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Country Profile

Iceland

June 1973

NATIONAL INTELLIGENCE SURVEY

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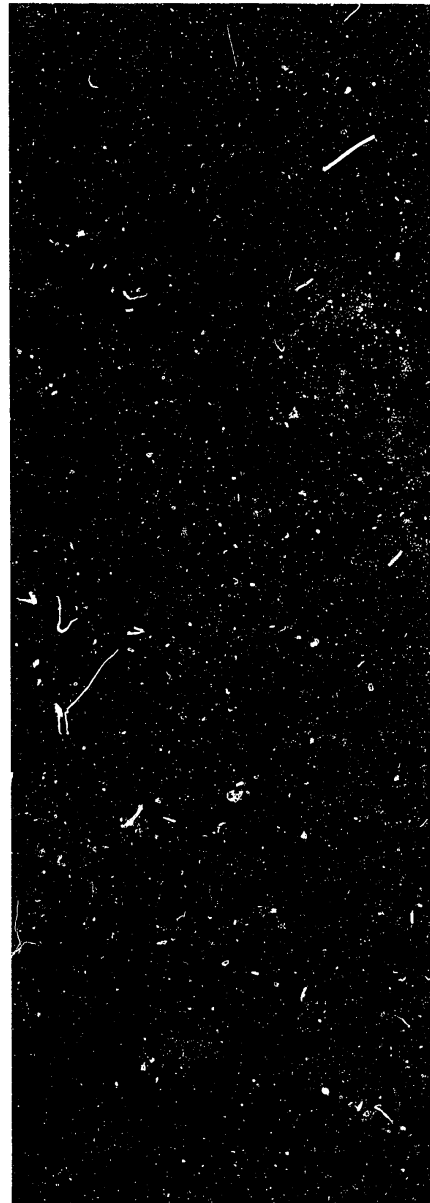
THE SOCIETY Social structure • Population • Labor • Health • Living conditions • Social problems • Religion • Education • Public information • Artistic expression

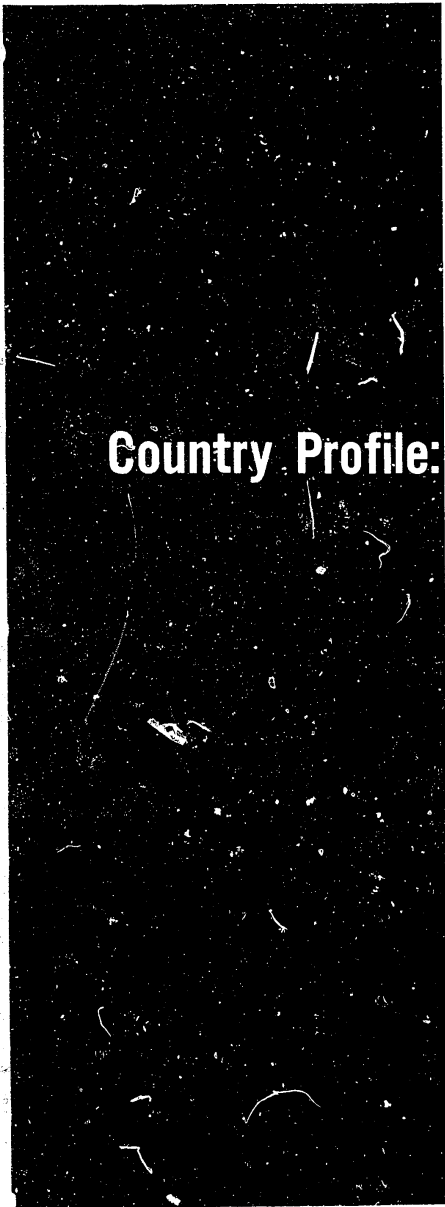
GOVERNMENT AND POLITICS Political evolution of the state • Governmental strength and stability • Structure and function • Political dynamics • National policies • Threats to stability
The police • Intelligence and security • Countersubversion and counterinsurgency capabilities • Defense establishment

THE ECONOMY Appraisal of the economy • Its structure—agriculture, fisheries, forestry, fuels and power, metals and minerals, manufacturing and construction • Domestic trade • Economic policy and development • International economic relations

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MILITARY GEOGRAPHY Topography and climate • Military geographic regions • Strategic areas • Internal routes • Approaches: sea, air





Country Profile: Iceland

Iceland: Island in Transition 1

Lore, Land, and Folk • Mind and Spirit:
Culture as a Priority • The Prosperity of Fish-
ermen • Family-size Politics • External
Affairs: Yes and No • Problems for the Fu-
ture

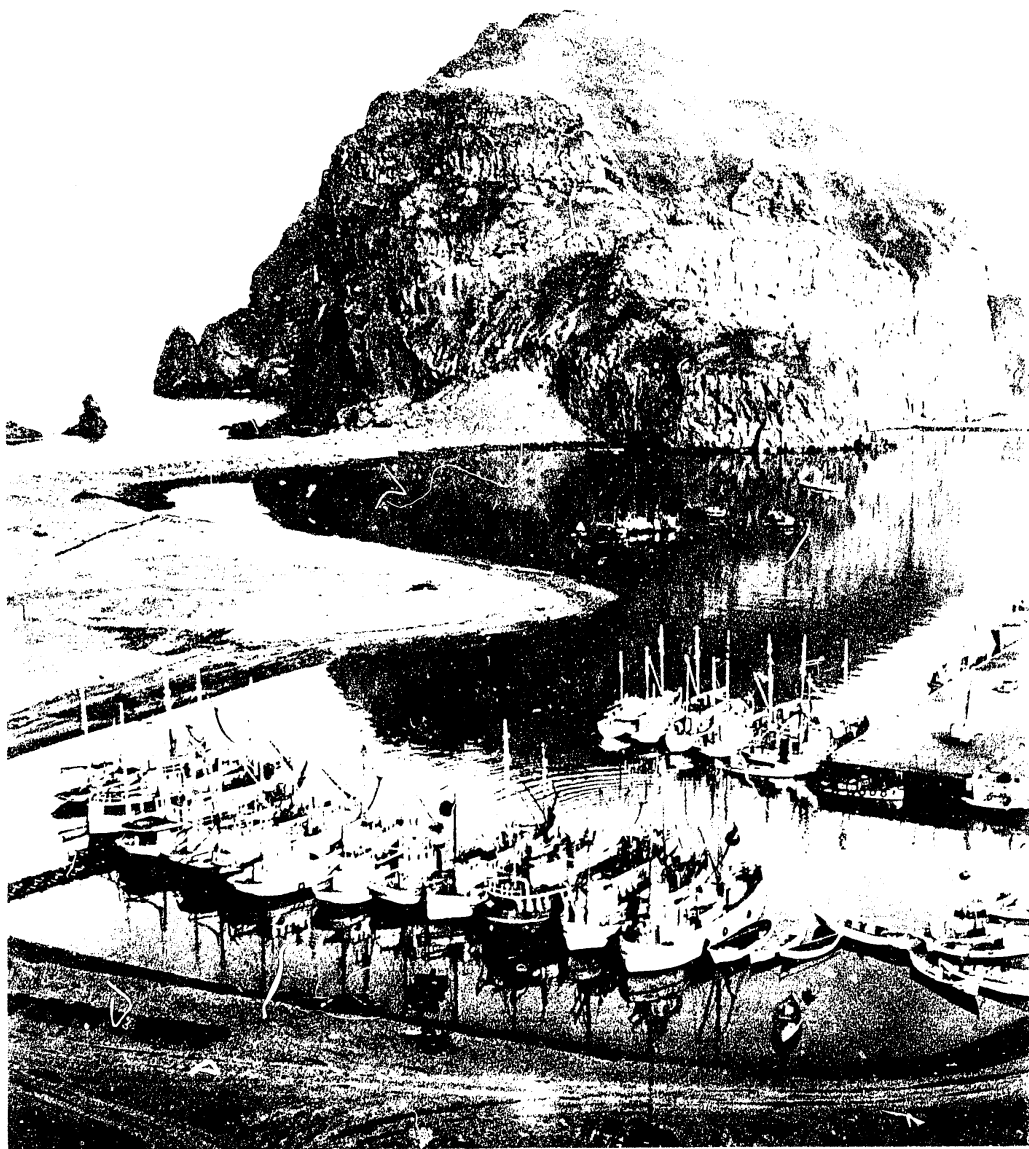
Chronology 12

Area Br.ef 14

Summary Map follows 14

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Iceland: Island in Transition

