

**SECRET**  
06/03/09

# Iceland

June 1973

NATIONAL INTELLIGENCE SURVEY

**SECRET**  
NO FOREIGN DISSEM

APPROVED FOR RELEASE: 2009/06/16: CIA-RDP01-00707R000200110053-5

## NATIONAL INTELLIGENCE SURVEY PUBLICATIONS

The basic unit of the NIS is the *General Survey*, which is now published in a bound-by-chapter format so that topics of greater perishability can be updated on an individual basis. These chapters—Country Profile, The Society, Government and Politics, The Economy, Military Geography, Transportation and Telecommunications, Armed Forces, Science, and Intelligence and Security, provide the primary NIS coverage. Some chapters, particularly Science and Intelligence and Security, that are not pertinent to all countries, are produced selectively. For small countries requiring only minimal NIS treatment, the *General Survey* coverage may be bound into one volume.

Supplementing the *General Survey* is the *NIS Basic Intelligence Factbook*, a ready reference publication that semiannually updates key statistical data found in the Survey. An unclassified edition of the factbook omits some details on the economy, the defense forces, and the intelligence and security organizations.

Although detailed sections on many topics were part of the NIS Program, production of these sections has been phased out. Those previously produced will continue to be available as long as the major portion of the study is considered valid.

A quarterly listing of all active NIS units is published in the *Inventory of Available NIS Publications*, which is also bound into the concurrent classified Factbook. The Inventory lists all NIS units by area name and number and includes classification and date of issue; it thus facilitates the ordering of NIS units as well as their filing, cataloging, and utilization.

Initial dissemination, additional copies of NIS units, or separate chapters of the *General Surveys* can be obtained directly or through liaison channels from the Central Intelligence Agency.

The *General Survey* is prepared for the NIS by the Central Intelligence Agency and the Defense Intelligence Agency under the general direction of the NIS Committee. It is coordinated, edited, published, and disseminated by the Central Intelligence Agency.

### WARNING

This document contains information affecting the national defense of the United States, within the meaning of title 18, sections 793 and 794 of the US code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

CLASSIFIED BY 019641. EXEMPT FROM GENERAL DECLASSIFICATION SCHEDULE OF E.O. 11652 EXEMPTION CATEGORIES 5B (1), (2), (3). DECLASSIFIED ONLY ON APPROVAL OF THE DIRECTOR OF CENTRAL INTELLIGENCE.

## WARNING

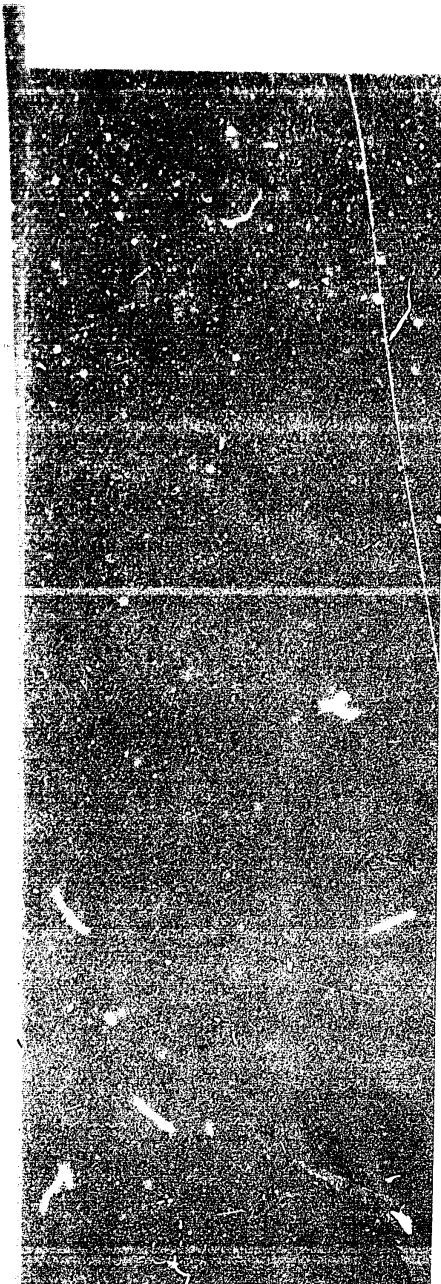
The NIS is National Intelligence and may not be released or shown to representatives of any foreign government or international body except by specific authorization of the Director of Central Intelligence in accordance with the provisions of National Security Council Intelligence Directive No. 1.

For NIS containing unclassified material, however, the portions so marked may be made available for official purposes to foreign nationals and nongovernment personnel provided no attribution is made to National Intelligence or the National Intelligence Survey.

Subsections and graphics are individually classified according to content. Classification/control designations are:

(U/OU)	Unclassified/For Official Use Only
(C)	Confidential
(S)	Secret

*This chapter was prepared for the NIS by the Central Intelligence Agency. It includes a contribution on the defense establishment from the Defense Intelligence Agency. Research was substantially completed by January 1973.*



# ICELAND

## CONTENTS

*This chapter supersedes the political coverage in the General Survey dated December 1966, which should be destroyed.*

- A. General ..... 1
- B. Structure and functioning of the government 2
  - 1. Constitutional system ..... 2
  - 2. Executive ..... 2
    - a. President ..... 2
    - b. Cabinet ..... 3
  - 3. Legislative ..... 4
  - 4. Judicial ..... 5
    - a. Courts ..... 5
    - b. Penal system ..... 5
  - 5. Regional and local governments ..... 6

SECRET

No FOREIGN DISSEM

	<i>Page</i>		<i>Page</i>
<b>C. Political dynamics</b>	<b>7</b>	<b>D. National policies</b>	<b>20</b>
1. Independence Party	9	1. Domestic policy	20
a. Membership and electoral strength	9	2. Foreign policy	21
b. Organization and leadership	10	a. Trade	21
c. Program and policies	10	b. Economic assistance	22
d. Press and finances	11	c. International organizations	22
2. Progressive Party	11	d. Fishing limits	22
a. Membership and electoral strength	11	e. Relations with other countries	23
b. Organization and leadership	11	(1) United States	23
c. Program and policies	13	(2) Scandinavia	24
d. Press and finances	13	(3) Others	24
3. People's Alliance	14	3. Defense policy	24
a. Membership and electoral strength	14	4. Popular attitudes toward national policies	25
b. Organization and leadership	14	<b>E. Threats to government stability</b>	<b>25</b>
c. Program and policies	15	1. Discontent and dissidence	25
d. Press and finances	16	2. Communist subversion	26
4. Social Democratic Party	16	a. Potential	26
a. Membership and electoral strength	16	b. Influence in organized labor	26
b. Organization and leadership	16	c. Influence in government	26
c. Program and policies	17	d. Influence among intellectuals	27
d. Press and finances	17	e. Front groups	27
5. Organization of Liberals and Leftists	17	f. Splinter groups	29
a. Membership and electoral strength	17	<b>F. Maintenance of internal security</b>	<b>29</b>
b. Organization and leadership	18	1. Police forces	29
c. Programs and policies	18	2. Intelligence and security services	29
d. Press and finances	18	3. Defense establishment	29
6. Pressure groups	18	<b>G. Selected bibliography</b>	<b>30</b>
a. Labor	18	<b>Chronology</b>	<b>32</b>
b. Management	19	<b>Glossary</b>	<b>34</b>
c. Cooperatives	19		
d. Youth	19		
7. Electoral procedures	19		

**FIGURES**

	<i>Page</i>		<i>Page</i>
Fig. 1 Structure of the central government ( <i>chart</i> )	3	Fig. 6 Voting strength by electoral district ( <i>chart</i> )	12
Fig. 2 Althing building ( <i>photo</i> )	4	Fig. 7 Expanding fishing limits ( <i>map</i> )	21
Fig. 3 Administrative divisions ( <i>map</i> )	6	Fig. 8 Structure, police and intelligence services ( <i>chart</i> )	29
Fig. 4 Governments since 1944 ( <i>chart</i> )	8	Fig. 9 Patrol craft <i>Odlinn</i> ( <i>photo</i> )	30
Fig. 5 Althing elections ( <i>chart</i> )	9		

# Government and Politics

## A. General (U/OC)

Iceland is a democratic parliamentary republic with a highly centralized form of government in which executive power is exercised by the President and Cabinet and legislative authority rests with parliament. Both the President and the parliament are elected directly by the people. Popular liberties are guaranteed by the Constitution which in its present form dates from 1944 when complete independence from Denmark was finally achieved. Icelanders are traditionally devoted to democratic institutions and tend to be politically liberal in outlook. A persistent aim of successive governments has been to ease living standards. This has been achieved however at the cost of mounting inflationary pressures.

An extraordinary ethnic homogeneity, a free press and political mobilization and a general absence of the use of force as a means of solving differences of national objectives have all contributed to Iceland's relative political stability. The basic external of law was manifested in the peaceful nature of the long struggle for independence from Denmark begun in the mid 19th century. The struggle culminated its final phase with the Act of Union of 1944 by which Iceland became an independent kingdom bound to Denmark under a common monarch. The somewhat short life of Icelandic governments since that date testifies of their lasting unity. This stems from the fact that one of the principal political parties which represent the interests of the major economic groups has had sufficient parliamentary strength to enable itself to direct the resulting coalition governments to take vigorous action on important national problems. In the need to reconcile divergent interests among the participating parties.

Fishing, with all its attendant factors and intrigues is a principal occupation and diversion of the Icelandic nation. Because the population is small and interrelationships and links can be traced back through the centuries, class-consciousness is weak and is reflected in political organizations. The rugged climate which confines people to sheltered places for

much of the year is probably an additional factor in making gossip and moonlighting—and hence politics—an important diversion. From their early youth most Icelanders are members of political parties and participate actively in organizational work.

Icelanders have traditionally been ethnocentric. Combined with isolationist propensities developed during the centuries when the island was reduced to the status of a forgotten Danish province, this cultural introversion resulted in a lingering legacy of xenophobic aversion to any "foreign entanglements" as manifested whenever internal or external developments appear to threaten Icelandic language and culture. Thus many Icelanders oppose foreign participation in the economic development of their country and tend to favor a policy of neutrality when international conflicts arise, even though a party to the conflict may pose an ultimate threat to their own democratic institutions. This xenophobia is probably declining however as Iceland is brought more into contact with world developments. Initial exigencies of World War II and subsequent membership in the United Nations and in the North Atlantic Treaty Organization (NATO) have withered away isolationism as a national policy, notwithstanding continued popular hostility to such attitudes of assertive independence as a national military establishment. Only the demands of collective security to afford protection for basic interests in the East-West struggle have induced the Icelanders to permit stationing U.S. forces on their strategically located island. This concession was made with the specific understanding that these forces were acting as the agent of NATO and would be removed as soon as international conditions permit.

