



After ‘the collapse’: Strategic selectivity, Icelandic state elites and the management of European Union accession

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A B S T R A C T

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Iceland's 2008 financial crisis has received considerable scholarly attention from economics and business science perspectives. Far less consideration has been given to the political–administrative consequences of ‘the collapse’ in terms of its restructuring state-based projects and instituting new scalar strategies, and, specifically, the role played in this process by Icelandic political and policy elites. We focus on this issue by analyzing recent attempts to reconfigure Iceland's sceptical position towards the EU by promulgating state narratives of ‘EUrope’ as a ‘safe haven’ for the shattered national economy as part of the country's formal application for EU membership. We show within the Icelandic state there is, however, a highly fragmented and polarized position on EU accession. Drawing on Jessop's strategic relational approach, we demonstrate that this derives from the actions of different elite fractions seeking to establish parameters for strategic selectivity on EU accession in ways that support their own interests. ‘EUrope’ emerges as a complex institutional category which is both shaped by, and shapes, the rhetorical interventions and actions of Icelandic state elites in often contradictory ways, demonstrating the fundamental political dynamics of what is emerging as a fraught, fiercely contested EU accession process. We conclude that times of conflicting elite narratives are also moments of potentially significant state change.

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Introduction

Hailed as an “innovative area of geographical thought and practice” (MacLeavy & Harrison, 2010, 1044), the re-energised field of state spatialities is beginning to offer the academy novel insights into economy and state relations and, specifically, the role of state elites in (re-)structuring assemblages of power to facilitate the governance of contemporary capitalism. There is, of course, a long history of work on the spatiality of the state in political geography (Gottmann, 1952; Rokkan, 1975; Pounds, 1949; see Buleon, 1992 and Taylor, 1977 for reviews). However, recent work has taken this field in new directions, focussing for example on identifying the varied means of resolving spatio-temporal ‘fixes’ in advanced capitalism (Jones & Jessop, 2010), the diverse interconnections between scaled economies (MacKinnon & Shaw, 2010), and the periodization of advanced capitalism (Brenner, 2009). Taken together, this field would therefore appear well placed to interrogate recent developments in the global economy; most immediately, the ongoing financial crisis and its spatio-temporal manifestations.

One of the crisis's first casualties was the mid-Atlantic micro-economy of Iceland. The zealous adoption by the Icelandic state of a radical neoliberal agenda to underwrite dramatic expansion of the national economy made it the champion of free marketeers in the mid-late 2000s (Portes, Baldursson, & Ólafsson, 2007). Within a few years, Iceland's Atlantic Fordist model of production – largely founded on export earnings from fisheries, supplemented by tourism – was replaced by extraordinary growth in finance, business services and banking, off the back of which was launched a vigorous programme of overseas assets purchase fuelled through foreign wholesale financing, bank privatization and deregulation. This has been the subject of much attention from economics and business science perspectives, with work on ‘the [Icelandic] collapse’ calibrating the depth and gravity of financial upheaval (see for example Buiter & Sibert, 2008; Eggertsson & Herbertsson, 2009; Jännäri, 2009; Posner, 2009).

With notable exceptions (Wade, 2009; Wade & Sigurgeirsdottir, 2010), social science contributions are so far absent, however. In particular, there has been no consideration from a political–administrative perspective of the consequences for the Icelandic state of ‘the collapse’. Yet this has resulted in catastrophic loss of public trust in government and consequent loss of state legitimacy,

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most clearly with the fall of the Haarde administration in 2009. This is made fertile ground for research as many political geography studies confirm the durability and resilience of the state in times of crisis – indeed, states' capacities and readiness to use the substance and timing of crises as a political resource to reconfigure long-standing problems (eg. Brenner, Jessop, Jones, & Macleod, 2003; Jones, 2001; MacLeod & Goodwin, 1999; Peck & Tickell, 1994; ÓTuathail, 2000). Moreover, recently there have been calls for more research in precisely this area, for example Jessop (2010, 60): "It is important to provide a more nuanced account of state failure¹ and the capacities of states to engage in state reform and meta-governance...more research is needed into the appropriate scales of state action...in relation to the growing complexities of world markets [and] world politics".

Here we argue that Icelandic scalar repositioning and reconfiguration towards the European Union (EU, or 'EUrope'²) in the wake of 'the collapse' provides an apposite case of such research. We do so by examining how Icelandic elites working within different political-administrative branches of the state have used the 2008 crisis variously to revise and/or consolidate the country's long-standing antipathy towards European political integration. Specifically we focus on the elite microphysics³ of a new Icelandic state project for 'EUropean' accession launched in 2009 by the current Coalition government, which is attempting to unseat long-standing Euroscepticism by recasting the EU as 'safe haven' for Iceland in times of global financial instability and turmoil. However, as Peck (2001, 451) notes, the state is a "peopled organisation", comprising varied working practices and institutional loyalties: thus, among Icelandic state elites, radically different interpretations are evident of the viability and legitimacy of this new project.

