

# Unraveled

[A novel about a meltdown]

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*Note: if it seems there's a lot of financial stuff in this sample ... there is. But it doesn't mean that the whole book is like that. I just had to find a section that didn't contain too many spoilers.*

## CHAPTER NINE

On Wednesday, October 8, 2008, the United Kingdom invoked the Anti-Terrorism, Crime and Security Act 2001 against Iceland, placing the country and its Central Bank on a list of terrorist organizations.

That day, Frida awoke late. She had been in a deep sleep, filled with vibrant dreams in full-blown color, that nonetheless had an undercurrent of the macabre. She had been on her way to hospital, and was greeted there by an entourage of doctors, all lined up in a row, who bowed reverently as she exited her black limousine, the very epitome of glamour. Then she had been sitting in a cinema when suddenly the head of a woman appeared on the screen in front of her, disfigured and grotesque. A red stain began in one corner and spread quickly across the white of the screen, like blood, as the woman's face twisted into a soundless cry.

Her eyes flew open. It was already light, which at this time of the year meant that she had drastically overslept. She jerked her head to one side to look at the alarm clock. Ten-thirty.

The house was strangely quiet. Damien would be long gone by now. She had hardly seen him in the few days since he had been back. When they did meet, the talk was of the economic crisis, which was turning into a more monstrous predicament than anyone could have foreseen, although Damien was mostly mum on

any details pertaining to his work. Secrecy was his particular forte, after all. She saw that now.

Frida went down to the kitchen and waited for Kristín to arrive. She needed to speak with her about what was going on with the crisis. Kristín had a point of view that eluded Frida from within the stifling world of the ambassador's spouse. Kristín knew what the real victims of this catastrophe were doing and saying and thinking, and those were the things that were important to Frida.

The clock ticked, yet Kristín did not come. Frida was surprised, and then a little worried: Kristín always came at 11, and she was never more than a few minutes late. Could something be wrong?

At noon, Frida rang the embassy. Had anyone heard from Kristín?

The receptionist, Íris, sounded a little frantic.

"Yes, she rang this morning to say that she won't be in today. I'm so sorry, I should have let you know. It's just that ... the phone hasn't stopped. We're having problems coping. People are really angry. We've just called the police ... oh good, they've just arrived. I expect they'll watch the residence too, so don't be surprised."

"What are you talking about?" Frida was confused.

"The anti-terrorist legislation. The British government put Iceland on a list of terrorist organizations this morning. There's been a huge reaction. People are outraged."

*"What?"*

"They're doing it to freeze the assets of Landsbanki, and also the Central Bank. We're on a blacklist now, with a bunch of other terrorists. Like Al-Qaeda."

"Can you put me through to my husband, please?"

"I'm sorry, Damien has gone to a meeting at the Foreign Ministry."

Frida ended the call and went straight to fetch her laptop. She logged on to one Icelandic media outlet after another.

*UK invokes terrorism laws against Iceland.*

*Iceland on list of terrorist organizations in UK.*

*Blacklisted!*

What was happening? Iceland and Britain were NATO allies; they were *friendly* nations. She stood up and paced. This was serious indeed. Either the British were reacting out of panic, or there was something going on about which normal people had no idea.

She picked up her phone and called Damien's mobile. It rang until his voice mail came on. She hung up without leaving a message.

She tried calling him regularly throughout the day, but to no avail. She felt exasperated, then infuriated. At one time, he would have called her back the moment he saw her number. Now, not so much.

He finally arrived home at around 7 pm, looking disheveled, his tie loose and askew.

“What’s going on, Damien?”

She stood in the middle of the living room floor, hands on her hips.

“Oh, Christ. Not you, too.”

“What?”

“Every single Icelander I’ve met today has been going ballistic over this.”

“Well, do you blame them? On a list of terrorist organizations, Damien? *Really?*”

“Oh for fuck’s sake! *Yes*, on a list of terrorist organizations, because that is the only sodding way they could stop massive

transfer of funds out of England. Those fucking geniuses behind fucking Icesave were draining whatever funds were left out of the bank. Meanwhile, our people can't even access their money. Because their money is on its fucking way to Iceland. What were we going to do? Just let them get on with it?"

She threw up her hands, startled. Damien wasn't used to losing his cool in this way.

"Ok," she said. "Calm down."

He sank into an armchair and covered his face with his hands.

"Everything is coming undone," he said. "It's all going straight to hell."

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The country was in a state of chaos. Icelanders who had fallen asleep in one reality woke up in another.

By the end of that same week, Iceland's three commercial banks, which combined were worth twelve times the size of its economy, had collapsed.

The currency, the Icelandic krona, had become worthless outside of Iceland.

The Icelandic government had shut down all financial transactions in and out of the country, to protect what remained of the currency.

Shop owners who had ordered goods from abroad were unable to pay their suppliers.