The parliamentary elections of June 1971 brought to power a three-party coalition inclined somewhat to the left of its moderately conservative 12-year-old predecessor. The present government is headed by the Progressive Party, Iceland's second largest, whose strength stems traditionally from rural voters and from party identification with the powerful and pervasive economic cooperative movement. The junior partners are the Communist dominated People's Alliance and

APPROVED FOR RELEASE: 2009/06/16: CIA-RDP01-00707R000200110053-5

the Organization of Liberals and Leftists. The new government is attempting to insure Iceland's continued prosperity despite persistent inflationary pressures. In a highly popular move designed to reserve Icelandic fisheries, the Cabinet followed through on prelection rhetoric and announced a unilateral extension of territorial fishing limits from 12 to 50 nautical miles, effective 1 September 1972. Another key plank in the coalition platform, early withdrawal of the NATO Iceland Defense Forces (IDF), remains a more contentious issue and a potential threat to the longevity of the present government. The three parties together command 32 of 60 seats in parliament. Although the government retains considerable popular support after a year in office, ideological disparities between the centrist Progressives and the People's Alliance have placed strains on the coalition and could ultimately shorten its normal 4-year term of office.

## **B. Structure and functioning of the government (U/OU)**

Iceland is an independent republic with a highly centralized administration. Conforming to the pattern set in continental Scandinavia, the Constitution established a parliamentary democracy, with the directly elected members of the parliament (*Althing*) currently representing five political parties. Since the functional executive, the Prime Minister and the Cabinet, is responsible to the *Althing*, the separation of powers between the legislative and executive branches is ill defined. The duties of the popularly elected President are largely ceremonial and subject to *Althing* monitoring; these duties conform fairly closely to those performed by the King when Iceland was still associated with Denmark.

The judiciary is essentially independent, with the right to review legislation. Personnel of the civil service are generally competent and impartial in the performance of their duties, comparing in these respects to their counterparts in continental Scandinavia. Similarly, government service enjoys social prestige. Government employees must be Icelandic citizens and must qualify professionally for the positions they are to fill. High-level appointments are made by the Cabinet, generally after consultation among the party leaders.

### **1. Constitutional system**

The present Constitution, which dates from 17 June 1944, represents the culmination of a long struggle for independence. Denmark had granted the island a

Constitution in 1874, but this basic law, though giving the *Althing* limited legislative powers, left executive authority in the hands of the King of Denmark. A constitutional revision in 1903 brought partial home rule, and 12 years later a second revision established complete parliamentary democracy, including the extension of suffrage to women over 21. In 1918, through the Act of Union ratified by both countries, Iceland became an independent state joined to Denmark under a common monarch. Only Iceland's defense and diplomatic representation abroad continued to be the responsibility of the Danish parliament. Sentiment for complete independence, kept alive by a vocal minority during the interwar years, gained many adherents during World War II. Conquered Denmark proved unable at that time to defend the island, and after experiencing benevolent British and then U.S. occupation, the citizens of Iceland voted overwhelmingly in a May 1944 plebiscite to abrogate the Act of Union. The Constitution of 1915 was revised and "updated" by a government commission in a little more than a month, and the new Constitution of 1944 was approved in June by 95% of the voters. It established a republic based on the principles of a unitary state with legislative supremacy, but featuring some separation and balance of powers reflected in the prerogatives of an essentially independent judiciary. The Constitution was designed primarily as a statement of basic principles of government modified by specific limitations of power and authority—limitations beyond which the government might not act without the approval of the *Althing* and the electorate, as provided under a clearly outlined amending procedure. The Constitution of Iceland is similar to that of Denmark, the only major difference being that it specifically provides for judicial review to test the constitutionality of legislation. It specifically guarantees freedom of the press, assembly, and religion; universal suffrage; the right of habeas corpus; the inviolability of the home; and the right to own property. School attendance is compulsory unless home instruction commensurate with state standards is given, and the Evangelical Lutheran Church is declared the established, state-supported church of Iceland. The Constitution also prescribes the procedure for national elections.

### **2. Executive**

#### **a. President**

Executive power is nominally vested in the President, who is the titular Chief of State (Figure 1). He is directly elected by the people for a 4-year term.



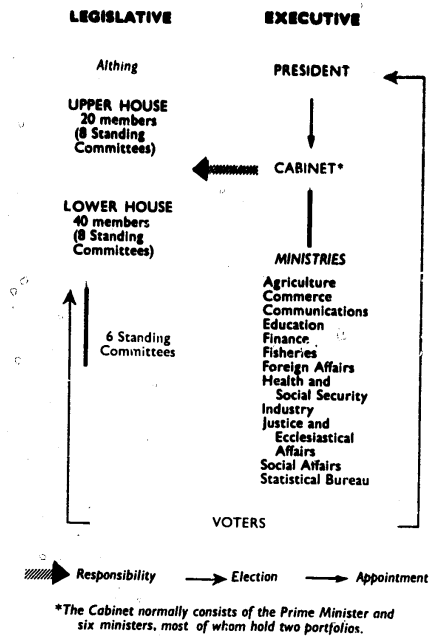


FIGURE 1. Structure of the central government (U/OU)

must be an Icelandic citizen at least 35 years old, and must meet all the requirements for voting in national elections. Although elected in about the same way as the President of the United States, the Icelandic President is to a much greater extent accountable for his actions to the *Althing*; his office is more like that of the President of the Federal Republic of Germany or the monarch in any of the mainland Scandinavian countries.

Although the President himself cannot be held directly responsible for the acts of his administration, cabinet ministers are responsible to the *Althing*. Subject to legal action only by special consent of the *Althing*, the President may also be removed from office by an involved procedure which has not yet been tested. A resolution demanding his removal must be passed by a three-fourths vote of the combined *Althing* and then submitted to a national plebiscite within 2 months. While awaiting the outcome of the plebiscite, the President may not perform any of his

duties. If vindicated by the people, the President must dissolve the parliament and call for new elections. In addition to the usual functions associated with the office of Chief of State, such as representing the country, signing treaties with foreign powers, appointing higher officials, and initiating bills for submission to parliament, the President is empowered to summon parliament, to dissolve it, and to order new elections. He also has a veto power over legislation; the veto may be overridden if the *Althing* votes to submit the rejected bill to a popular referendum, and a majority of the electorate subsequently approves it.

#### b. Cabinet

Executive power is wielded by the Cabinet, which is appointed by the President. The Cabinet is usually composed of party leaders who have been elected to parliament and are both individually and collectively responsible to it. The Cabinet is headed by the Prime Minister. From 1904, when parliamentary government was introduced to 1917 the various Cabinets contained only a single minister. Since 1917 the number of ministers, excluding the Prime Minister, has varied between three and six; in 1972 there were six ministers.<sup>1</sup> This relatively small number has resulted in one minister's having jurisdiction over more than one ministry. According to the 1944 Constitution, there must be at least two ministers, but there may be as many as the President deems necessary. In practice the number has been determined by the Cabinet itself during the negotiations within and among the parties incident to its formation.

Ministers are not required to be elected members of the *Althing*, although they usually are. As members of the Cabinet they automatically have seats in the parliament, where they may take part in debates, but they may not vote or sit on legislative committees unless they are elected members. Any minister may be impeached by the *Althing* in matters relating to the discharge of his official duties. Such cases would be brought before the High Court of the Realm, a special court of impeachment established in 1904 but never used. Because of party structure, coalition governments are the rule. Consequently, Cabinet changes usually result from disagreement among the participating parties rather than from evident lack of parliamentary support. Such changes occur when a parliamentary majority informs the President that a new Cabinet is ready and arranged. Should the old Cabinet refuse to resign, the *Althing* compels it to do so by passing a motion of no confidence. If the Cabinet resigns of its own volition, as is usually the

<sup>1</sup>For a current listing of key government officials consult *Chiefs of State and Cabinet Members of Foreign Governments*, published monthly by the Directorate of Intelligence, Central Intelligence Agency.

case, it may continue in a caretaker capacity at the request of the President until a new one is officially formed and approved by the parliament. The *Althing* may also pass a vote of no confidence against an individual minister, who must then resign, although the Cabinet as a whole continues in office.

The President, the Prime Minister, and the other ministers form the Council of State; the Prime Minister and the other ministers form the Cabinet. The Council of State takes final action on all the most important matters of government, but only after they have been discussed by the ministers. The most important function of the Cabinet is to propose bills to the *Althing*. All legislation passed by the *Althing* must be reviewed by the Council of State and be signed by the President in order to become law.

3. Legislative

Iceland's *Althing* is the oldest parliamentary assembly in the world, dating from 930. Like the Norwegian *Storting*, it represents a compromise between a unicameral and bicameral parliament. After an election, which occurs at least every 1 year, one-third of its members sit in the Upper House, and the remaining two-thirds sit in the Lower House. By party agreement the membership of each house is determined on a proportional basis. Up to 1979 the *Althing* comprised 32 members, the limit set by the Constitution. In August of that year, to correct overrepresentation of rural areas, the *Althing* revised the electoral system by a constitutional amendment. The number of constituencies was reduced from 28 to

eight, and the *Althing* seats were increased from 32 to 60. Of these, 49 were apportioned on the basis of population among the eight constituencies, and 11 were supplementary seats, members at large, to give each party representation in proportion to the total number of votes it obtained in the general election. The *Althing* meets annually in Reykjavik (Figure 2).

Candidates for the *Althing* is open to all Icelandic citizens who are qualified to vote, i.e., who are 20 years of age or older, have resided in the country for 5 years preceding the election, are of sound mind, and have no criminal record. The united *Althing* and each house separately elect a speaker, two deputy speakers, and two secretaries. The annual budget and other financial bills must always be considered in a plenary session. The houses meet separately for original consideration of other legislation, which must be submitted to three separate readings in each house. If a bill passes one house, but not the other, there is a sitting of the united *Althing*, and a two-thirds vote is required. If an amendment to the Constitution is voted, the *Althing* is dissolved and new elections are held. If the new *Althing* approves the proposed amendment, it becomes law when ratified by the President. The united *Althing* has six standing committees—Appointments, Foreign Affairs, General, Alternates, Credentials, and Local and Allowances. In addition, each house has eight committees treating identical fields of interest, such as Agriculture, Fisheries, and Education. Legislation is almost always

<sup>1</sup> For discussion of political parties see the beginning of the text and the list of names at the end of the chapter.



FIGURE 2. The Althing building in Reykjavik (P. OU)

presented by the government, but may also be initiated by the parliament. Provisional laws are issued by the executive branch when the *Althing* is not in session; they must be approved by its next session if they are to continue in force.

The preminent authority of the *Althing* stems from its dominance over the lawmaking procedure and its control over important executive functions of the Cabinet. The *Althing* directly influences policy by its control of the purse, its check on provisional legislation of the executive branch, and its right to impeach ministers. It exerts an ultimate control over the executive by its power to impeach and withhold confidence from individual ministers and to bring down the Cabinet by a vote of no confidence.