Few countries evidence as many contrasts as does Iceland. It thrives in modernity and yet worships tradition. It is basically a Scandinavian nation, but due to its isolation from the European continent this country is distinctively different. It rightly claims to be a fountainhead of parliamentary self-government, but it has spent most of its existence under Norwegian and Danish rule. Prosperous in recent years by any standard, it nonetheless seems constantly to be skirting the edge of disaster—chiefly because of overdependence on an unstable fishing industry. And, just now emerging as a player on the world stage, it still harbors an old-fashioned isolationism, tinged by a mild ease of xenophobia. (U/OU)

This small island, sparsely peopled by the descendants of the bloodthirsty Vikings, today is as law-abiding and pacific as any place on earth. It flaunts a great cultural heritage, which is protected almost to the point of impairing its cultural future. The ideal of rugged individualism is treasured; yet Iceland is essentially an urbanized social welfare society dominated by the necessity for group cooperation. Politicians argue spiritedly for their principles, and then seek compromise in all manner of governing coalitions. Government ownership is extensive, but private businesses and cooperatives also thrive. Churches stand largely empty as simultaneously a deep mysticism pervades the land. Modernistic structures coexist with the few remaining primitive hovels. (U/OU)

Even Iceland's physical milieu is a combination of fire and ice, long days and nearly endless nights, foul winters and balmy summers, lush grazing land and barren lava fields. Few standard crops will grow in the sparse soil, while bananas mature in greenhouses heated by thermal springs. Decent roads are scarce, but two sizable overseas airlines are operated. On the human level, egalitarianism is almost universally practiced, but the talented few are also encouraged to excel. Tolerance in all matters is the guiding rule of conduct among the natives, but outsiders are generally given a cool welcome. Overall, a basic optimism prevails amidst a mood of impending disaster. (U/OU)

With justification Iceland has been called "the newest of the old nations and the oldest of the new

nations." Historically, its national existence dates from the ninth century, but only since 1944 has it enjoyed full status as a modern independent state. In geological terms it is one of the most mobile landmasses on the face of the globe, continually being altered by the forces of nature—volcanoes, glaciers, and rampaging rivers, to cite only the most spectacular. No less remarkable are its hardy people. In a short space of time, defying difficult odds, they have built a modern society while clinging tenaciously to a valuable heritage richly expressed in the widely read "Sagas," the treasure of Iceland's national literature. (U/OU)

During the past 50 years Iceland has undergone a transformation. In "the good old days" Icelanders were proud but pitiable—by and large badly housed, poorly nourished, disease ridden, impoverished, and foreign dominated. Despite limited resources, each of these afflictions has been lifted and now the citizenry partakes of the "Scandinavian miracle" with all its pleasures and promises. Also lifted is the veil of isolation which allowed Icelanders to be content unto themselves. World War II and the advent of the air age made Iceland, until then a curious and largely forgotten speck of land, into a strategic outpost in the North Atlantic. (U/OU)

Many Icelanders have viewed these developments favorably and are inclined to become more world-minded, in essence to see their nation reach out to others for commercial, political, and cultural ties and to adopt others' ways when found superior. For some, however, change has been viewed as a very mixed blessing. Wrapped up in their own manners and mores and imbued with a powerful nationalistic outlook, they would disallow "corrupting alien influences" and continue to live in their own little world. It is this impulse that over the years has impelled Iceland to fight "cod wars" with Britain and threaten the ouster of the Iceland Defense Forces manned by the United States under the aegis of the North Atlantic Treaty Organization (NATO). In these issues, and in others, the problem is to chart a course that provides for the nation's advancement without diluting and ultimately destroying the tightly knit, vital entity that is Iceland. (U/OU)

Lore, Land, and Folk (u/ou)

The story of Iceland is unique in that it is the only country of Europe with a definitely known beginning. Iceland never had a primitive race, and thus there were not subjugations of aborigines. In addition, there were no reigns of mighty rulers, glorious military escapades, conquests of weaker neighbors, or forced transfers of land. The first recorded sighting of the

island comes from the tales of pre-Christian explorers. According to some accounts, the ancients called the place Ultima Thule ("the most remote place in the world"). It was more than a millenium, however, before Irish monks, seeking contemplative solitude, established the first tenous settlement on the southeast coast.

Thingvellir, Birthplace of Iceland's Parliament



The first Norse colonists arrived in 874, causing the less bold Irish to flee before them. These Vikings were princely refugees from the tyranny of King Harald Fairhair who had then recently succeeded in unifying Norway. Finding a land much like the one of their origin, they prospered, multiplied, and in 930 established a parliament (today called "the world's oldest surviving legislature") and the first republic north of the Alps. Peaceful toil was punctuated by tribal quarrels, which were not without serendipitous results. Icelandic chieftain Erik the Red, fleeing his enemies, discovered Greenland and founded a settlement there. His son Lief, also a refugee, discovered "Vinland," now established as the northeastern sector of North America.

By the beginning of the 13th century rival clans were locked in a general civil war, which ended only in 1262 when the Norwegian King intervened, gained dominion, and terminated the first Icelandic republic. In 1380 both Iceland and Norway were absorbed into a Danish union which remained for nearly six centuries. During this period Iceland was sorely tried—and not just by the representatives of a foreign monarch. The Black Death, the struggles of the Reformation, the depredations of pirates, and smallpox, leprosy, and starvation succeeded one another. Devastating volcanic eruptions periodically buried farms and villages. The population declined drastically, and for a time it appeared that Iceland might have to be abandoned as uninhabitable.

During the 19th century, however, nature relented and popular apathy abated. Icelandic nationalism reemerged—principally under the direction of Jon Sigurdsson, the George Washington of Icelandic independence. After years of struggle, the stubborn Icelanders eroded Danish determination. Partial home rule was granted in 1903, and nearly full sovereignty (excepting foreign relations) under the Danish King came in 1918. When Denmark was taken over by Germany in 1940, British and then American forces in turn occupied Iceland to deny it to the Axis powers. In June 1944, after 4 years of *de facto* self-government, Iceland severed its remaining ties with Denmark and, declaring itself a republic once more, regained its status of ages past.

Icelandic history has been played out on a remarkable stage. Located immediately south of the Arctic Circle, this lonely nation lies on the margin of the habitable world, 160 nautical miles from Greenland and 500 nautical miles from Scotland.

Mighty glaciers, numerous volcanoes, active geysers, rushing streams, magnificent waterfalls, broad lava fields, thermal pools, small lakes, and a girdle of lashing seas supply an awesome beauty—and leave three-fourths of the island uninhabitable. The inhospitality of the land was most vividly demonstrated in 1783-84 when the Laki crater spewed forth the greatest lava flow ever recorded. A thick blanket of dust and debris was spread over vast areas of the island, destroying crops and livestock and resulting in a devastating famine. Again in 1963, worldwide attention focused on Iceland when a spectacular undersea eruption created the island of Surtsey off the south coast. And, a sudden eruption of the long dormant Helgafjell volcano in January 1973 forced the evacuation of Heimaey island, an important fishing center.

The saving grace for Iceland lies in its climate, which belies the name given this otherwise alien place by a disgruntled Viking adventurer. Normally, favorable winds and warm ocean currents supply temperatures and precipitation patterns akin to those of southern Canada or the northernmost United States. Generally cool, clear, and invigorating, the weather may suddenly deteriorate, however, and bring on almost unbearable conditions such as the blustery deluges that have earned Iceland the title of "land of the horizontal rain."

In the Icelandic realm of flora and fauna, the forces of man and nature have created an austere and lonely presence. Extensive birch forests that existed at the time of settlement were destroyed by ruthless cutting, and strong winds removed the precious soil from vast areas. Only in recent decades have afforestation and grass-seeding programs begun to reverse the trends that gave the treeless vistas a desolate and almost deathlike appearance. Aside from a few foxes, reindeer, rodents, and occasional polar bears (who visit by means of drift ice) this northern wilderness is also largely bereft of wild land animals. The bird population, by contrast, is immense, and the banks around the coasts are among the richest and most heavily exploited fishing grounds in the world.

Oval-shaped, Iceland is some 300 miles long and 200 miles wide, about the size of Kentucky. With a total of just 209,000 people, it has a population density of only five per square mile, lowest in the Western Hemisphere, and easily the lowest in Europe. Two-thirds of the inhabitants have congregated in the southwestern corner of the island in the vicinity of

Reykjavik,* the remainder being found chiefly in coastal fishing villages and scattered farms. A minimetropolis of some 80,000, Reykjavik is distinguished as the world's most northerly capital and as Iceland's commercial, cultural, transportation, and industrial hub. Ingeniously heated by piped water from nearby hot springs, it is virtually smoke and smog free, but in most other respects is generally considered, even by many natives, to be a place of limited charm.

