way. However, it is wise to stop and assess the situation, i.e. attempt to see what the other driver plans to do. This sign indicates that a single-lane bridge is ahead.