#### 4. Judicial

The root source of Iceland's system of jurisprudence is mainland Scandinavia, notably Norway and Denmark, with only fragments of Roman and canon law appearing in the legal code. The Constitution protects the administration of justice from executive and legislative infringement.

##### a. Courts

There are two categories of ordinary courts, the Supreme Court and the lower courts. The 29 lower courts are courts of first instance for both criminal and civil cases. There are 23 judges for these 29 courts. In courts of first instance procedure is always *in camera* for criminal cases. The defense counsel's written testimony is considered by the sheriff, who acts as judge as well as prosecuting attorney. In Reykjavik, however, where there are three courts of first instance—two for civil and one for criminal cases—the chief of police has no judicial function. In civil cases the courts of first instance also become courts of appeal when cases are received from the Conciliation Councils. Juries are not used in courts.

Appeals from the lower courts go to the Supreme Court, established in 1919 to replace the Court of Appeals, which had been a court of intermediate instance between local Icelandic courts and the Supreme Court in Denmark. The Icelandic Supreme Court consists of a president and four associate justices appointed for life by the President. Most appointments are made from the law faculty of the University of Iceland. Proceedings are public and mainly oral, although written briefs are employed under certain circumstances. Persons who do not plead for themselves can be represented by a close relative, a guardian, or a special attorney authorized to try cases

before the Supreme Court. Judges dissenting from a majority decision may express their own opinion.

Special courts include the Conciliation Councils, the High Court of State, the Maritime and Commercial Courts, the Boundaries Court, two ecclesiastical courts (the Dean's Court and the Synodal Court), and the Labor Court. The Conciliation Council in each rural district is composed of two commissioners appointed by the sheriff; its main function is to facilitate local arbitration of debt cases. If the council's award is accepted, it cannot be appealed at a later date, but if no agreement is reached, the matter may be taken to a regular court. The High Court of State, composed of the five Supreme Court justices, two additional members of the legal profession, and eight other members elected by the *Althing*, is empowered to try ministers impeached by the *Althing*. It has never been used.

The Maritime and Commercial Courts and the Boundaries Court handle disputes in their respective fields of competence. The Dean's Court and the Synodal Court are constituted in cases involving complaints against a clergyman for preaching a doctrine contrary to the established dogma or for possible connection with a scandal that would prejudice the exercise of his functions. The Dean's Court is a court of first instance, and the Synodal Court is a court of appeal from its decisions. The Labor Court (or Court of Arbitration) settles labor disputes during periods when collective contracts are in effect. It has five judges, one each representing employers, workers, and the government; the remaining two are appointed by the Supreme Court. Its decisions are final and cannot be appealed.

##### b. Penal system

Under the Icelandic Penal Code capital punishment does not exist; deprivation of liberty is the most extreme legal consequence of a criminal act. The code distinguishes between imprisonment and mitigated imprisonment and emphasizes the rehabilitation of offenders taking full cognizance of mental and other abnormal disturbances. Offenders sentenced to mitigated or short-term imprisonment, including juvenile delinquents, are placed in special institutions separate from those housing other prisoners.

Prison facilities are not uniformly adequate, despite a law of 1930 authorizing the construction of a prison in each inhabited place with a population over 500. It happens occasionally that prison sentences cannot be carried out for lack of space, and that light or short sentences may therefore be commuted to fines. Treatment of prisoners is humane. Mentally deficient

persons are committed to suitable institutions, while alcoholics sentenced to imprisonment can be placed in a sanatorium for their term of punishment or for a longer term of treatment up to 18 months. The home for juvenile delinquents in Reykjavik had 16 inmates in 1965.

There is a dearth of statistics on the nature and incidence of crimes; however, most violations are minor ones, such as drunkenness, brawling, and disregard of traffic regulations. Murders and other crimes of premeditated violence are very rare—a fact that emphasizes the law-abiding nature of the Icelandic citizen.

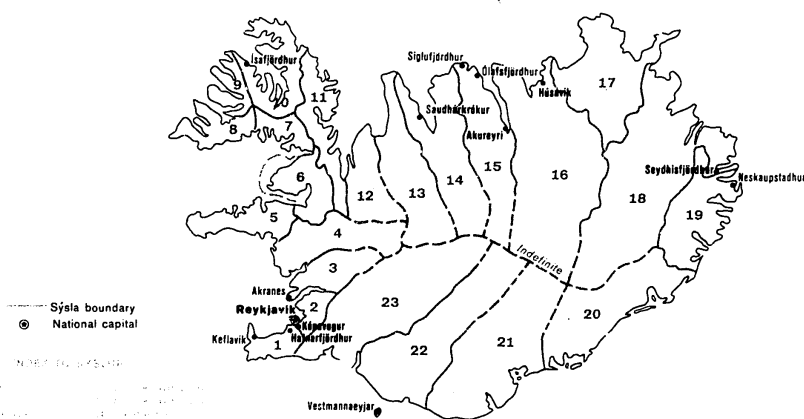
### 5. Regional and local governments

Iceland has a highly centralized form of administration in which nationally appointed sheriffs (*sýslumenn*) fill dual roles as executive agents of the central government and as participants in rural local government. In addition, each sheriff has a number of other functions, including those of tax collector, police chief, judge, and public prosecutor. These sheriffs are appointed for life by the Cabinet and are responsible for executing national laws on a local level as well as

for supervising the functioning of the local governments. Because of their various capacities, they are responsible to more than one ministry in the government.

For national administrative purposes Iceland is divided into 14 incorporated towns (*kaupstadhir*) and 16 rural counties (*sýslur*). At the local level, seven *sýslur* are bisected to make a total of 23 rural districts (Figure 3). These districts are further subdivided into some 215 parishes (*hreppar*), Iceland's oldest and smallest units of administration. Each district has its own council (*sýslunefnd*), which is presided over by the local sheriff as president. If the council should pass a measure which he deems contrary to the law or dangerous for the district, he may suspend it pending a decision of the appropriate ministry.

Each district council, normally seven to 15 men, is composed of one member elected for a 4-year term from each civil parish in the district. The council meets at least annually at the call of the sheriff or of a majority of its members. Decisions are made by majority vote of a quorum. In case of a tie, the sheriff casts the deciding ballot. The council administers district affairs as a whole and supervises most parish



**Administrative Divisions**

501728 4-73

FIGURE 3. Administrative divisions (U/OU)

affairs, including veto power over parish council decisions. It is charged with administering public instructions (through the educational and school boards), public health, old-age assistance, taxes, and the licensing of businesses. It also acts on such matters as roads, river fords, bridges, and certain matters regarding the use of sheep pasturage. The district has no independent power of taxation. Finances not otherwise covered by fixed revenues are obtained from each of the parishes on a basis determined by a central government law.

Parish councils, like district councils, are elected every 4 years by majority vote of the eligible voters. In size they range from three to seven members, one of whom is coopted to serve as parish mayor. The council must meet at least twice a year upon the call of the mayor or by a majority decision of the other members. It is mainly concerned with road maintenance, sewage disposal, and public welfare assistance, but it also handles education, public health, *Althing* elections in the parish, and matters concerning sheep pasturage. Parish revenues are derived principally from the parish tax. The annual budget, which is maintained by the mayor, must be approved by the council and then forwarded to the district council for review. Decisions of the parish councils involving increases in parish tax rates, disbursements for payment of parish payrolls, and the acquisition, sale, or mortgage of parish real estate must be approved by the district before they are valid. The parish council can override a veto of the district council with a two-thirds majority vote of the taxpaying eligible voters meeting in general assembly. In addition, the parish council may always appeal to the competent minister in the event of a dispute with the district.

Municipal government in the 14 incorporated towns is on the whole similar to that in the 23 rural districts. Each town has its own council, which coopts its mayor. Its powers compare quite closely with those of its rural counterparts. The main difference between the two is that proportional representation is used in town elections to take into account differences in the degree of popular support enjoyed by the five political parties. And the mayor, unlike the sheriff, does not function as a law officer, there being separate court and police officials.

### C. Political dynamics (C)

Modern political parties in Iceland date from the period immediately following the granting of home rule under the Danish crown in 1903. These parties have since become the principal spokesmen of the

different socioeconomic groups. Only the relatively broad spectrum Independence Party is not primarily representative of a special interest group. However, the ability of the leaders of the several parties to compromise some parochial positions in order to attain common ends accounts for the relative success of parliamentary democracy as a form of government in Iceland. This ability is not yet as refined as in continental Scandinavia—where legislative supremacy is also the rule—but clearly surpasses that evidenced in similarly governed countries to the south, notably France of the Third and Fourth Republics and contemporary Italy.

There are five political parties: the Independence Party, which is generally representative of business and commercial interests but also has significant support among farmers and workers; the Progressive Party, next in size, which traditionally represents rural interests; the Communist-dominated People's Alliance and the Social Democratic Party, both of which draw major support from among workers; and the Organization of Liberals and Leftists, Iceland's newest party, which represents democratic leftists dissatisfied with the previously existing liberal parties. Since 1932 no one of these has had sufficient parliamentary strength to rule by itself for any appreciable period, and coalition governments have been the general rule. Since 1942 only two governments have not been coalition regimes, and in both cases they were minority governments supported by other parties.

Five of 10 governments since World War II have been headed by the Independence Party, which by virtue of its predominant size has usually required the cooperation of only one other party in order to form a majority coalition (Figure 4). The Progressive Party has traditionally had a weaker position. Its strained relations with the Independence Party—stemming from a conflict of leading personalities on both sides as well as from basically divergent economic policies—have made it difficult for the Progressive Party to obtain the Independence Party's support in forming a government. For the same reasons, when the Progressive Party has participated in governments formed by the Independence Party, the cooperation has tended to be weak. The strength of the Progressive Party was considerably diminished by a change in the electoral law in 1943, reducing overrepresentation of the rural areas, which provide most of the Progressive vote. Since that time, in order to form a government without the Independence Party, the Progressives have required the support of at least two other parties. Since 1944 a Progressive has headed three of the five governments in which the party has participated.