Icelanders have taken pains to stay in contact with each other and with the outside world. Telephones are available in almost every household, and cars are in remarkable supply despite a 90% import tariff and roads that are narrow, gravelly, pitted, and frequently impassable. Lacking railroads or navigable rivers, the nation takes up the slack with an extensive short-hop air service and a coastal shipping net. Yesteryear's Vikings are today's champion birdmen; they do more flying per capita than any other people of Europe, and also operate the famous low-fare airline, Icelandic.

Handsome and yet aloof, Icelanders are a people in tune with their surroundings. By reason of their geographic isolation they display a degree of ethnic homogeneity rare even for Scandinavians. Racially, they are somewhat less than purely Nordic because of the introduction of British wives and Irish slaves in the early centuries. In appearance, they are a blend of two models: the tall, fair, blue-eyed Norse and the dark, stocky Celts. Further mixing has been discouraged, however. Few immigrants are accepted; foreign workers are not welcome, and even tourism is not heavily exploited. Moreover, in the postwar decades, Reykjavik frowned on the stationing of black American servicemen on the island.

Icelandic society, inbred as it is, takes on the aspect of a large, proud, energetic, democratically run family. Practically everyone is related to everyone else, and practically everyone rates himself the equal of everyone else. There is little need "to keep up with the Jonssons," for wages are so regulated as to leave only a small gap between the best and poorest paid. A women's liberation movement would appear to be unnecessary, for women have long been accepted on a par with men. Many do not choose to compete in politics, business, and the professions, but their emancipation is evident in the companionable relationship they enjoy with men both in and out of the marriage

*For diacritics on place names see the list of names on the apron of the Summary Map and the map itself.

situation. Attitudes toward sex are of the liberal Scandinavian variety—only more so. One-fourth or more of all births in a given year may occur out of wedlock; yet no stigma attaches to the child or the parents. In any case, marriage is frequently a casual matter—easily made and easily broken, and child-parent relations are "unstructured," even by modern American standards. Yet, the lack of strict codes of conduct seems to make little difference. In this circumscribed, even intimate Icelandic society, everyone feels that he belongs, and it is this intangible that makes Iceland an eminently rational country.

Like their Norwegian "cousins," Icelanders equate their success as organizers of "a good society" with the thought that they are essentially an enlightened, hard-working, virtuous people. They still tend to see themselves as frontiersmen facing the challenge of a difficult land—and, for the fisherman and farmer, life can be incredibly hard. They have turned inward to themselves for strength, and in the process built a closed society. They view foreigners—there are no neighboring nations—with reserve and even suspicion. Though capable of exuding charm in the presence of outsiders, they prefer to conserve their warmth for their "own kind."

Icelanders definitely feel that they are their brothers' keepers. Even in ancient days a man's relatives, neighbors, or community were held responsible for him if he fell on hard times. Starting late in comparison with other northern European governments, Reykjavik has since the 1930's taken on more of this responsibility, and now there is virtually no hardship situation that is not covered by an appropriate program. The price is high—an estimated one-tenth of the national income—but, in this land of harshness, few protest the cost.

Thanks to government efforts, Iceland has been made over in this century from one of the sickest into one of the healthiest of nations. Two old scourges, leprosy and tuberculosis, are now virtually extinct. But in this cold and lonely climate the occurrence of respiratory ailments and alcoholism is high; the suicide rate, however, is not. Ever the active one, the typical native fosters his own mental and physical well-being with a rigorous blend of chess and swimming. Icelanders also eat well, with fish, not surprisingly, serving as the dietary mainstay and with such other "Viking specialties" as boiled sheep's head, raw whale blubber, ptarmigan steak, prune soup, and *skyr* (sour curdled milk) also available.

Mind and Spirit: Culture as a Priority (u/ou)

During the long vigil against the forces of nature, the Icelander seems to have concluded that man exalts mankind through his powers of reason and expression. Moreover, the Icelander throughout his history has made literature and art an intimate part of his daily life—not something to be set apart for special recognition or revered from afar. Thus it is that the civilizing effects of culture are not layered on Icelandic society but rather are blended in as an integral part of it. Prosperity in recent years has stimulated the propagation of the arts, and the introspective character of the people continues to build a strong base of receptivity. Per capita, a greater number of books are written, printed, bought, and read here than anywhere else in the world. Original paintings cover the walls of urban dwellings and farmhouses.

The Icelander's special pride is his language—one that, existing in isolation, has defied evolution to the point where other Scandinavians find it something of a mystery. Local scholars, in continuing defense of its purity, prefer to invent a new word from old roots rather than accept a foreign word. When critics argue that enforced sterility of the word breeds sterility of the mind, Icelanders respond by citing their great ongoing literary heritage.

When mainland Europe was still in the Dark Ages, Iceland was producing works which have generally been rated as the first masterpieces of Western prose since the fall of Greece and Rome. This reputation, remarkable for so small a country, rests chiefly on the immortal Sagas, a series of straightforward, red-blooded, fast-moving tales of battles, gods, and heroes, written during the 12th to 14th centuries. Haunted by the literary brilliance of their ancestors, Icelanders continue to become men of letters in exceptional numbers. Probably the best known of the modern writers is Halldor Laxness, a Nobel prize winner for literature, whose sharp portrayals of Icelandic folk and their circumstances frequently reflect the leftist political leanings so common to the nation's intellectuals.

As in other countries, so in Iceland has the old, serious cultural tradition been sternly challenged by modern "pop" culture. In a land where the classics have become a part of the lifeblood of the nation the battle has taken on strong nationalistic overtones—as is evident in Iceland's "TV war." For years, the U.S. armed forces station at Keflavik has been a bone of contention between those who enjoy American-style programming and those who regard it as a corrupting influence and would bar its transmissions in the local market. Icelandic television, with its more highbrow offerings, went into operation only in 1966, and many natives continue to risk "Americanization" by watching Keflavik.

In the realm of education Iceland appears to have made a better adjustment between the old and the new. Traditional subjects, notably language and literature, share time with practical training, including swimming. School is universal; illiteracy is virtually unknown, and advancement comes chiefly on the basis of ability. Not surprising, too, is the fact that educational and cultural affairs receive a slice of the budgetary pie second only to social welfare.

By and large, Icelanders lavish far more time on matters of the mind than those of the spirit. In the year 1000 Iceland adopted Christianity by parliamentary decree and in the 16th century converted to Lutheranism in a fairly bloodless mini-Reformation. To this day, however, organized religion has played only a secondary role in the lives of Icelanders. The Evangelical Lutheran state church is largely an organizational shell manned by learned but uninspired men, while the people look elsewhere for spiritual strength. To some small extent the old pagan gods are still favorably regarded, at least nominally, and the spectacular natural phenomena of Iceland—geysers, volcanoes, and the like—have helped promote belief in a God of nature and the power of mystical experience.

The Prosperity of Fishermen (u/ou)

Until recent decades the main concern of Icelanders was simply national survival. For centuries Iceland was little more than a serf of dominant Norway and Denmark. During the 17th, 18th, and first half of the 19th centuries, in fact, a strictly imposed Danish trade monopoly virtually beggared the island. Even at the turn of this century the country was still a poor and struggling economic backwater, almost wholly untouched by the industrial revolution. Finally, World War II ushered in a miraculous change. England, battered and partially isolated, came to rely on a steady supply of Icelandic fish. At the same time, the Icelanders profited hugely from the coming of the American defense forces. Prosperity was suddenly at



hand, and with some slight variations it has carried through the postwar years.

Now an entirely different concern—severe inflation—arose to confront Iceland. Its basic unit of currency, the *krona*, has been devalued a half dozen times since 1946. While real GNP grew at an average annual rate of 7.5% from 1961 to 1971, inflation has averaged 11% annually. The government has repeatedly attempted by sundry means to implement an effective stabilization program, but success has only been fleeting. The problem has been a firm link between wages and prices which has driven both up in a seemingly never-ending spiral. And postwar governments have not found it politically feasible to deny wage raises following rises in the price index.

More basic to Iceland's situation is the fact that, in contrast to its spiritual self-sufficiency, it is one of the most materially dependent countries on the face of the earth. It must import everything from heavy machinery to toilet paper. And to pay its way it must live up to the old slogan of "export or die." Because of its small size Iceland has little power to influence the world market, and thus it is almost as much at the mercy of broad economic forces as it is of its natural habitat. Iceland's only real resources are adjacent fishing grounds, thermal springs, and hydroelectric power. On the debit side are its geographic isolation, short growing season, and rugged, sparsely populated, and lightly cultivated terrain. Under these circumstances its productive capabilities and, hence, its export abilities are severely circumscribed.