Icelanders travelling in foreign countries were unable to receive money from home.

Students studying overseas suddenly saw their student loans

devalue by more than half and could not cover basic living expenses. Neither could they receive money from home.

Employers all over Iceland served their employees the compulsory three-month termination notices, since none of them knew whether they would be in business in three months' time.

There were wage cuts in every sector.

The construction industry collapsed.

No one knew how long food would remain in the shops.

Or how long petrol would remain at the pumps.

Unemployment skyrocketed.

Tens of thousands of people who had taken loans or mortgages in foreign currencies saw their debts triple or quadruple.

People who had invested their savings in stocks and bonds saw them vanish.

Thousands of households faced imminent bankruptcy and foreclosure.

The government was derided for incompetence and a lack of transparency.

Suspensions of widespread corruption began to surface, and shock gradually transformed into outrage.

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Much to Frida's relief, Kristín only missed three days of work before returning. Yet on her first day back, she was visibly haggard, her face etched with worry.

"My husband's company laid off all its 25 employees yesterday," she informed Frida without due prompting, just as Frida came into

the room.

“Oh. That’s terrible.” It was impossible to miss the anger in Kristín’s voice. No doubt she was as outraged as the tens of thousands of other Icelanders who had signed an online petition denouncing UK chancellor Gordon Brown for his actions. “Where does he work?”

“For a small software company. They’ve laid everyone off as a precautionary measure because they have to give them three months’ notice. In three months’ time they might no longer be in operation.” She paused and added with what sounded like forced optimism: “If they are, though, I guess they’ll hire people back.”

“I’m sorry to hear that,” Frida said, feeling sickeningly privileged all of a sudden.

Kristín shrugged. “We’ll be OK,” she said unconvincingly. “We’re old enough to take it. I’m worried about my son, though. He has currency basket loans on both his house and car.”

“Currency basket?” Frida asked, puzzled.

Kristín straightened up and squared her shoulders. “Currency basket loans. The banks have been pushing them for years.”

Frida recalled having read something about them, but she hadn’t paid much attention. “What are they, exactly?”

“It’s when you borrow in a currency that’s not your own. Interest rates have been ridiculously high here because the geniuses who were running this country were trying to cool down the economy. So they just raised interest rates higher and higher, until normal people started looking for alternatives. And the godforsaken banks were all too happy to meet that need and started offering loans in foreign currencies. You could basically pick and choose your own combination, say 40% Swiss Francs, 30% Yen, 30% Euro, and that was your loan. You put your currency selection into a basket. Cute little term, right?”

Frida frowned. “But isn’t that a bit risky? To be paying for a loan in a currency that is different from the one in which you get your salary?”

“Sure. Everyone knew there was a risk involved – that is, if the krona weakened the loan would increase correspondingly, but also if the krona strengthened, then the loan would decrease. But we’re used to those kinds of fluctuations here. My son has an MBA and he was really careful, considered the situation from all sides. He figured the risk was minimal. That’s what his bank told him, too. So both he and his sister went ahead and took these loans. No one expected the currency to totally collapse. Now both of them are looking at their loans tripling, at the very least. If nothing changes, my son will lose his house. He can’t afford to triple his mortgage premiums even if he’s working – and there’s no guarantee that he will be. Even if he does manage to keep his job, his salary will be cut by at least 30%. It’s a given. It’s happening everywhere, in every sector. Meanwhile, all the prices are going up because the krona has devalued by about half.”

Frida stood and listened to Kristín ramble on about the economic situation, the political landscape, about all the things that were surfacing that no one had known about or realized the extent of. Corruption, cronyism, nepotism, incompetence ... it seemed that Icelandic society was suddenly rife with shadows and dark corners that no one had seen, or had wanted to see, before. Families and cliques that had held all the cards, politicians who had installed their people in the high offices of society and had gradually infiltrated all the positions of power, including the judiciary, the political sector, the media, and the banks. Oligarchs, they were calling them. Just like in Russia.

And now that the veil had been torn from the eyes of the people the anger was rising, though it seemed to Frida that it was both unfocused and random. Outdoor protests had been called but no one really knew what the protesters’ demands were or should be. There was a wave of anger towards the former prime minister

that was now the central bank director, and which many people viewed as having created the conditions that had led to the meltdown of the economy. There was also a whole lot of hatred towards Britain for their “terrorist” actions. Both the embassy and the residence had been pelted with eggs, and Frida was permanently on edge. She slept badly and had fitful dreams of people storming her house with torches, attempting to set it on fire.

Frida had decided – probably against her own best interests, she knew – to hold off on confronting Damien with their personal issues until the worst had blown over. With all the upheaval and uncertainty sweeping the country, she just couldn’t face it. Yet it occupied her mind, and twice she had slipped into his office, feeling furtive as before, and checked to see if the wardrobe was still open. It wasn’t. It had been firmly locked, and even one attempt to scout around for the key bore no result. She didn’t know what she would do if she found it, or indeed why she was in there at all, creeping around that stupid wardrobe. After all, their issues were far greater and deeper than just that.