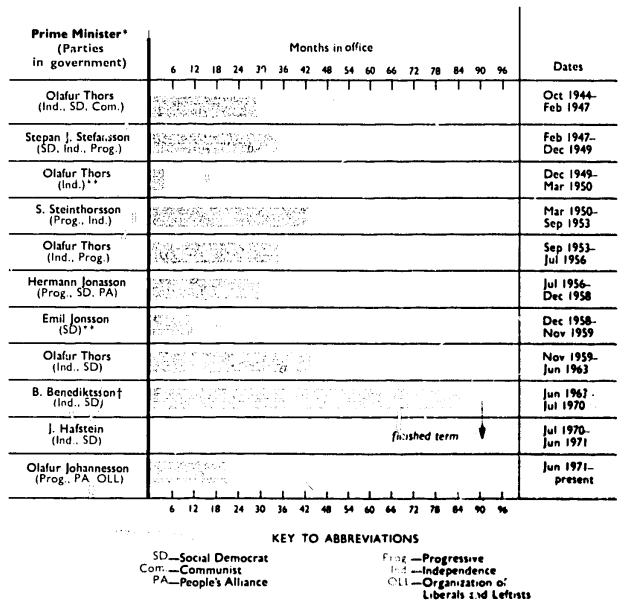


FIGURE 4. Icelandic Governments since 1944 (U/OU)

KEY TO ABBREVIATIONS  
 SD—Social Democrat  
 Com.—Communist  
 PA—People's Alliance  
 Prog.—Progressive  
 Ind.—Independence  
 OLL—Organization of Liberals and Leftists

\*The Prime Minister's party is listed first  
 \*\*Minority  
 † Died in office, July 1970

Unlike the Communist parties in the other Western European countries, the People's Alliance and its Marxist predecessor have been considered acceptable by the Independence and Progressive parties as a government coalition partner. As the third largest party, the Communists have on occasion held the balance of power, and, despite periods of political isolation, as in the aftermath of the Hungarian uprising in 1956, they have participated in three governments since World War II. The small Social Democratic Party has also from time to time held the balance of power. A Social Democrat headed one of the five coalition governments in which the party has served since 1944, and the 1958-59 Cabinet was entirely Social Democratic.

The Organization of Liberals and Leftists was formed in 1969 from dissident elements of the Social Democratic and Progressive Parties and of the People's Alliance. Although ridden with factionalism, handicapped by lack of an established party structure, and scarcely distinguishable ideologically from the

Social Democrats, the Organization of Liberals and Leftists did sufficiently well in the elections of 1971 to enter the government in coalition with the Progressives and the People's Alliance.

Despite the sudden prominence of the Organization of Liberals and Leftists, minor parties have seldom played a significant role in Icelandic politics. There have been only three of any consequence since 1933, and two of these were splinter groups. The Farmers' Party was formed of dissident Progressives in that year, out of a total of 49 seats, it won three in the 1934 elections and two in the 1937 elections, but it went out of existence in 1942. The Republican Party, established in 1953 by dissident from the Independence Party, failed to gain representation in the 52-member *Althing* in elections that year and disappeared shortly afterwards. The ultranationalist and isolationist National Defense Party, organized in 1953 to campaign against Iceland's defense agreement with the United States and its participation in NATO, won two seats in the elections of that year, but failed

to elect a single deputy thereafter. In 1969 hard-line Moscow-oriented Communist elements founded the Organization of Icelandic Socialists, but this group has never demonstrated any electoral success.

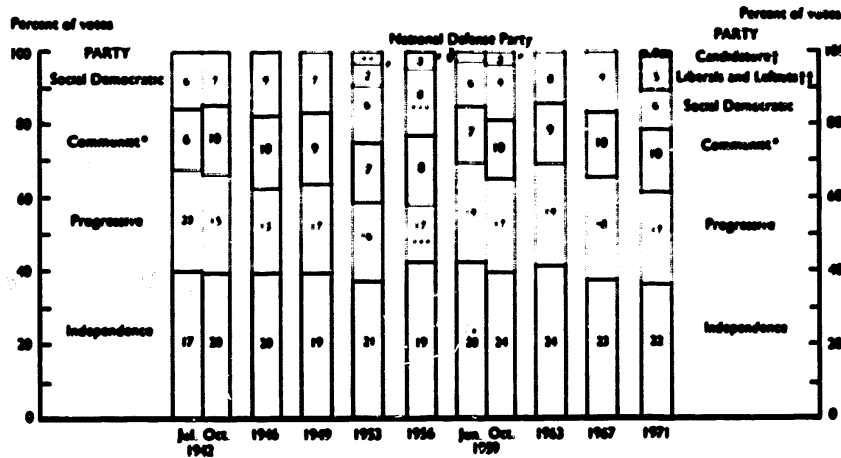
### I. Independence Party

#### a. Membership and electoral strength

The Independence Party is the largest party in terms of popular support and actual membership. It has polled more votes in national elections than any other party since its formation in 1929, and it has consistently held the largest number of *Althing* seats since October 1912, when the change in electoral law enabled it to replace the Progressive Party as the dominant parliamentary group (Figure 5). In the 1971 parliamentary elections the Independence Party captured 36.2% of the popular vote—compared to 37.5% in 1967—reducing its representation by one seat. The Independence Party is the most broadly

based of the parties, drawing members from virtually all economic and social groups—primarily from the independent fishing interests and the commercial or wholesaler groups, but also from the wealthy farmers, the professional groups, and a sizable sector of the working class. Formerly called the Conservative Party, it is not conservative in the conventional sense; it is essentially liberal in political outlook and has supported much social welfare legislation and a number of governmental controls on the economy. Despite the diversity of interests represented, the party has maintained a remarkable degree of cohesion by Icelandic political standards.

Although the Independence Party remains by a substantial margin the largest in Iceland, its electoral appeal declined slowly during the 12-year term 1929-71 of its coalition with the Social Democrats. The gradual erosion is attributable, at least partly, to political vicissitudes associated with such an extraordinarily long period in power, as well as to a



NOTE: Figures inside columns represent number of votes. Percentages may not add to 100 because of rounding.  
 \*Beginning with 1956, figures are for the Communist-front People's Alliance.  
 \*\*In 1953 elections, the short-lived Republican Party received 2,531 votes, or 3.3%, but was not listed.  
 \*\*\*These figures do not represent true level of support, since an electoral alliance resulted in a net transfer of many Progressive Party votes to the Social Democratic Party.  
 † The Candidates Party was established less than 2 months before the election of 1971.  
 ‡ Organized by groups of varied political persuasions. \*\* was intended as a spoof of existing political parties.  
 †† Organized in 1969.

FIGURE 5. Results of Althing elections (U GU)

weakened party leadership in the wake of Prime Minister Bjarni Benediktsson's accidental death in 1970. The decline in electoral support is reflected in municipal politics, the traditional base of Independence strength. In the quadrennial local elections since 1938 the Independence Party's share of the vote dropped from 51% in 1958, to 47% (1962), 42.5% (1966), and 41.8% in 1970. Despite this general downward trend, the party in 1970 retained control of the Reykjavik Municipal Council, its major power base, by winning eight of 15 seats.

#### *b. Organization and leadership*

The Independence Party is the best organized of the political parties, and party discipline is well maintained. Supreme power is formally vested in the convention (*landsfundur*), which meets at least once every 2 years. Among the duties of the convention delegates, who may number 700 or more, is the selection of the party chairman and vice chairman. An 18-man central committee (*midstjórn*) manages party affairs between conventions. In a move designed to strengthen the voice of the rank and file, the central committee was expanded in 1969 from 12 to its present 18 members. Eight are now elected by the convention from members not in parliament. Half of the remaining 10 are elected by party members of parliament from within their own ranks; the other five are members of the central committee *ex officio*. They are the party chairman and vice chairman, and the chairmen of the Labor Council, the National Federation of Independence Party Women, and of the Federation of Independence Youth.

The party council (*flokksráð*) theoretically has supreme power between conventions but in practice is often subservient to the central committee. The party council varies in size because of the manner in which its membership is determined. It typically consists of some 100 members from all sections of the country constituted as follows: all the party's *Althing* members and candidates in the preceding *Althing* election; all present and former central committee members; the members of the party organizational committee chosen by the *Althing* delegation, and of the financial board appointed by the central committee, numbering perhaps 18 together; and a score or more other members chosen from the various constituencies. The central committee convenes the party convention for the purpose of establishing policy for each 2-year period. Together with the *Althing* delegation, it defines policy between conventions and meetings of the council. The central committee also functions as

an executive committee. Local organization is based on societies, one in each urban constituency; more than one is permitted in each rural district. All societies must coordinate their activities with the central committee. In the Reykjavik constituency a board of representatives approved by the central committee selects the Reykjavik candidates for the *Althing* and elects the delegates to the convention.

Since 1930 the Independence Party has maintained the Federation of Independence Youth for the purpose of developing political leadership among its members. Because of the activities of this group, the party has been able to provide effective leaders locally and has usually done well on a national scale. The federation is the largest political youth group in Iceland; it carries on political educational programs, organizes trips to foreign countries for its members, and issues a number of publications. The party also maintains the National Federation of Independence Women; the Labor Council; and the Society of Independence Students, at the University of Iceland. In addition, it has its own labor organization, the Debating Society of Independence Laborers and Seamen, which represents the party's strong labor element in Reykjavik. This organization is not a trade union, but is composed of party members who belong to trade unions.

The Independence Party has been headed since 1970 by Johann Hafstein, a relatively undistinguished politician who moved up from party vice chairman on the death of the popular Prime Minister Benediktsson. Under Benediktsson's astute stewardship (1961-70) the Independence Party remained an effective instrument for protecting the economic and political power of the well-to-do and influential business interests. Hafstein, however, inherited a party divided by the succession issue and somewhat complacent after more than a decade in power. His selection as Prime Minister was essentially a compromise between career politician Gunnar Thoroddsen and Geir Hallgrímsson, then Mayor of Reykjavik.

#### *c. Program and policies*

During its 12-year tenure (1959-71) as senior partner in the governing coalition, the Independence Party exhibited an internationalist, staunchly pro-Western foreign policy and a mildly conservative but flexible domestic program. In principle, the party advocates a free market economy with a minimum of state interference. Nevertheless, compromises necessitated by the coalition form of government as well as the requirements of Iceland's precariously balanced economy have obliged the Independence Party to be



flexible in its domestic policy. While in power, it accepted governmental operation of firms in those fields where the public welfare is substantially involved or where private enterprises are incapable of operating efficiently without government assistance. Control of Iceland's persistent inflation has long been a party objective and is an issue which the party will doubtless exploit while it remains a member of the opposition. The party has also encouraged economic diversification, notably through negotiations leading to the construction of a large hydroelectric power station at Burfell and related aluminum smelter near Hafnarfjordhur, and the exploitation of diatomite deposits at Myvatn lake. To strengthen its appeal to a wide range of economic groups, it has in the past supported social security and old-age pensions and increased family welfare benefits, low-cost housing, technical education, and financial aid to students in scientific fields.

The Independence Party is the least insular of Iceland's major political parties. It strongly supports an effective Icelandic contribution to NATO and continued defense ties with the United States. It has consistently championed the stationing of U.S. forces in Iceland at the airbase at Keflavik. The party has favored continuing Icelandic membership in all non-Communist international organizations and associate membership in the European Communities (EC). The Independence leadership has also encouraged foreign capital investment as a means of spurring industrial and commercial expansion.