Iceland has found economic salvation in fish. One in five natives works in the fishing industry, whose products accounted for over 80% of local exports in 1971—still down from the more than 90% of recent years. Sadly for the Icelanders, the fish have not been completely cooperative. The migratory habits of herring make their catch unpredictable, and the valuable cod apparently have not multiplied in sufficient numbers to fill the nets of the ever more active fishermen of several nations. Reykjavik's drastic remedy, applied on the grounds that Iceland must fish to live, has been to increase progressively the swaths of ocean that it claims as an exclusive fishing ground. Increases in its offshore limits first to 4 miles and then to 12 produced a prolonged "cod war" with the United Kingdom in the 1950's—harassments at sea, collisions, boardings, and confiscations—and in late 1972 the two nations again became embroiled when Iceland extended its limit to 50 miles. This action, taken in con-

junction with announced intentions to claim a 100-mile pollution-free zone, caused concern in Washington that the principle of freedom of the seas might stand in jeopardy.

With fishing in the doldrums, Iceland has sought to bolster its economy through diversification. Some attempt has been made to reinvigorate the agricultural sector, which until the turn of the century was the mainstay of the economy and still employs one-eighth of the labor force on some 5,000 farms. Dairying has been encouraged to the point where it has surpassed even sheep raising, though the wool-bearing beasts still outnumber the human population by a ratio of four to

one. Crop production remains restricted chiefly to animal fodder, a few potatoes and turnips, and those fruits and vegetables that can be grown, at exorbitant cost, in geothermically heated greenhouses. Elsewhere, a government-sponsored factory expansion program has activated an aluminum smelter and plants producing woolen fashions and diatomite. A broader industrial buildup, however, has been inhibited by a paucity of labor, a shortage of investment capital, a small domestic market, and stiff competition from foreign producers. Thus, Icelandic industry remains relatively insignificant, designed principally to meet local needs.

Family-size Politics (u/ou)

Iceland is one of several countries that lays claim to having invented parliamentary democracy. Whether its claim is more valid than the others is, of course, moot. What is important is that Icelanders have zealously practiced forms of parliamentary democracy both in ancient and modern times.

In so small a country it is quite natural that a strong centralized national regime should exist. Multiple parties allow for the representation of a broad range of interests and also require the formation of coalition governments that serve to check rash actions by overweening authorities. Furthermore, respect for public opinion and a disrespect for the formal machinery of government are typical of Icelanders. Before a government moves, it is wise to assess the mood of the country; otherwise, the small but alert electorate may retaliate at the polls.

As does the United States, Iceland goes to the polls every 4 years to elect a chief executive. The Icelandic President, however, is the republican equivalent of the Scandinavian constitutional monarch in his powerlessness. Only in times of crisis is he likely to muster his prestige in order to influence the course of the nation. A prime minister and a handful of lesser ministers, normally six, wield executive power at the pleasure of parliament. The overall size and repute of the administration may be appreciated by the fact that until recently it was housed in a relatively small structure built in 1764 as a prison.

The main jewel in the governing watchworks is parliament. The *Althing* (all-speaking assembly) initially met in 930 at Thingvellir (assembly plain), now

considered hallowed ground. A conclave of local chieftains gathered largely to settle their disputes, this first parliament bore only a passing resemblance to the present-day legislature. Then too, with the coming of the Norwegian and Danish suzerains, the *Althing* lapsed into ineffectuality, and between 1800 and 1843 actually ceased to exist. Nonetheless, modern Icelanders regard their *Althing* as a continuation of the original, and claim for it the title of "grandmother of parliament." Today's parliament resembles that of Norway in that it meets as a single chamber to consider prime matters, such as the budget, but otherwise it operates bicamerally to provide the "double hurdle" effect of the U.S. Congress. In a unique marriage of politics and art, the last sitting of each session at Parliament House—an unprepossessing building in Danish baroque style—is conducted entirely in verse.

Justice, Scandinavian-style, is administered by courts whose integrity is legally guaranteed against assault by the executive or legislature. Capital punishment does not exist, and even life imprisonment is almost unheard of in this land of the law-abiding. Convicts, the few that there are, receive lenient treatment with a view to their rehabilitation.

Political parties in Iceland are based primarily on economic interest, to a lesser extent on ideology. The electoral process is far from a tame one, however. Campaigns take on the characteristics of a family fight—intense, bitter, and highly personal. Since the swing of a few votes can influence the number of seats a party gets through the quasi-proportional allocation system, candidates go all out in open public debate.

the common medium of the contest. Then, too, the nation's five daily newspapers, all party aligned, carry on partisan warfare the year-round.

Iceland has what might be termed a four and one-half party system, comprised of two principal middle-road parties and a splintered left. Icelandic governments in recent decades have normally been led either by the Independence Party, the representative of commercial, fishing, and professional interests, or by the Progressive Party, primarily the voice of the farmers and cooperatives. The third-strongest political amalgam is the People's Alliance, a Communist-front grouping which has garnered sufficient acceptability,

particularly with labor, to join in governing coalitions under each major party. A Social Democratic Party, weakened by an ineffectual leadership and ideology, rounds out the political establishment. The "half party" occurs in the person of Hannibal Valdimarsson, who once enjoyed leadership positions in the Social Democratic Party and People's Alliance and as of the early 1970's held an enviable balance of power position in his self-created Organization of Liberals and Leftists. The nation's most colorful political personality, Valdimarsson demonstrates by his success at the polls the importance of individual appeal in the Icelandic system.

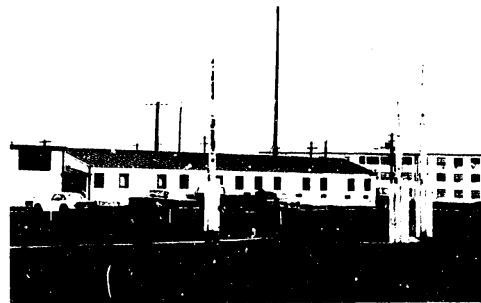
External Affairs: Yes and No (c)

The hardest question that Icelandic governments have had to face is whether or not to be a part of this world. To the extent that Icelanders have had a choice they have agreed, albeit somewhat grudgingly, that they must play a role in the international arena, and yet they have not overcome the tendency to retreat into isolation. This ambivalence is constantly reflected in the nation's foreign and defense policies.

For centuries Iceland managed to exist in a state of unarmed neutrality, divorced from the diplomatic intrigue and periodic wars of the great powers. This idyllic life ended in 1940 when Iceland's position as a forward military post, vital transportation link, and important weather station thrust it into World War II. In short order, Iceland found itself, in comparison to its population, with the largest occupation force—principally American—of any country in the world. Succumbing to the realities of the cold war, Iceland joined NATO as a charter member in 1949 and in May 1951 signed an agreement with Washington providing for the stationing of U.S. forces (the Iceland Defense Forces) under NATO auspices at Keflavik.

From the start, nationalist-leftist political elements saw red over the base issue. In 1956, a center-left government moved to force the withdrawal of U.S. troops, only to desist after the Soviet Union's ruthless suppression of the Hungarian revolt and a U.S. promise of a greater infusion of funds into Iceland. A like-minded regime announced on taking office in July 1971 that it would aim toward the final evacuation of the Defense Forces; it too showed subsequently a willingness to compromise. Caught between self-induced logical extremes—that U.S. forces on the one hand protect and on the other jeopardize Icelandic independence—Reykjavik seemed destined to continue along its chosen course of artful vacillation.

Icelandic parochialism aside, the nation's military security in reality rests with the Defense Forces since the islanders have never opted to raise an army of their own—not even a comic opera style army that some small nations affect. The uniformed national police, about 250 strong, are available in the event of internal unrest. Normally lightly armed—no pistols, only rubber truncheons—they could be supplied with heavier weapons on short notice. Otherwise, the closest facsimile of a military unit is the Icelandic Coast Guard. Its main function is to enforce fishing limits, but presumably its 120-man staff and five lightly armed patrol boats would be enlisted in a defense



U.S. Base at Keflavik

emergency. In the public mind, however, there is little expectation of such an emergency; meanwhile, the government finds bliss in the absence of a military budget.

Iceland has a small but well-qualified professional diplomatic establishment. About a dozen ambassadors, most with multiple responsibilities and accreditations, represent Iceland to the world. Aside from such topics as Law of the Sea, Iceland naturally has a limited direct interest in most world matters, but, generally along with the other Nordic countries, plays the role of a responsible citizen in the international community. Icelandic representatives on the whole spend a considerable amount of their time and effort in promoting expanded trade.