On a Monday in late October, Kristín told Frida that she had gone, along with her husband and daughter, to a demonstration that past weekend.

“We need those incompetent buffoons who run our country to show some accountability and get out of office. They need to resign. People are finally breaking through the denial in which we’ve all been living, and starting to demand change,” Kristín told her, fire in her eyes.

“And if they do, who will take over?”

“We need new people in power. Fresh people. Everything has collapsed – and that means we can rebuild. And I’m talking from the ground up. Reconstructing everything. Not just raising the same old power blocks and systems as before. The old guard, the Independence Party and all their ilk, with their cronyism and sick

corruption, needs to get the hell out. Those people have brought this country down – and now they want to be the ones to rebuild it. They want to stay in power so they can continue to skim the cream off the top. Well, I don't think so. That's why we need to take to the streets and make ourselves heard.”

After Kristín left, Frida sat for a while, reflecting on everything that Kristín had told her. It seemed so implausible. All those things that had been going on right in front of everyone. Why hadn't anyone said or done anything? Could it be that Kristín had it all wrong?

She went to her laptop, which had increasingly become her lifeline to the outside world, and typed in a search for “protests”. A whole range of blogs and other pages opened up. Slowly, she started reading, following one link after another, amazed by what was opening up before her. Blogs, news reports, online editorials. Yes, it was all as Kristín had said, and much worse. The dregs and grime of Icelandic society were being exposed, and the people had decided they would not take it any more.

The past would be cleared away, Kristín. Once the lies had been exposed and the truth was known. Only then would there be an opportunity to rebuild.

There was power in the fury.

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The tension in Icelandic society mounted in tandem with the social chaos. Regular demonstrations were now held in the square in front of the parliament buildings every Saturday afternoon at 3 pm. They were becoming more structured and organized, with clear objectives and increasing participation. The demonstrators had four specific demands, calling for the resignation of the board of the Central Bank, the resignation of the board of the Financial

Supervision Authority, the resignation of the government, and new elections.

The government effectively ignored the demonstrations. Their stance was clear: they were in the midst of “rescue operations”, they were “putting out fires”, and those pesky anarchists needed to pipe down, stat, and let them get on with their work. Unfortunately, the nature of that work remained unspecified. Transparency was nil. The government worked behind closed doors and stonewalled anyone attempting to shed light on the situation. This seeming absence of accountability and remorse was like throwing gas on the fire when it came to the demonstrations. With each passing Saturday the number of demonstrators grew as speakers made rousing speeches from a mobile stage. People flocked to parliament square to rail against impunity and demand accountability. Respect for the institution of government had gone the way of the dodo, and each demonstration saw the parliament building pelted with eggs, *skyr* – an Icelandic dairy product, and rolls of toilet paper.

Frida heard sounds emanating from the square each Saturday as she paced around the house, wanting to go down there but being afraid to, torn between self-censorship and her own fervent emotions. Come evening she would soak up all reports of the demonstrations from the news, and the following Monday she would pump Kristín – who had attended every single demonstration so far.

“Why don’t you go down there and see for yourself?” Kristín said one morning in mid-November, as Frida proceeded to cross-examine her about the events of that past Saturday.

Frida was taken aback. Then she mumbled something incoherent about being an ambassador’s wife, and turned away.

When Kristín had gone, she sat motionless in a chair and allowed the question to penetrate. Why *didn’t* she go down there and see for herself? Her propensity for self-censorship alarmed her.

It was Damien's disapproval she was frightened of, she knew. His disapproval had become indistinguishable from her own will. Yet she also knew that it was up to her to break free. Clichéd as it sounded, it was her life.

It was with trepidation that she headed out just before 3 pm the following Saturday.

People were already pouring towards parliament square as she drew near, and she allowed herself to be moved along with the crowd. Near the back of the square she stopped, furthest from the stage, where she was least likely to attract attention – though exactly whose attention she didn't know. A man was giving a heated speech on the stage, which was frequently interspersed with shouts and applause from the crowd. Frida moved closer, hoping to hear better. Many people were assembled there, of all ages and from every social stratum, and almost everyone was focused on what was being said on the stage. No one took any notice of her. She moved past well-dressed elderly couples, parents with children on their shoulders, young people holding picket signs, a disabled man in a wheelchair, a couple of adolescents with scarves tied over their faces who were in the process of climbing a statue in the center of the square. She guessed there had to be a few thousand people there.