#### *d. Press and finances*

Persons closely connected with the leaders of the Independence Party own and control the most widely read newspaper in the country, *Morgunbladhidh* (The Morning Paper). It is published in Reykjavik daily except Monday. Although the party itself no longer controls a majority interest in the afternoon daily, *Visir*, it continues to receive support from the paper inasmuch as seven party members own the company publishing *Visir*. The party also controls several local papers in outlying areas. It has important investments in the book publishing field, and its leaders maintain close ties with the owners of the major book publishing house, *Isafold*, and the General Book Society. The party derives most of its income from dues, proceeds from an occasional fundraising campaign or lottery, and financial support from the business community.

## **2. Progressive Party**

### *a. Membership and electoral strength*

The Progressive Party is the oldest of the existing parties and is the second most popular in Iceland.

Since 1933 its share of the popular vote in the national elections has ranged from 22% to 28%, mostly from the rural areas, but increasingly from urban communities. In three of the five elections before October 1942, it won a plurality of *Althing* seats, principally because the inequitable electoral system favored rural areas and gave it overrepresentation. In the elections of 1971 it garnered 25.3% of the vote, compared with 28.1% in 1967, reducing its representation in the *Althing* by one seat. Second to the Independence Party in actual membership as well as in voter support, the Progressive Party also has a less varied base than its chief rival. It consists primarily of the small farmers and the cooperative movement, with some small additional following in the labor unions. It has gained some support among businessmen and professional groups, as the country-to-town movement provides a broader urban base. The strong support from the bulk of the Federation of Icelandic Cooperative Societies, numbering approximately 40,000 members, probably accounted for most of the votes the Progressives won in the last two national elections. On the other hand, the longstanding cleavage and rivalry between the federation and private business interests has been an important source of antagonism between the two larger parties.

In the municipal elections of 1970 the Progressive Party improved slightly on its showing of 1966, capturing 19.4% of the vote and increasing its representation on the 15-seat Reykjavik Municipal Council from two to three. In so doing the party became the second strongest in the cities and demonstrated that it has been able to retain the loyalty of many rural constituents who have migrated in large numbers to the population centers. Despite these recent urban inroads, however, its primary source of strength remains the sparsely settled hinterlands beyond the Reykjavik area. In the national elections of 1971, the Progressives won a plurality in five of eight electoral districts, running second to the Independence Party only in the capital and the adjacent South and Reykjanes districts (Figure 6).

### *b. Organization and leadership*

As with the other Icelandic parties, supreme power in the Progressive Party is theoretically vested in the party convention, which must meet at least every 4 years. The 15th convention was held in 1971. In practice the convention only outlines policy; authority between convention meetings is exercised by the central committee. This body, which meets annually when no convention is held, is composed of the party's *Althing* representatives, some 15 members resident in

TOTAL VOTES: 107,192

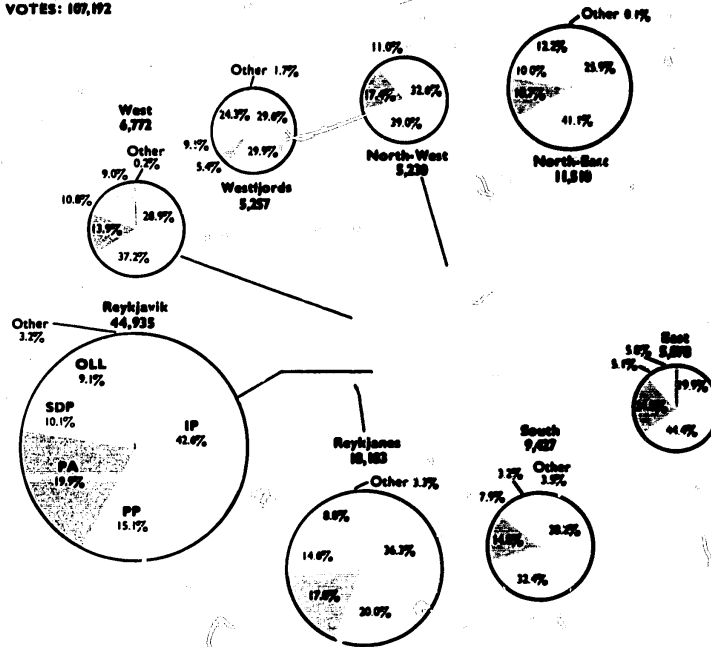


FIGURE 6. Distribution of voting strength by electoral districts, 1971 (U.O.U)

Reykjavik and vicinity, 27 members from the other seven electoral districts, and four members of the Young Progressives societies. The most important policymaking body is the 14-man executive committee composed of the party chairman, vice chairman, secretary, vice secretary, treasurer, vice treasurer, and eight stalwarts elected by the central committee. The party's local organization is based on societies and two auxiliary umbrella societies: the Young Progressives and Progressive Women. There is at least one party society in each electoral district. Executive boards elected by the societies coordinate party activities within the districts and with the central committee.

The Progressive Party has been less successful than the Independence Party in developing political leadership potential among the younger groups, but it appears to have a sufficient reserve of younger men with leadership qualifications to fill important posts.

The several local chapters of the Young Progressives are organized into the national Federation of Young Progressives, whose relatively small membership (1,000) has traditionally been more radical in its attitudes than the party as a whole. Frequently critical of party leadership, the Young Progressives espouse larger social welfare programs, more centralized economic planning, environmental safeguards, and removal of the Iceland Defense Forces. There are two societies of Progressive Women, one in the capital, the other in Akureyri. The Liberal Student Society, composed of Progressive students at the University of Iceland, plays an important role in training party leaders.

The Progressive Party is headed by Prime Minister Olafur Johannesson, a former professor of law, who succeeded Eystrim Jonsson as chairman in February 1965. Although basically friendly toward the United

States and a proponent of continued membership in NATO. Johannesson is a rather colorless and unimaginative character, forced to tread cautiously in order to avoid alienating the widely divergent wings of his party. Since 1961 the Progressives have on several occasions come close to a total split between the radical left wing and the conservative, often reactionary right. Two issues which in particular have kept the party in a state of ferment are the extent to which the party should collaborate with the Communists for domestic political objectives and the continuation of the Icelandic-U.S. defense agreement. Both Johannesson and Vice Chairman Einar Agustinsson, the present foreign minister, have attempted to steer a moderate course.

*c. Program and policies*

Although the Progressive Party has recently begun to attract some support among business and professional groups in urban centers, it is still basically agrarian and represents the small farmers and the cooperatives. As such it has consistently advocated, and when in the government has implemented, measures primarily benefiting these two groups. Reforms favorable to labor which the party helped enact into legislation during its years in coalition with the Social Democratic Party stemmed from compromises necessary to win the support of the Social Democrats rather than from direct concern with the interests of organized labor. To maintain its strong support among the farmers, the Progressive Party favors measures directly benefiting agriculture, including subsidies for agricultural products, better roads, and large-scale electrification of rural areas. To promote cooperative interests, it seeks to provide public capital investment for producer and consumer cooperatives. While favoring government participation in enterprises requiring large-scale investment, it believes nationalization should be avoided. The party supports planned economic development with greater cooperation of government, business, the cooperatives, and labor, and strict controls on any foreign capital participating in a program designed to achieve diversification of industry. While the Progressive Party is basically democratic, it has on occasion collaborated with the Communists to unseat Independence-led governments or, as in 1971, to form its own majority coalition. Young radical elements within the party have tried over the past decade to push it sharply leftward, but have been successfully resisted by moderate and conservative members. In recent years the balance of power within the party has remained with the moderate center, but the need to

accommodate both radicals and conservatives sharply circumscribes the freedom of the leaders to maneuver.

The foreign policy of the Progressive Party traditionally has been more nationalist and isolationist than that of the Independence Party, reflecting the sentiments of its more radical rural and youth groups. However, Progressive attitudes on the main foreign policy question of defense, involving NATO and the U.S.-manned NATO base at Keflavik, have been frequently governed by considerations of expediency, and on several occasions since the end of World War II the party has shifted its position on these two issues from opposition to support or vice versa in order to cope with domestic political pressures. In general it has tended to manifest a more favorable attitude when participating in the government and a more hostile one when in the opposition. From 1960 to 1971 the party policy regarding NATO and the 1951 U.S.-Icelandic defense agreement was to cooperate with Iceland's neighbors in security matters, including participation in NATO, and to seek the departure of the U.S. forces "at the earliest possible moment." This policy represented a compromise between conflicting views among party members and leaders. Right-wingers believe in the efficacy of NATO, support membership in it, and accept the Iceland Defense Forces base as a necessity. From this point leftward there is a progressively less favorable attitude, with demands ranging from a gradual phasing out of U.S. forces to the early withdrawal of personnel and the closing of the base; on the far left there is strong sentiment for an immediate termination of the defense agreement and a withdrawal from NATO. Members of the left wing have participated in the Communist antibase campaign, and many older members of the party, outside the left wing, have voiced apprehension that the presence of large numbers of foreign troops will undermine Icelandic culture. Since coming to power in June 1971 the party has characteristically begun to display more caution on the base issue, despite unremitting pressure from their coalition partner, the People's Alliance, to redeem a Progressive campaign pledge to negotiate a complete withdrawal of U.S. forces by 1975. Regarding international economic policy, the Progressives have eschewed membership in the EC in favor of a less binding free trade arrangement. They have also enthusiastically supported the unilateral extension of Iceland's exclusive fishing jurisdiction from 12 to 50 nautical miles.

*d. Press and finances*

The main Progressive newspaper, *Tíminn* (The Times), a Reykjavik daily, has the second largest

circulation in Iceland, most of it in the rural areas. Owned and operated by the party, it is usually in financial difficulty and must be assisted with party funds. The few weeklies published by the Progressives have very limited circulation and are also dependent on stipends from the party treasury. This treasury, however, has ample reserves; in addition to income derived from dues and lotteries, the Progressive Party receives considerable financial support from the powerful and wealthy Federation of Icelandic Cooperative Societies.

### 3. People's Alliance

The People's Alliance (PA) is the most recent incarnation of the Communist Party of Iceland (CPI). The original Communist party was formed in 1930 by a group of dissident Social Democrats. In 1938 it withdrew from the Third International, took the name United People's Party-Socialist Party (UPP-SP) and sought with considerable success to present itself as a radical, strongly nationalist workers party. The Communist members and those who continued to identify with European social democracy maintained a facade of joint control. By 1949, however, most Communist members reoriented toward the Soviet Communist Party and took over completely, although they retained the UPP-SP designation. In 1956, in a renewed effort to broaden its support among the workers, the CPI once more joined with leftist Social Democratic elements—this time with the labor leaders of the Icelandic Federation of Labor to form an electoral front known as the PA. The front again maintained itself for more than a decade, primarily to conceal the CPI's identity in general elections and to provide a cover for leftists who did not wish to be labeled officially as Communists. In November 1968, however, the PA was converted from an electoral front to a Marxist political party under avowed Communist leadership, supplanting the UPP-SP, which was dissolved.