Problems for the Future (u/ou)

One truth about Iceland is self-evident: the national heritage is one of victory over almost impossible odds. The conquest was effected by Norsemen accustomed to surviving by their wits. Yet even for them what has been accomplished represents almost a miracle. Icelanders have been subjected to a merciless terrain, a forbidding climate, periodic famine, civil strife, the ravages of epidemics, foreign domination, and a debased economy—and they have endured, though at times just barely. Now that they have proven themselves, the question remaining is whether they can survive success. The character of the nation was forged in adversity, and continuing trials have kept the Icelanders alert to erosive influences. Tranquillity and prosperity could foster an indifference in attitude and slackness in action destructive to Iceland as a distinctive entity.

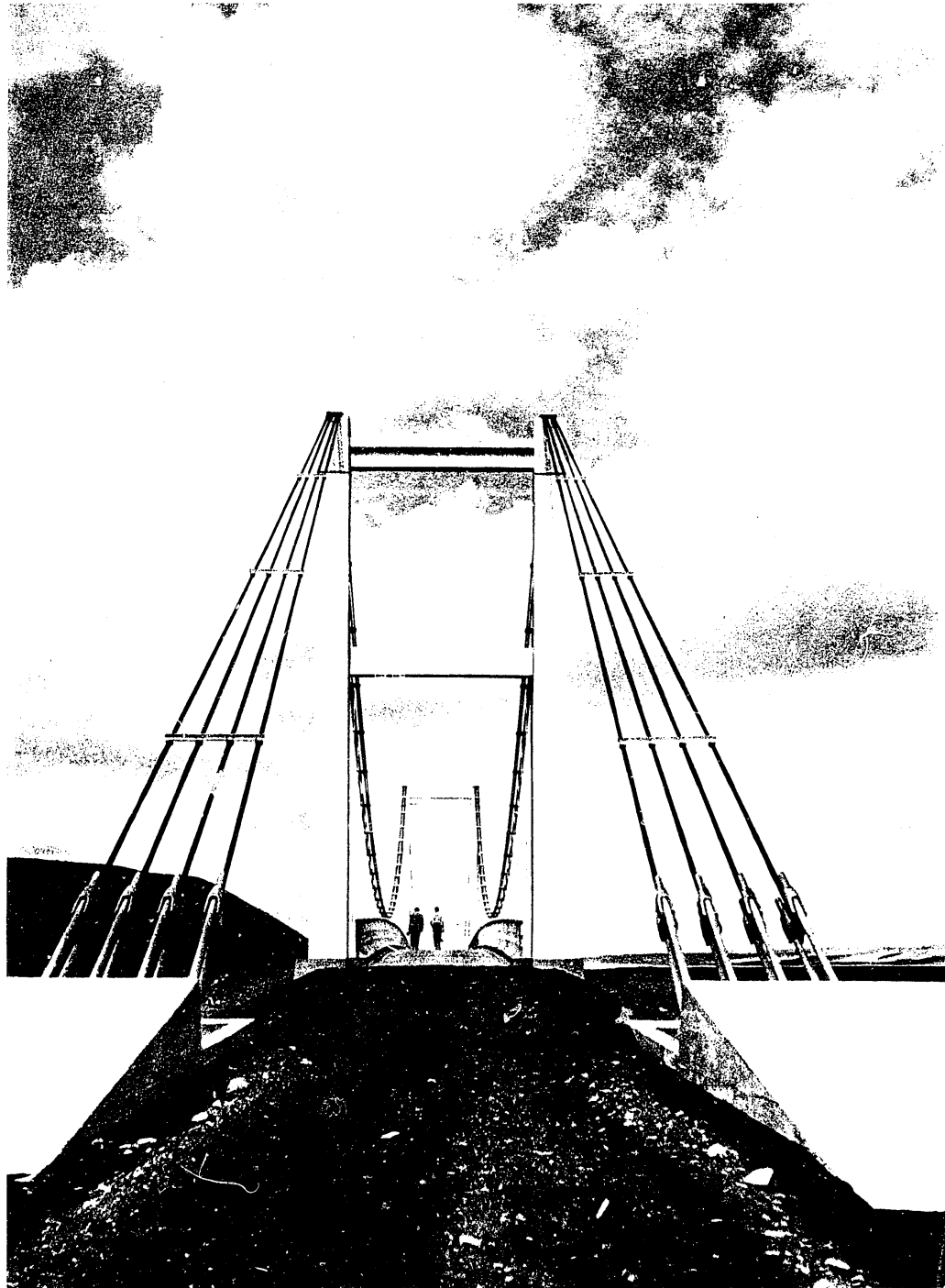
Some observers have already detected a decline in the Icelander's individual character and in the nation's collective ability to meet its needs. Sudden wartime prosperity helped spark a revolution of rising expectations, according to these viewers, and now the nation is afflicted with "galloping materialism," at severe cost to its spiritual health. To what extent the government can continue to promote the public welfare is seen as the crucial issue. Successive governments have wrestled with the same problems: controlling inflation, improving wages and working conditions, developing electrical power, and advancing industry, agriculture, and fishing. And successive governments have burned themselves out in the process, or so the theory goes.

Over the immediate term, it is also possible to paint Iceland's prospects in somewhat brighter hues. Despite the nation's limited resources, there is a great deal

more that Icelandic governments can do. The country has a great hydroelectric power potential. Labor is industrious, and the people are intelligent and dextrous. Nourished by foreign capital and expertise, Iceland is capable of making strides in the realm of skilled industry. Even in the troubled fishing sector, there is talk of making fish farming commercially viable. And however visionary a project, the odds are that the determined natives have the will to translate it into reality.

A longer range issue for Iceland lies in population growth. The island birth rate is one of the highest in Western Europe, and the death rate is one of the lowest in the world, yielding a rate of increase higher than that of most other prosperous Western nations. Projections from recent trends have placed the population as high as the half million mark during the next century. Long underpopulated and not yet afflicted with the ills of urbanization, the Iceland of today nonetheless must begin to consider how many people it can support.

It must consider, too, how much and at what expense it wishes to be of this world. Icelanders are subject to cultural change just as other peoples. As the outside world crowds in, they risk losing their identity, and hence their ability to be Icelanders. Yet, the nation has found no answer to its defense problem other than through collective security via NATO, and it has predicated its economic well-being on a thriving external trade. Given these constants, Iceland seems fated to emerge even further from its one-time shuttered existence. But, to the degree that the price is to be the loss of a portion of the Icelandic soul, the process is likely to be a painful one.



Chronology (u/ou)

874

First settlers arrive from Norway.

930

The *Althing* is established as a national parliament for an Icelandic federation of self-governing "republics."

1262

Norwegian rule is accepted by treaty.

1380

Iceland, together with Norway, comes under Danish rule.

1800

Althing is abolished by royal decree; supreme court of law takes its place.

1814

Norway separates from Denmark, but Iceland remains under Danish rule.

1843

Althing is restored in Reykjavik but is vested with only advisory powers, and electorate is limited to a few privileged property owners.

1874

A Constitution is granted by Denmark, embodying a bill of civil rights and remodeling the *Althing* into a legislative assembly.

1903

A revised Constitution provides for partial home rule, including a single cabinet minister in Iceland, appointed by the King of Denmark and responsible to the *Althing*.

1915

A second revision of the Constitution provides for complete parliamentary democracy but leaves defense and foreign affairs under Danish control.

1918

December

Act of Union, ratified by Iceland and Denmark, makes Iceland an independent kingdom joined to Denmark under a common monarch, but makes Iceland's military defense a Danish responsibility and leaves foreign affairs under Danish administration.

1940

April

Denmark is occupied by Germany, rendering Denmark unable to fulfill its defense commitment to Iceland.

May

British troops occupy Iceland.

1941

July

U.S.-Icelandic Defense Agreement provides for stationing U.S. forces on the island during World War II.

1944

June

Iceland abrogates the Act of Union, severing its last ties with Denmark, declares itself a republic, and adopts a new Constitution.

1946

September

Keflavik Agreement abrogates the 1941 defense agreement but provides for stationing U.S. civilian technicians at Keflavik Airfield to assist in carrying out U.S. military obligations in occupied Germany.

November

Iceland joins the United Nations.

1947

March

Last American troops are withdrawn from Iceland.

1948

April

Iceland joins the Organization for European Economic Cooperation (OEEC), now the Organization for Economic Cooperation and Development (OECD).

1949

April

Iceland joins NATO, but enjoins stationing of foreign troops in the country during peacetime.

May

Iceland joins the Council of Europe.

1951

May

New U.S.-Iceland Defense Agreement provides for stationing U.S. forces (Iceland Defense Forces) under NATO auspices in Iceland to take over its defense and terminates Keflavik Agreement.