Just past the statue, she stopped. A young woman had started speaking now. "Our politicians have launched an attack on the fundamental values that our nation's constitution seeks to protect. They have declared war on the people of this country!" she cried, and the crowd applauded and whooped. Frida applauded, too. Her heart beat hard and fast. Standing there, she felt her entire body fill with intense emotion and tears well up in her eyes. She applauded, and felt the thrill and power of every new statement that her instinct recognized as truth. This was it. This was where she belonged. These were her people. She would stand and fight for justice, with them.

The speeches finished and the crowd began to dissipate. Frida wandered slowly back the way she had come. All around her, there was a passionate sense of anarchy, yet also an infectious feeling of hope. It was like everyone saw a new dawn coming. A new Iceland.

Out of the corner of one eye, Frida caught sight of a familiar shape. Tall, lanky, with an easy stride. Instantly her stomach clenched. Putting her head down, she glanced in that direction. No. It was only a stranger. Relief and disappointment collided inside of her.

Suddenly the square felt intensely claustrophobic. She pushed through the crowd and was soon out of the throng. At Tjörninn, she turned right, past city hall, then up along Tjarnargata, feeling better when she was on the other side of the lake.

She turned left and passed over the bridge on Skothúsvegur. From there she could see the embassy at the top of the hill. The light was on in Damien's office. These days he worked incessantly, 17-hour days, stopping only to come home for the occasional meal. He was irritable and prickly, and when they talked it was mostly superficial chatter about relations with Icelandic officials, whom Damien considered to be idiots.

As she headed towards the embassy, she saw the light being switched off. Damien was probably on his way home. Almost involuntarily she slowed down, but it was too late – just as she reached the corner she saw him come out of the embassy building.

They had slipped back into the sort of tacit agreement they'd had before – to keep up appearances and pretend. He had not attempted to enter their bedroom after that ugly incident a few weeks earlier. And in any case it was easy to justify him sleeping in the guest room every night given his crazy work situation and hours.

“Hello my dear. Out taking photographs?” he said glibly as he reached her, giving her a peck on the cheek.

Frida took a deep breath. “I was at the demonstration.”

“What demonstration?”

She despised that tone in his voice, that contrived ignorance. He knew damn well that there had been a demonstration – it was impossible *not* to know.

“There was a demonstration today in front of the parliament buildings. Like there has been every Saturday for the past month.”

“Oh, that. You mean that bunch of Chavs who get together and throw eggs and toilet paper at the parliament building.”

“People need an outlet for their anger.”

“Showing up every Saturday to degrade the parliament buildings just to vent their frustrations is completely juvenile and isn’t going to change a damn thing. From what I understand they want Oddsson’s head on a stick. Well, everybody needs a villain. If they had any sense they’d be clamoring for the heads of the bankers. Why aren’t they going after them? They’re the real villains.”

“Probably because they’ve left the country.”

They had stepped inside the house. Damien closed the front door behind them. He turned to her with a steely expression in his eyes.

“Be that as it may, I don’t find it appropriate for you to be attending demonstrations.”

She was incredulous. “I beg your pardon?”

“You are an ambassador’s wife, Frida. *My* wife.”

“Excuse me, Damien, but I am also a person. I am a citizen of this country.”

“I understand that, but it is not your place to participate in political demonstrations.”

“Yeah, well, *fuck my place!*”

His mouth curved into a sneer. “Ah. I see. You’re just a child too, just like everyone else down there.”

“A child?” Her voice was shrill and she was losing control; she hated herself for it, but couldn’t stop. “Is it childish to care about your country? To care what is happening outside of your dry, emotionally barren world? Why can’t you acknowledge that people are flesh and blood – that *we* are flesh and blood? Why does it have to be about the fucking job *every goddamn time?*”

He looked at her with a haughty, contemptuous smile for a second longer, then turned and left.

She felt sick. At the rear of the vestibule was the guest WC. Nausea welled up and she bolted for the toilet, just managing to lift the seat before she threw up. Dizzy, she straightened her back, turned around and looked at herself in the mirror.

*You, who are so concerned with truth. Why won't you acknowledge this?*

She shook her head minutely. Then she leaned down and rinsed her face with cold water, turned off the light and went into the living room. Damien was sitting stiffly in an armchair, reading – or pretending to. He looked up at her, and apart from the slightly ashen look on his face there was nothing to suggest that they had been arguing. He was still the master of charades.

“I told Bill and Amy that we would have dinner with them at the Lobster House at eight,” he said matter-of-factly.

“I’m not going anywhere tonight.”

He looked up with mock concern. “Are you unwell?”

“Oh, come off it, Damien! Don’t insult me, or yourself, by pretending that we haven’t just had a fight.”

“I have no intention to. It’s just that you look pale, and it sounded like you were retching in the toilet.”

She looked at him. His expression was blank, but in his eyes

there was a flicker of ... what? Amusement? Satisfaction?

“I know what you’ve been hiding, Damien,” she said.

*... continues*