#### a. Membership and electoral strength

The PA is the third in size and influence among Icelandic parties. In national elections since 1942, its share of the votes, mostly from the cities and towns, has averaged over 17%. From 1942 through 1956; in which year it first entered elections under the PA front label, the CPI averaged 18.6% of the votes, but this high level was not subsequently maintained. In the June 1959 election its share of the ballot fell to 15.3%, rising thereafter to 16% in 1963 and 17.6% in 1967, before again declining slightly to 17.1% in 1971.

In the municipal elections of 1970 the Communists received 14.3% of the vote, a further drop from their 16.7% in 1966, when, for the first time in 8 years, they were supplanted by the Progressives as recipients of the second highest percentage of the total urban vote. In the capital area, a traditional Communist stronghold, the PA in 1970 lost one seat on the Reykjavik Municipal Council, reducing its representation from three to two on that 15-man body. Despite the setback, the PA emerged relatively intact from the elections of 1970 in the face of sharply increased competition for leftist votes by the Organization of Liberals and Leftists.

Although the PA is third in voting strength, it ranks fourth in membership. With the dissolution of the PA as an electoral front in 1968, the Icelandic radical left split into three groups: the Communist-dominated PA, the basically non-Communist Organization of Liberals and Leftists, and the hard-line, pro-Moscow Organization of Icelandic Socialists. While membership figures have been closely held by all three new parties, the PA has apparently retained the allegiance of most of the 1,000 to 2,000 members of the old UPP-SP. The new PA is strongest in urban areas and small fishing and canning towns on the north and east coasts; it is weakest in rural areas except for the far north, which has always had a politically more radical populace. The PA controls Iceland's largest labor union, *Dogsbrun*, an affiliate of the Icelandic Federation of Labor, comprising the unskilled workers in Reykjavik, as well as the important unions of carpenters and iron workers. The party's main source of strength remains the labor movement, but it has also gained a small, relatively diversified membership from other occupations and social classes. It has succeeded in attracting an impressive number of intellectuals, artists, and writers, who, while constituting only a small minority of the total number of constituents, play an important role in furnishing the PA with respectability.

#### b. Organization and leadership

Among the major reasons for the success of the PA in establishing itself as a very influential force in the Icelandic labor movement are the effectiveness of its organization, its large pool of talented, full-time labor leaders, and its steadfast concentration on labor as the primary source of political strength. The organizational bylaws of the UPP-SP were revised in 1968 at the time of its rebirth as the PA. The party convention, numbering about 100 delegates, meets every 3 years and elects to a 1-year term a 30-man central committee, which includes the party chairman, vice

chairman, and secretary. In intervening years the convention's functions are taken over by a party board, consisting of 90 members elected by district councils. The central committee, constituted either by the convention or party board, elects an executive committee which handles daily operations and is the apex of the power structure. From the executive committee, organizational and operational lines of command run directly to the sections of the Reykjavik organization and to societies elsewhere in the country. These societies, some 20 in total, do not differ essentially in structure or activity from the local organizations of the other parties. In one important respect the PA is less well situated than the Independence and even the Progressive Parties. Despite its preeminent position within the labor movement, the PA has only a small reserve of younger men with demonstrated qualifications for national leadership. To a large extent this shortcoming may be ascribed to the effects of increased divisiveness in recent years within Communist ranks and to an erosion of support from its former youth movement. In 1970 the militant National Federation of Youth Battalions, the chief Communist youth auxiliary, declared its autonomy in protest over the opportunistic policies of the PA, changing its name to "The Alliance, The Fighting Organization of Socialists." Although it removed the age limit for membership, the former youth group can probably claim no more than 500 adherents. The PA retains the Women's Culture and Peace Society. Party members are instructed to join a variety of non-Communist leftist organizations and work for Communist leadership within such groups, but have not been particularly successful in these efforts. Significant numbers of writers, teachers, and other Icelandic intellectuals had turned to communism in the thirties, forties, and fifties, but the trend in recent years has diminished. Young leftist intellectuals at odds with the system now seem prone to turn toward the more anarchistic New Left rather than to the established Communist party.

In an obvious attempt to attract youthful supporters, the PA in 1968 elected 30-year-old Ragnar Arnalds to the party chairmanship. A Swedish-educated lawyer and a member of the *Althing*, Arnalds was long prominent in the Organization of Occupation Opponents, a group seeking withdrawal of the Iceland Defense Forces. He succeeded party chairman Einar Olgeirsson, an astute CPI stalwart since its inception. Given Arnald's youth and Olgeirsson's age, the most influential PA members are currently veteran Communists Ludvik Josefsson and

Magnus Kjartansson, both of whom received Cabinet positions in the center-left governing coalition formed in 1971.

### c. Program and policies

As a Marxist political organization, the PA advocates further state control of the economy, including nationalization of all major industries, more extensive state ownership and operation of agriculture, state control of foreign trade, and the exclusion of foreign interests from participation in economic development and the use of national resources. It calls for lower prices (to be achieved through lower tariffs), increased wages, larger pensions, and low-priced housing—all of these designed to attract labor support. When not a member of the government, some Communist demands have in the past been made as ploys to wreck the economic stabilization program, particularly its efforts to check inflation. In the electoral contest of 1971 the PA effectively exploited Icelandic nationalism by demanding the immediate abrogation of existing fishing agreements with the United Kingdom and West Germany, and the extension of Iceland's exclusive fishing jurisdiction from 12 to 50 miles. Seeking further to broaden its campaign appeal beyond traditional Marxist-socialist formulations, the PA also concentrated heavily on the issues of conservation and the environment.

The Icelandic Communist party has long cultivated the image of an indigenous socialist party independent of outside influences. With few exceptions the PA has maintained an isolationist posture, avoiding international Communist conclaves and remaining neutral on such hotly contested issues as the Sino-Soviet dispute. In 1968, however, the Soviet intervention in Czechoslovakia drew sharp and persistent condemnation from the PA leadership, precipitating the withdrawal from the party of the more zealous pro-Moscow elements. Nevertheless, the PA tends to follow the Soviet line on most other international issues. It opposes military alignment with the West and Iceland's acceptance of the U.S.-manned NATO base at Keflavik. In an effort to attract the greatest possible support at home for this policy, it maintains that the U.S. presence is undermining Iceland's nationality, language, and culture, encroaching on its independence, and violating its tradition of neutrality. The PA opposes any close association with the EC and maintains that foreign private investment capital will lead to outside domination of Icelandic industrial life.

Despite fundamental policy differences with other leading parties, the PA and its Communist

predecessors have demonstrated sufficient flexibility and opportunism to participate in three governing coalitions since World War II. On these occasions the Communists have accepted compromises of Marxist principle in return for the respectability and political leverage of Cabinet status.

**d. Press and finances**

The principal propaganda medium of the PA is the Reykjavik daily *Thjodhefjinn* (The Will of the Nation). A theoretical journal, *Ny Utsyn*, is published biweekly in Reykjavik. Outside of the capital at least two weeklies, *Verkamaðurinn* in Akureyri and *Mjolinir* in Siglufjordhur, are pro-Communist and are probably controlled by the party. Deficits incurred by all these publications are defrayed by the PA. Although recent corroboration is lacking, it is generally believed among Icelanders that the PA is itself funded in part by the Soviet Union. The party's insolvency, stemming from members' nonpayment of dues and from the chronic failure of fundraising drives, may also be eased by East Germany and other foreign Communist parties. The PA receives substantial income from private trading companies, such as *Borgarfell*, which imports office and printing machinery from Eastern Europe. However, one such firm, the Mars Trading Company, ceased U.S.S.R.-Icelandic trade in the wake of the Soviet intervention in Czechoslovakia.

**4. Social Democratic Party**

**a. Membership and electoral strength**

The Social Democratic Party, founded in 1916 by the leaders of the Icelandic Federation of Labor, retains its long-held position as Iceland's fourth largest political party despite a series of severe setbacks in recent years. Defections to the PA and more recently to the Organization of Liberals and Leftists have deprived the party of its most dynamic labor elements. Their loss also weakened its hold on the trade union movement, its traditional source of strength. The party's popular appeal suffered when its 12-year coalition with the strong, conservative Independence Party (1959-71) was attended by the inevitable compromises of socialist principles. In national elections since 1942, the Social Democrats have consistently emerged fourth best, with their share of the popular vote ranging from 10.5% to nearly 18%, mostly from the cities and towns. Although their electoral fortunes have fluctuated markedly since 1942, the recent trend has been sharply downward. In the national elections of 1971 the Social Democrats

polled only 10.5% of the vote, a precipitous decline from their 15.7% tally in 1967. The Social Democrats sustained additional reverses in the municipal elections of 1970, slipping to 13.4% of the vote from their 16.2% showing in 1966, and retaining only one seat on the 15-man Reykjavik Municipal Council. In actual size the party ranks next to the Progressive Party, with about 2,500 members. The bulk of its membership base, like that of the PA, is made up of trade unionists, but it includes important numbers of government employees, professionals, and white-collar workers.

**b. Organization and leadership**

Supreme authority in the Social Democratic Party is vested in the biennial convention, which elects leaders and formulates general policy guidelines. In 1972 the convention was attended by some 140 delegates, one-fourth of them from Reykjavik, representing 31 local chapters. Party policies between conventions are formulated by a 60-man central committee drawn—under the terms of decentralizing reforms adopted in 1970—from all sections of Iceland. The central committee is supposed to meet fortnightly, but in practice only those members from the Reykjavik area are able to convene regularly. In recognition of that fact, the party's bylaws permit decisions on most issues to be carried by one-third of the delegates. A nine-man executive committee is responsible for intraparty administration, but it is not empowered to consider broader policy issues. Local organization is based on the societies in the towns and rural electoral districts and includes women's and youth societies. Each society elects an executive board to supervise its work, and the activities of the various societies in each constituency are directed by a board of representatives.

The Federation of Young Social Democrats ranks next to the Federation of Independence Youth in size but is not as dynamic. As is the case in other Icelandic parties, the youth group tends to be more radical than its parent body. There is no central organization of the five Social Democratic women's societies, which are located in five towns, including Reykjavik and Akureyri. Both organizations play an important role in party activities but are less active than their counterparts in the Independence Party and the PA. The lack of dynamism which has characterized the party during much of its history has resulted in a relative dearth of younger members with potential qualifications for national leadership.