December

Iceland joins the Nordic Council.

1956

March

Althing resolution calls for the withdrawal of U.S. forces.

June

Iceland notifies the United States of its desire to begin negotiations for revising the defense agreement.

1956

December

The United States and Iceland agree on the need for the continued presence of U.S. forces.

1958

September

Iceland extends its exclusive fishing belt from 4 to 12 nautical miles and thereby precipitates a 3-year "cod war" with Great Britain.

1959

October

Coalition government of Independence and Social Democratic Parties initiates economic stabilization program to combat inflation.

1961

Iceland wins international recognition for its 12-mile fishing limit and concludes a fishing agreement with the United Kingdom, ending the cod war.

1963

June

National election provides parliamentary majority for continuance of same coalition government.

1964

June

After a long delay Iceland joins UNESCO, indicating its desire to participate in world cultural activities.

1966

May

Dominant Independence Party registers losses and Social Democrats gain in municipal elections.

1967

June

National election sustains the Independence-Social Democratic coalition.

1970

March

Iceland joins EFTA.

1971

June

National election brings down Independence-Social Democratic coalition.

July

The Progressive Party, People's Alliance, and Organization of Liberals and Leftists form a center-left government.

1972

July

Iceland negotiates a limited free trade agreement with the EC. Entry into force is made contingent on an acceptable solution to Iceland's renewed fishing limits dispute with the United Kingdom and West Germany.

September

Iceland unilaterally extends the limits of its exclusive fishing jurisdiction from 12 to 50 nautical miles.

1973

January

Volcanic eruption on Heimaey island imperils Vestmannaeyjar, Iceland's chief fishing port.

CONFIDENTIAL

Area Brief (u/ou)

LAND:

Size: 39,750 sq. mi.
Use: 22% meadows and pastures, 78% other
Coastline: 3,100 mi.

PEOPLE:

Population: 209,000 estimated January 1973; density 5 persons per square mile; 84% urban, 16% rural
 ethnically homogeneous, racial stock essentially Nordic with slight Celtic admixture
Religion: 97.7% Lutheran, 2.3% other Protestant groups, Roman Catholic, and unaffiliated
Language: Icelandic
Literacy rate: 99.9%
Labor force: Approximately 85,000 (1970), 25% employed in agriculture, fishing, or fish processing
Males 15-19: 49,700; 85% fit for military service

GOVERNMENT:

Democratic parliamentary republic; highly centralized form of government; executive power exercised by President and Cabinet; legislative authority rests with parliament
Political subdivisions: 14 incorporated towns; 23 rural districts; 215 parishes
Principal parties: Independence Party, Progressive Party, People's Alliance (Communist), Social Democratic Party, Organization of Liberals and Leftists
 Suffrage: 21 years of age, residence established for 5 years prior to election, of sound mind, no criminal record, of unblemished character, and financially responsible
 Member of U.N. and specialized agencies, NATO, OECD, Council of Europe, Nordic Council, EFTA, EC (free trade agreement effective 1 March 1973)

ECONOMY:

Agriculture: Principal products are dairy products, beef, mutton and lamb, wool, skins, hay; must import most foodstuffs
Major industries: Fish processing, aluminum

Electric power: Installed capacity 356,000 kw.; 1.6 billion kw.-hr. produced in 1971; 7,700 kw.-hr. per capita

Exports: Fish and fish products, aluminum, diatomite

Imports: Petroleum and petroleum products, wood, transportation equipment, foodstuffs, aluminum oxide, foodstuffs

Major trading partners (1971): EFTA 36% (United Kingdom 13%, Denmark 9%), EC 22% (West Germany 11%), United States 24%, Communist countries 11%

Exchange rate: 1 Icelandic Krona = US\$0.0114

COMMUNICATIONS:

Highways: 7,400 miles; 47 miles concrete surfaced with some bituminous stretches, approximately 4,760 miles crushed stone (including lava) and gravel, 2,593 miles unsurfaced road and motorable track; 900 bridges and culverts 13 feet or more in length, including 600 bridges between 35 and 960 feet; one tunnel; 47,011 registered motor vehicles, 40,786 passenger cars, 5,658 trucks, 567 buses.

Ports: 4 major, 50 minor

Merchant marine: 25 ships of 1,000 or more gross register tons (g.r.t.), totaling 58,219 g.r.t. or 80,601 deadweight tons (d.w.t.); 230 ships between 100 and 999 g.r.t., totaling about 60,800 g.r.t.

Civil air: 18 major registered transports

Airfields: 93 usable airfields, 5 seaplane stations, 15 airfield sites; 4 airfields with permanent-surface runways; one field with 10,015-foot runway, 14 fields with runways between 4,000 and 7,999 feet; 78 fields with runways less than 4,000 feet.

Telecommunications: Adequate domestic and international service provided by elemental but improving network, predominantly open-wire telephone system; 74,900 telephones; 75,000 radiobroadcast receivers; 40,000 TV receivers; 15 AM, 12 FM, 73 TV broadcast stations; two 24-channel coaxial submarine cables with 66 to 72 telegraph circuits per cable; cables routed via Greenland to Canada, and via Faeroe Islands to Scotland.

DEFENSE FORCES:

None; no conscription or compulsory military service

Supply: No capacity for production of arms, ammunition, or other military equipment

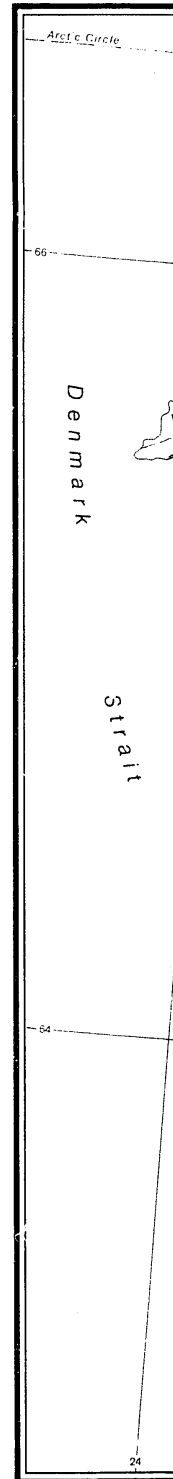
Embassyville

Places and features referred to in this General Survey (u/ou)

	COORDINATES				COORDINATES		
	°	'N.	° 'W.		°	'N.	° 'W.
Akranes.....	64 19	22 06		Mývatn (<i>lake</i>).....	65 36	17 00	
Akureyri.....	65 40	18 06		Neskaupstadhur.....	65 09	13 42	
Blönduós.....	65 40	20 18		Oddeyr (<i>spit</i>).....	65 41	18 05	
Búrfell.....	64 05	20 56		Raufarhöfn.....	66 27	15 57	
Eidhar.....	65 22	14 21		Reykjavík.....	64 09	21 57	
Engøy (<i>isl</i>).....	65 32	23 09		Reykjanes (<i>peninsula</i>).....	63 50	22 41	
Eyrafjörður.....	65 54	18 15		Sandgerðhi.....	64 03	22 42	
Eyrbakkur.....	63 52	21 09		Sauðhárkrókur.....	65 45	19 39	
Faxaflói (<i>bay</i>).....	64 24	23 00		Selöss.....	63 56	21 00	
Frederiksdal, Greenland.....	59 59	44 37		Seltjarnarnes (<i>peninsula</i>).....	64 08	21 56	
Gairloch, Scotland.....	57 42	05 40		Seyðhisfjörður.....	65 16	14 00	
Geitháls (<i>farm</i>).....	64 06	21 42		Sigalda (<i>hills</i>).....	64 09	19 15	
Grandagardhur (<i>breakwater</i>).....	64 09	21 56		Sigljufjörður.....	66 09	18 55	
Grimsey (<i>isl</i>).....	66 33	18 00		Skerjafjörður.....	64 07	22 00	
Grindavík.....	63 50	22 26		Sog (<i>stem</i>).....	63 59	20 59	
Hafnarfjörður.....	64 04	21 57		Straumsvik (<i>cove</i>).....	64 03	22 02	
Hampden, Canada.....	49 32	56 52		Stykkishólmur.....	65 04	22 44	
Heimaey (<i>isl</i>).....	63 26	20 17		Þingeyrar.....	65 33	20 25	
Höfn.....	64 15	15 13		Þorlákshöfn.....	63 51	21 22	
Hvalfjörður (<i>fiord</i>).....	64 22	21 39		Tórshavn, Faeroe Islands.....	62 01	06 46	
Hvambakur (<i>isl</i>).....	64 36	13 14		Vatnajökull (<i>ice cap</i>).....	64 24	16 48	
Hvonnadalshnúkur (<i>mt</i>).....	64 01	16 41		Vestmannaeyjar.....	63 26	20 16	
Ísafjörður.....	66 05	23 09		Vestmannaeyjar (<i>isls</i>).....	63 25	20 18	
Keflavík.....	64 01	22 34		Vík.....	63 25	19 01	
Kolbeinsey (<i>isl</i>).....	67 07	18 36					
Kollafjörður (<i>bay</i>).....	64 12	21 50					
Kópavogur.....	64 06	21 55					
Laki (<i>volcano</i>).....	64 04	18 14					
Laugarvatn (<i>farm</i>).....	64 13	20 44					