We draw on insights from Jessop's strategic relational approach in our analysis. In doing so we take account of recent critiques of SRA regarding "the tendency...to overlook the often complex politics associated with the transitions in the regulation and governance of contemporary capitalism" (MacLeavy & Harrison, 2010, 1043). Our approach thus seeks "to re-politicise strategic-relational state theory such that new state spaces are not seen simply as an expression of a new era of capitalist development, but expressions of an actual politics of and in space" (MacLeavy & Harrison, 2010, 1044). We do so by exposing the explicitly political struggles under way within the Icelandic state over engagement with 'EUrope', as the country strives to respond to the financial trauma of 2008.

The strategic relational approach and narratives and practices of state elites

Jessop's strategic relational approach (SRA) focuses on the role of state-based projects as a mechanism for enhancing capital accumulation and political unity, placing emphasis in this process on the activities of state organizations, institutions and elites (Jessop, 1990, 1997, 2001, 2010). According to SRA the equilibrium between these different constituents establishes critical parameters for selectivity of these projects, within which the actions of state elite fractions (including senior state technocrats, policy managers and politicians) play a significant role. SRA thus departs from the notion that states are stable, homogenous entities, maintaining instead they are both relational arenas and political geographic sites for development of projects and new scalar strategies (Jessop, 1990, 2001, 2010). In effect SRA breaks with the tradition that the formal institutions of *all* states are comparable, to argue for recognition of the importance of the *specific* institutional attributes of *different* states – including their scales and spaces of operation.

Jessop argues that state projects play a particularly important role in ensuring stability and (comparative) unity of purpose across the political-administrative realm by bringing together often diverse state institutions, agencies and individual elites. Thus "States are organized to pursue often very different economic strategies, state projects and societal visions" (Jessop, 2010, 58). Viewed from this perspective, the state is in continual flux, with projects providing temporary or more long-lived coalitions of interest among elites as a basis for delivering particular goals, for example strategic public policy objectives. Yet Jessop contends the state exists only as a loose collective of different organizational and individual forces, with a kaleidoscope of countervailing attitudes, beliefs and opinions among its personnel. So state projects are not fixed or static, they are contingent, and continually subject to challenge. Consequently, "It is not the state that acts: it is always specific sets of politicians and state officials located in specific parts and levels of the state system [who act]. It is they who activate specific powers and state capacities inscribed in particular institutions and agencies. In doing so, they may well take account of the prevailing and perhaps future balance of forces within and beyond the state" (Jessop, 2009, 369–370). State elites therefore emerge as critically important in determining selectivity and acquiescence to these different projects.

SRA provides a powerful means of analyzing how state projects are actively shaped by and reproduced through particular elite political practice, and how the power balance between different forces within the state affects the identity and outcome of these projects. A key concept here is the notion of *strategic selectivity*, involving "the ways in which the state ... has a specific, differential impact on the ability of various political forces to pursue particular interests and strategies in specific spatial-temporal contexts" (Jessop, 2002, 40). Strategic selectivity thus refers to "the adaptability of state managers and state apparatuses...to secure conditions for economic competitiveness, *political legitimacy* and social cohesion" (Jessop, 2010, 58; emphasis added). Crucial to this is path dependency of historical state affiliations and policy legacies, for as Brenner (2009, 134) asserts: "state space never entails the creation of a 'blank slate' on which totally new scalar arrangements could be established, but occurs through a conflictual layering process in which emergent rescaling processes collide with and only partially rework inherited landscapes of state scalar organization". According to Jessop (1999, 396), a key element of strategic selectivity is how elites promote specific "narratives" that embody these state selectivities so as to buttress formal state policy decisions.

We use the SRA here to examine how strategic selectivity on EU accession in Iceland has been elaborated in the aftermath of the 2008 collapse, and subsequently challenged; cf. Brenner (2009, 127): "The question...[is] how and why political strategies are mobilized to transform established formations of state scalar organization and how such rescaling strategies in turn evolve over time". Thus since 2009, we contend the Icelandic state under the present Coalition Government has attempted to restore political legitimacy in the wake of financial crisis through mobilizing 'EUrope' as an explicit policy and political category⁴. Specifically the Government has sought to use 'the collapse' as a critical moment to reshape traditional hostility/antipathy to 'EUrope' through promoting EU accession as a state project offering stability to Iceland in times of global economic uncertainty.

However, state selectivity of this project remains tenuous in Iceland. We argue that this arises from the catastrophic fall-out for state legitimacy and public trust following the events of 2008, which saw not just the national economy but the state, too, collapsing. Hence the theoretical and empirical contribution we make is to problematise the process of strategic selectivity of state projects in circumstances of state failure (Jessop, 2010), specifically

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