The Social Democratic Party is headed by G. Jfi Th. Gislason, who succeeded former Prime Minister Emil

Jonsson as party chairman in 1968. An astute and opportunistic politician, Gislason has since remained firmly in control despite the party's electoral reverses. Eventual challenges to his position could come from ambitious party vice chairman Benedikt Grondal and other, younger party members who feel that Gislason's political compromises have led the party too far from Social Democratic orthodoxy and alienated large segments of the democratic left. Party leadership has become particularly feeble in the labor movement, once the bulwark of its strength. The party has steadily lost ground since 1912, when the Communists gained control of the Icelandic Federation of Labor (IFL). In 1934 Hannibal Valdimarsson, a leftwinger and party chairman at the time, broke with the central committee, left the party with his followers to join with the Communists in gaining control of the IFL, and 2 years later joined with the CPI to form the PA. The Social Democrats trail badly in the IFL, both the PA and the Independence Party. They now include few important labor leaders and control only one nationally important union, the Women's Labor Union (*Framsókn*). In an attempt to reverse declining political fortunes and to reunite the divided non-Communist left, the Social Democrats in October 1972 endorsed in principle a merger with the Organization of Liberals and Leftists, to be consummated after the next national elections, which must be held no later than 1975.

#### c. Program and policies

The Social Democrats in Iceland, as in other Scandinavian countries, abandoned their purely Marxist principles at an early date and developed into a moderate, reformist party, stressing the promotion of economic security for wage earners through various programs of social welfare and advocating some state controls over industry, to insure that the operations of private enterprise do not conflict with the public interest, rather than across-the-board nationalization. During their 12-year governing partnership with the Independence Party the Social Democrats put less emphasis on a planned economy but stressed economic reform within the existing free enterprise system. They supported the government's anti-inflationary program despite its calls on workers to forego wage increases, thus putting themselves at a disadvantage in competing with the Communists for labor's allegiance. The party has also pressed for better housing facilities, a reduced work week, and increased social security coverage.

In foreign affairs, the Social Democratic Party has, since 1958, been generally pro-NATO and has

supported the defense agreement with the United States. For one or two brief periods in the mid-1950's, however, the predominant influence of its nationalist, isolationist left wing succeeded in putting the party in opposition to Iceland's participation in NATO and the presence of U.S. forces at Keflavik. Again in 1972 there were indications that the party's traditionally pro-Western leadership may, for tactical political purposes, edge away from any strong endorsement of existing defense arrangements. On other issues, the Social Democratic stance is less controversial. The party supports extension of Iceland's fishing limits, the strengthening of the United Nations, and moves toward East-West detente.

#### d. Press and finances

The principal organ of the Social Democratic Party is the Reykjavik daily *Altydubladidh* (The Labor Paper). Other papers supporting the party include *Altydhumadurinn*, an Akureyri weekly, and *Skutull*, an Isafjordhur weekly. These journals operate in the red and must be assisted with party funds. The Social Democrats are in chronic financial difficulty, with operating expenses frequently exceeding income from all sources.

### 5. Organization of Liberals and Leftists

#### a. Membership and electoral strength

The Organization of Liberals and Leftists (OLL) was formed in November 1969 by a small group of dissident labor leaders and leftist intellectuals as a democratic socialist alternative to existing parties of the Icelandic left. Its support is drawn predominantly from labor and liberal intellectual circles critical of the opportunistic policies of the Social Democratic Party, and from Icelanders personally loyal to the party's founders, popular labor leaders Hannibal Valdimarsson and Bjorn Jonsson. The OLL controls outright only two trade unions, the unskilled workers' affiliate Eining in Akureyri and the Women's Labor Union (Sokn), but Valdimarsson and Jonsson exert a much more pervasive influence as past and present chairmen, respectively, of the powerful Icelandic Federation of Labor.

In the two national and municipal electoral contests since 1969, the OLL performed unexpectedly well, quickly establishing itself as a significant political force as the fifth major party. The OLL, in 1970, won municipal council representation in most of the larger cities—Reykjavik, Akureyri, Kopavogur, and Akranes—while receiving 6.2% of the total vote. The following year, in its first *Althing* elections, the party

again accomplished the unexpected, winning 9.0% of the vote and five seats in the *Althing*, and finishing only 1.5 percentage points behind the old-line Social Democratic Party. In addition to the urban centers mentioned above, the party enjoys strong support in the Westfjords District, home of Valdimarsson's extensive and influential family; in 1971, the northwest corner of Iceland delivered 24.3% of its votes to the OLL. Nationwide, the party's success has been largely at the expense of the declining Social Democrats, although to a lesser extent the PA and the Progressives have also suffered inroads.

#### **b. Organization and leadership**

At its founding convention, attended by over 100 delegates from all parts of the country, the OLL elected a 100-member party council and an 11-man executive committee. The convention also elected a party chairman, vice chairman, and chairman of the executive committee. The OLL held its second convention in October 1972.

The OLL is essentially the personal creation of party chairman Valdimarsson, for years a formidable figure in labor and a colorful and unpredictable political maverick. While chairman of the Social Democratic Party in 1954, he and his leftwing followers broke away to join the PA, in an effort to expand his political base. In 1969 he left the PA while serving as chairman, having failed to break the Communist domination of that organization. Valdimarsson's critics view the OLL as simply his personal vehicle for regaining control of the Social Democratic Party. He has in fact worked toward that end under the banner of unification of the non-Communist left. At the OLL convention in 1972 he won endorsement of a resolution calling for eventual merger with the Social Democrats, despite a serious rift with the party's more doctrinaire leftists.

#### **c. Programs and policies**

The OLL is a reformist social democratic party, patterned ideologically after parties in mainland Scandinavia. Its initial political resolution called for central economic planning, the abolition of direct taxation, lower housing costs, expansion of education, moderate wage increases, and greater worker participation in Icelandic industry. It opposed nationalization, however, in favor of a mix of private, cooperative, and state enterprises. On international economic issues the party took a favorable stand on European trade cooperation and on foreign capital investment in Iceland. The party's defense policy

called for the withdrawal of U.S. forces from Iceland and a referendum to decide on continued membership in NATO. Since entering the government in 1971, however, the OLL has not pursued its convention rhetoric on the defense issues, seeking perhaps to preserve its freedom to compromise eventually on the matter with the more pro-Western Social Democratic Party.

#### **d. Press and finances**

The primary organ of the OLL has been the Reykjavik weekly, *Nytt Land*. During the summer of 1972, however, the radical left wing managed to seize editorial control of the paper, compelling Valdimarsson and the majority of the OLL to fall back upon *Thjodmal*, a small party paper which was being published in the Vestmannaeyjar islands. Neither publication enjoys a large circulation. Although detailed information on party finances is unavailable, resources appear quite limited.

### **6. Pressure groups**

The relatively recent modernization and concomitant specialization of the previously undifferentiated rural society have given rise to pressure groups representing specific economic and social interests. In many instances their leadership and that of political parties have been closely interlocked. The principal groups of the early 1970's represent labor, management, and the cooperative societies.

#### **a. Labor**

The Icelandic Federation of Labor, the main labor organization, is also the most important pressure group. From 1954, when the Communists replaced the Social Democrats as the dominating force in the IFL, until democratic elements regained control in 1968, the federation was a major battleground for the political parties, with the Communists and their allies—the dissident Social Democrats and often the Progressives—arrayed against the Social Democratic trade unionists and labor elements of the Independence Party. In recent years, however, such factional infighting has subsided, as all parties cooperate more consistently within the labor movement. The IFL, with more than 40,000 members in 133 component unions is organized nationally and locally. Its main source of power as a pressure group is its function as a coordinating center for its component unions in national collective bargaining. On several occasions it has succeeded through nationwide drives



in obtaining wage increases and improved working conditions. The IFL is affiliated with the International Confederation of Free Trade Unions.

Less important than the IFL are two other labor pressure groups: the Federation of State and Municipal Employees and the Federation of Fishing Seamen of Iceland. Of the two, pressure by the former, in which the largest groups are controlled by the PA and the Independence and Progressive Parties, has resulted in wage increases for its members commensurate with those won by IFL unions. The latter is dominated by the Independence and Social Democratic Parties.

#### **b. Management**

The principal organization representing the interests of management is the National Association of Icelandic Employers. With an influence commensurate with that of the IFL, it exerts considerable power, partly because its leadership interlocks with that of the Independence Party, and the great bulk of its membership is from that party. Other organizations representing the interests of employers are the National Association of Icelandic Industries, the Agricultural Association of Iceland, the Fisheries Association of Iceland, the Association of Icelandic Boat and Trawler Owners, and the Union of Icelandic Fishing Vessel Owners. All but one of these are connected with or draw most of their members from the Independence Party; the majority of the membership of the Agricultural Association is Progressive.

#### **c. Cooperatives**

The Federation of Icelandic Cooperative Societies has long been a major force in internal affairs and exerts particular influence when the Progressive Party, with which it is closely connected, has governmental responsibility. An important objective is to influence government policy in the interests of the cooperatives as against those of private commercial firms. Typically, many of its executive leaders are also members of the central committee of the Progressive Party. The membership of the federation includes some 40,000 heads of family who belong to the cooperatives.

#### **d. Youth**

Influence groups of less importance, particularly among Icelandic youth, include the Vardberg Vaka, and Verdandi societies and the Student Society of the University of Iceland. The Vardberg Society is the Icelandic affiliate of the Atlantic Political Youth

Association and has a membership drawn from all democratic parties. An active propagandist in favor of cooperation with NATO and the Atlantic democracies, the society often counteracts Communist campaigns against the Iceland Defense Forces. In 1968 its Reykjavik chapter numbered some 450 members under 40 years of age. The society also has chapters in Akureyri, Hafnarfjordhur, Keflavik, Kopavogur, Akranes, and several other towns. The Student Society of the University of Iceland is a political association of significance both as a forum for and an instrument for molding student opinion. In recent years control of the society has been closely contested by two evenly matched groups, the Vaka Society, which associates itself with the Independence Party, and Verdandi, a student alliance of leftist partisans of the other leading parties. Lately the leftist group has gained the upper hand.

#### **7. Electoral procedures**

The constitution provides that all citizens 20 years of age or older who have been residents of Iceland for the 5 years preceding the election, who have no criminal record, and who are of sound mind may vote in national elections. The constitution also requires a voter to have an unblemished character and to be financially responsible for his affairs; a married woman holding property jointly with her husband is considered financially responsible for this purpose. By law, elections to the *Althing* must be held at least every fourth year. After the passage of any constitutional amendment, the *Althing* must be dissolved by presidential decree, and new elections must be called. Elections may also be held if the government falls and a new one cannot be formed. Any citizen eligible to vote in *Althing* elections may be a candidate for election to it, except a small, special category of judges. Between 1942 and August 1959 the *Althing* consisted of 52 members, of whom 41 were directly elected from 28 constituencies, and 11 received supplementary seats to assure proportional representation of the parties. The population trend away from the rural districts and to the larger towns resulted in a substantial overrepresentation of the rural areas. This increasingly benefited the Progressive Party, enabling it in the 1956 elections to obtain one-third of the *Althing* seats, with less than 16% of the popular vote. In order to correct this inadequacy, the other three major parties in mid-1959 cooperated in effecting an amendment to the Constitution which enlarged the *Althing* to 60 members. The 28 constituencies were reduced to eight larger ones electing a total of 49 members: the 11 supplementary

seats were retained and distributed proportionately among those parties which elected at least one member to the *Althing*.