Selected airfields

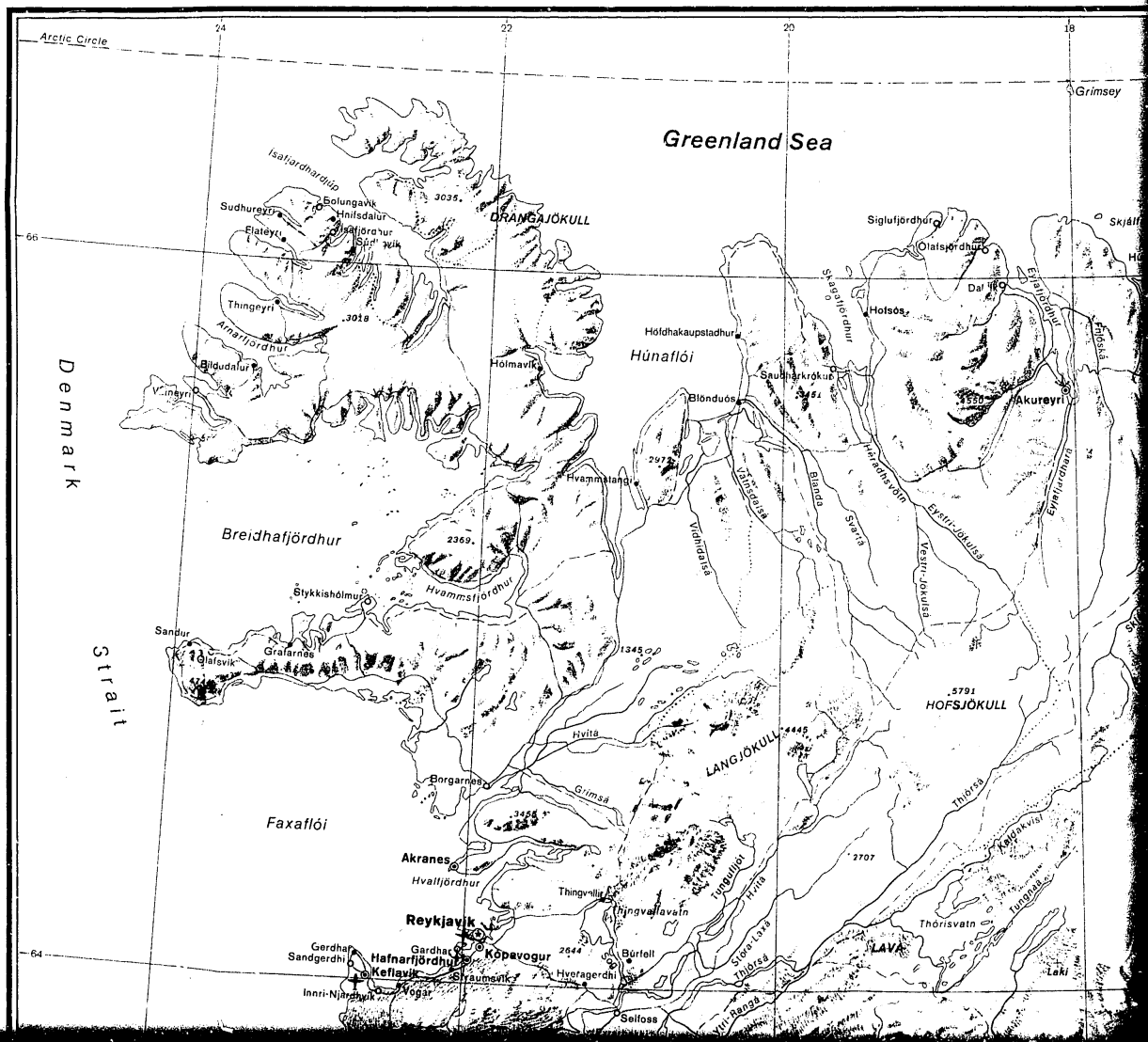
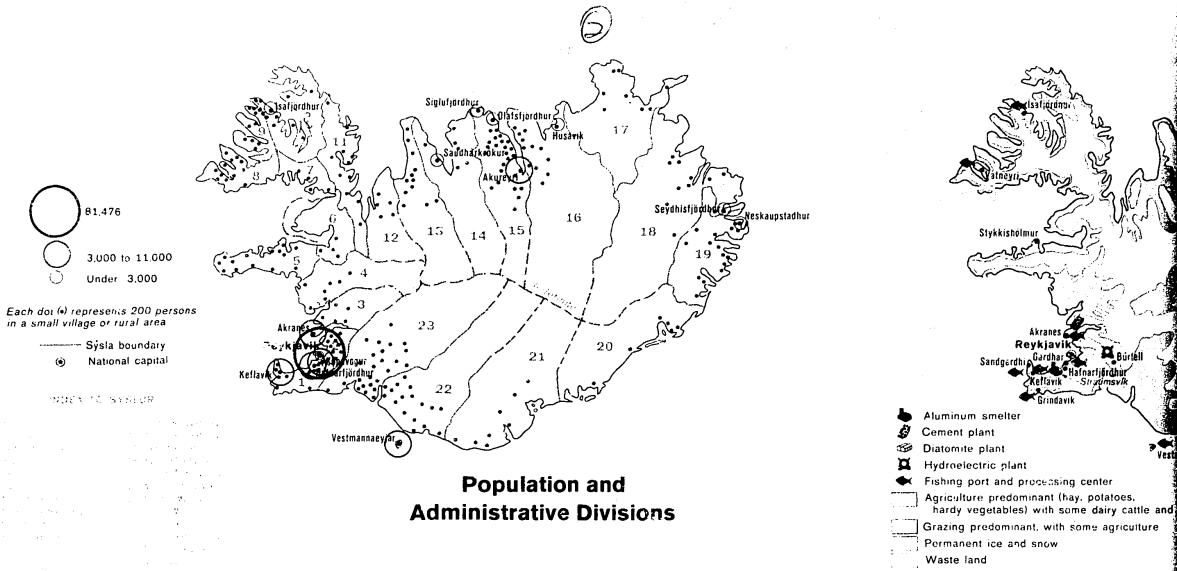
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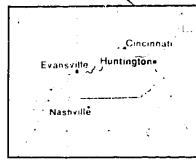
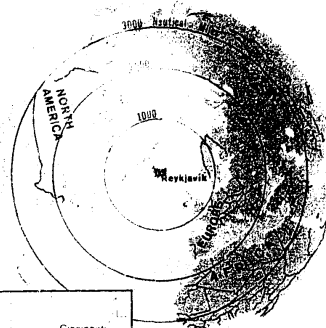
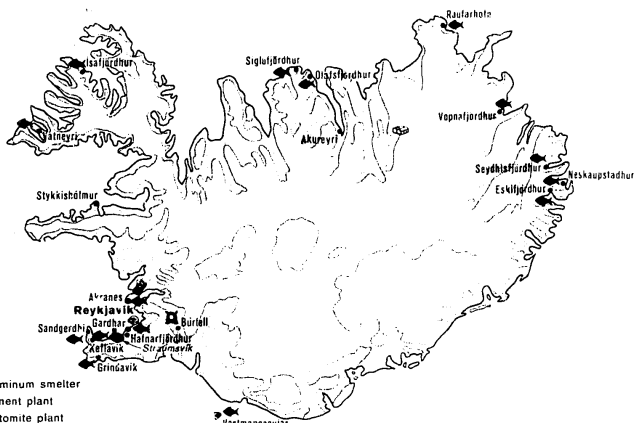
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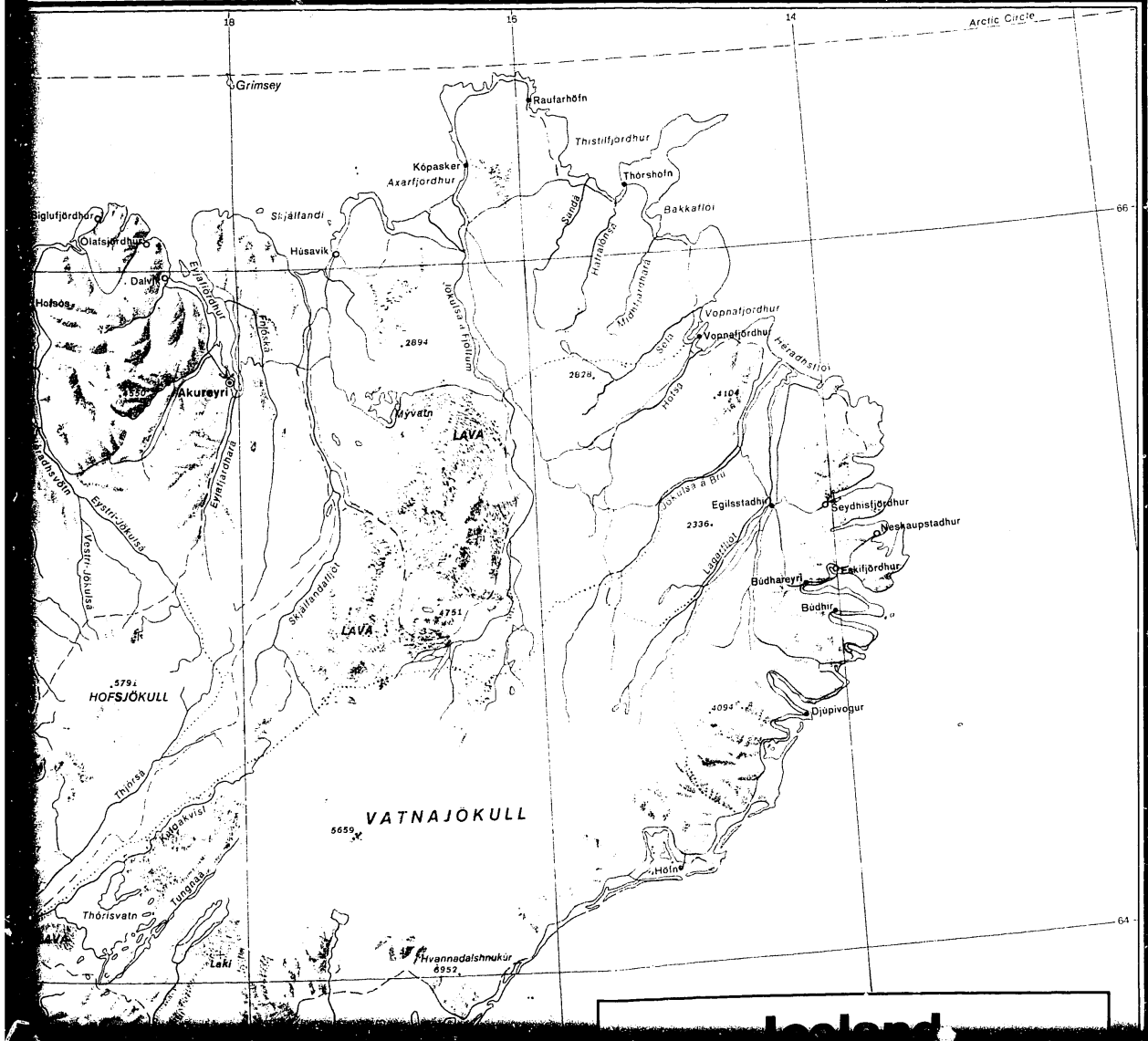


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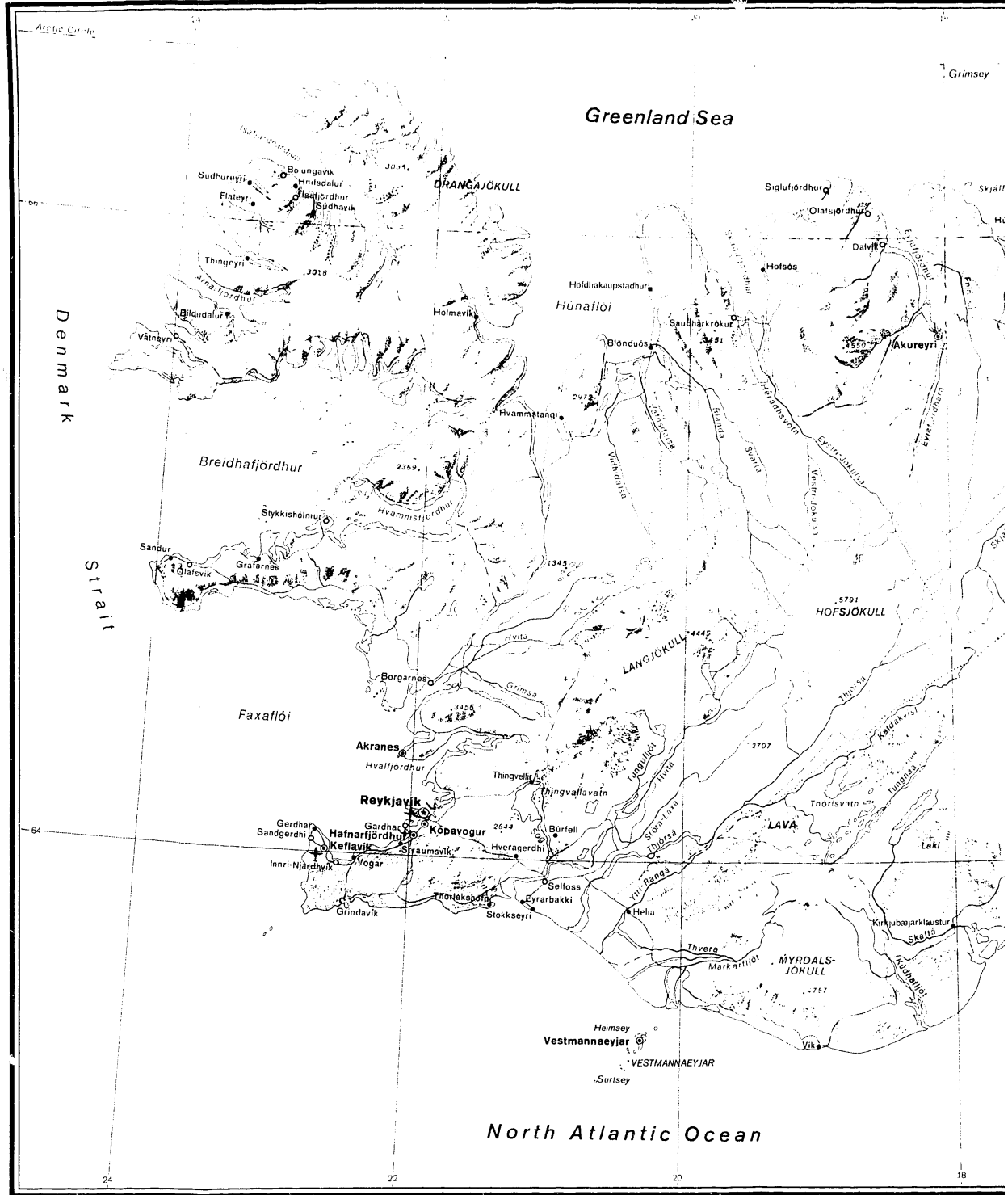
- Aluminum smelter
- Cement plant
- Diatomite plant
- Hydroelectric plant
- Fishing port and processing center
- Agriculture predominant (hay, potatoes, hardy vegetables) with some dairy cattle and sheep
- Grazing predominant, with some agriculture
- Permanent ice and snow
- Waste land

**Land Utilization
and Economic Activity**



Population and Administrative Divisions

- Aluminum smelter
- ⊗ Cement plant
- ⊕ Diatomite plant
- ⊠ Hydroelectric plant
- ⊞ Fishing port and processing center
- ⊞ Agriculture predominant (hay, potatoes, hardy vegetables, with some dairy cattle)
- ⊞ Grazing predominant, with some agriculture
- ⊞ Permanent ice and snow
- ⊞ Waste land

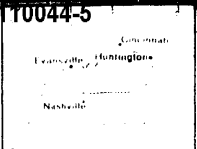


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1. Blank
 2. Lignite plant
 3. Hydroelectric plant
 4. Shipping port and processing center
 5. Agriculture predominant (hay, potatoes,
 6. Ardy vegetables) with some dairy cattle and sheep
 7. Grazing predominant, with some agriculture
 8. Permanent ice and snow
 9. Waste land

Land Utilization and Economic Activity



(FD)

Summary Map