Municipal elections must be held every 4 years for the town councils of the 14 incorporated towns, of the unincorporated towns, and for the district councils. Statutes governing participation in these elections parallel the constitutional provisions regulating the *Althing* elections, except that residence in Iceland for 5 consecutive years immediately preceding the elections is not required.

Elections for President are theoretically held on the last Sunday of June of every fourth year. According to the Constitution, any male 35 years of age or older who is eligible to vote in the *Althing* elections and who has the formal recommendation of at least 1,500 and not more than 3,000 eligible voters distributed proportionately over the country may stand as a candidate for the office. The President is elected directly by those entitled to vote in the *Althing* elections; only a plurality of votes is necessary to win. If there is only one candidate for the position, as is usually the case, no balloting is necessary, and the candidate is declared elected by the president of the Supreme Court. Since the Icelandic parliamentary system, like systems in continental Scandinavia, places ultimate executive authority in a Cabinet responsible to the legislative body, the office of Chief Executive is largely ceremonial.

In Iceland the ballot is secret. Each polling place has an election board, which has jurisdiction over the voting. In order to thwart any attempts by the parties to influence voters in the immediate vicinity of the polls, the law stipulates that no one may make speeches or advertise the parties in any way at buildings housing the polling stations or on streets leading to them. No loudspeakers may be used for propaganda while the polls are open. Two inspectors for each party represented on the ballot are in attendance to guard against irregularities. A higher electoral board opens the ballots, counts the votes, and decides all disputed cases. Electoral participation is normally greatest in national elections. In June 1971, 89.0% of the registered voters participated, a level which has not varied significantly during the postwar period. This high degree of participation is consistent throughout the various areas of Iceland, despite the isolation of some of its rural sections.

#### **D. National policies (C)**

National policies reflect the relatively recent emergence of Iceland from a position of isolation to participation in world affairs. This phenomenon has

been marked by two major trends, which are to an extent antithetical. One has been the refinement of a national self-consciousness, a pride in the indigenous culture accompanied by a vague xenophobia. The other has been an orientation toward the outside world, as successful efforts to raise levels of living brought the Icelandic people into closer contact with the political and economic institutions and advanced technological processes of Western Europe. In addition, the threat of Soviet aggression necessitated cooperation with other Western European nations and the United States.

Domestic policies have for the most part been directed toward sustaining rapid economic expansion and insuring that all sectors of society participate in the growing national prosperity. To this end, governments have attempted to control inflationary pressures, while fostering expansion and diversification of the productive base. Icelandic foreign policy is directed toward maintenance of friendly relations with all countries, especially its fellow Scandinavians and its principal trading partners. Iceland has also sought international support for extension of its exclusive fishing jurisdiction. Defense policy has been almost entirely oriented toward NATO's defense system through the acceptance of U.S. forces on Icelandic soil. Although subject to some modification by the current center-left government, this policy will probably remain essentially unchanged, as it has for more than two decades despite occasionally strong isolationist and neutralist sentiment.

#### **1. Domestic policy**

Iceland's economy since World War II has been characterized by persistent inflationary pressure as a result of the accelerated rate of national development, a high level of social welfare expenditures, and organized labor's success in winning periodic wage increases through strikes or the threat of strikes. A continuing rise in wage and cost-of-living levels has made for high production costs, which particularly affect the export industries by impairing their ability to compete in world markets. To assist these industries, notably the fisheries industry, on which the country depends for more than four-fifths of total exports, the government provides subsidies, paid for by high duties on certain categories of imports. The government's system of production and consumer-price subsidies has benefited certain large economic groups, thus adding to the inflationary pressures. Another element intensifying these pressures is the system of tying wages and farm prices to the cost-of-living index.

Despite continued severe inflation, the center-left coalition which came to power in July 1971 has shown

less inclination than its more conservative predecessor to tangle with that issue, preferring instead to concentrate on improvements in wages, welfare, and working conditions. Having proclaimed itself the champion of the working man, the present government has been reluctant to restrain labor's persistent drive for higher pay, which over the years has been a continuing threat to economic stabilization and development. In November 1971, the powerful Icelandic Federation of Labor with government assistance, concluded a 2-year wage and benefits pact with management. The provisions of that pact—higher wages, a shorter work week, longer vacations, and increased welfare benefits—have perpetuated the wage-price spiral. Nor has the administration been willing to apply fiscal restraints to the economy. Budget outlays have outrun revenues, while tax increases have proved inadequate to relieve inflationary pressures.

In an effort to reduce Iceland's precarious overdependence on the unstable fishing industry, the present government continues to encourage alternate earners of foreign exchange. Further development of hydroelectric potential, in particular, is being promoted as an inducement to greater industrialization. Although both the commerce and industries ministries are held by the PA, the government has extended a generally favorable welcome to foreign investors, possibly including a willingness in certain circumstances to accept majority control by foreign firms.

## 2. Foreign policy

Since about 1950 Iceland has moved a long distance from its age-old position as the "hermit of the North Atlantic" toward a policy of political, economic, and defense collaboration with the West. Over the same period Iceland has sought to maintain a high level of foreign trade and to redress its adverse trade balance. The present government encompasses the island's traditionally stronger isolationist elements, but since its formation there has been no concerted drive to modify the outward looking posture, aside from Communist pressures to revise current security arrangements.

### a. Trade

Since Iceland has few natural resources other than fish, it depends heavily on foreign trade for most of the basic necessities of life. Fish and fish products are the main exports determining the course of this trade. After World War II the Soviet bloc emerged as a major

trading partner. Although trade with the bloc during this period did not develop at a steady rate, it intermittently made up a very sizable proportion of the whole. Such trade was substantial from 1944 to 1947, when the Communists participated in the government. It then dwindled to minor proportions but again increased markedly after 1952, when Iceland's extension of its fisheries conservation limit from 3 to 4 miles brought about a U.K. ban on imports of Icelandic cod fish. (The limit was extended to 12 miles in 1958 and to 50 miles in 1972.) Another factor affecting Icelandic exports was the rise in production costs as the result of pressure from the trade unions for higher wages; these costs reached such levels that export products required subsidies to continue to be competitive in non-Communist markets. Bloc trade remained at a high level through 1958, when it made up more than 33% of Iceland's total trade. Since that time it has steadily declined, dropping from nearly 25% in 1960, to 14% in 1965, and 11% in 1971. In the latter year, trade with the U.S.S.R. itself comprised no more than 7% of Icelandic imports and 8% of its exports. In contrast, the United States has become an increasingly important market for Icelandic products, accounting for upwards of 30% of all exports in recent years.

One reason for the decline in trade with the bloc has been the persistent effort of the government to reduce and keep it at a level that would minimize Iceland's vulnerability to Soviet political and economic pressures. Good world markets and high prices for frozen fish fillets have reduced Icelandic interest in dealing with the U.S.S.R. and Eastern Europe under trading agreements and on a nonconvertible currency basis. Another factor has been expanded trade with Western nations as a result of the increasing liberalization of Icelandic imports from those nations and as a consequence of the four devaluations of the krona during the 1960's, which gave Iceland a rate of exchange more favorable to its exports. The entry of Iceland into the European Free Trade Association (EFTA) in 1970 also eased tariff barriers to Icelandic products.

On the other hand, several factors have limited the growth of Iceland's trade with the West and encouraged a certain amount of trade with Eastern Europe. One is the difficulty in processing Icelandic products according to the high-quality standards demanded in Western markets. A second is the lack of investment capital, which, coupled with traditional distrust of foreign participation in the business enterprises, has limited industrial expansion and diversification. Another factor is the short-range

business sense of the Icelanders. Although most of the business community is aware that Soviet trade policy is often motivated by political considerations, it may be enticed by short-range profits and tends to disregard the negative long-range effect on developing Western markets.

#### *b. Economic assistance*

U.S. economic aid to Iceland includes some US\$60 million extended under the European Recovery Program and its successor agencies, several millions more furnished as loans from the International Bank for Reconstruction and Development (IBRD), and agricultural products, such as flour, feedgrains, and tobacco, provided on favorable credit terms under PL-480 agreements concluded annually since 1957.

Three developmental projects involving the investment of foreign capital have assumed major importance during the last decade, primarily because of the contribution they have made to the expansion and diversification of Icelandic industry. They are also significant in that they represent a growing realization among Icelanders that foreign investment is essential for the economy. One is the large Burfell hydroelectric power installation located east of Reykjavik, which greatly expanded generating capacity. The first stage of this project was completed in 1969, its US\$40 million cost jointly financed by an IBRD loan and by private foreign and domestic sources. Another is the related aluminum smelter located at Straumsvik, near Hafnarfjordhur, at a cost of some \$3.5 million for the first stage. A Swiss firm owns and operates the smelter, which gets its power from the hydroelectric installation. So abundant and cheap is this energy, that the operation, dependent as it is on imported bauxite, is nonetheless profitable. A third is a diatomite plant at Myvatn lake in northern Iceland, in which a U.S. firm participates with the Icelandic Government. During 1972 a crosswinds runway was begun at the Keflavik International Airport. An additional project in the offing is the development of a 150-megawatt hydroelectric installation at Sigalda. The former is of political as well as economic significance, since the decision in 1972 to accept U.S. offers to finance the runway project was taken despite the strenuous objections of the PA.

#### *c. International organizations*

Iceland joined the United Nations in 1946 and in that body has generally supported the policies of the United States. Iceland also belongs to a number of U.N. specialized agencies, including the International Civil Aviation Organization, the Food and Agriculture

Organization, the World Health Organization, the International Labor Organization, the Educational, Scientific, and Cultural Organization, IBRD, and the International Monetary Fund. On a regional level, Iceland is a member of the Organization for Economic Cooperation and Development and NATO; to NATO it contributes facilities for joint defense under the 1951 Defense Agreement with the United States. Iceland, together with Norway, Sweden, Denmark, and Finland, participates in Scandinavian economic and social collaboration through the Nordic Council, an advisory body to the parliaments of those five countries. In a major departure from its traditionally aloof economic policy, Iceland joined EFTA in 1970. The government continues to eschew full membership in the more tightly knit EC, however. As a non-applicant for EC membership, Iceland signed a trade agreement with the EC in July 1972 calling for a phased reduction of duties on manufactured and most fish products. Activation of this Icelandic-EC agreement in 1973 is contingent on "an acceptable solution to the problems posed by Iceland's unilateral extension of its fishing limits to 50 miles."

#### *d. Fishing limits*

Survival and prosperity have long been inextricably bound to the fishing industry; Iceland is still heavily dependent for vital export earnings on the catch from the rich fisheries adjacent to its shores. In consequence the islanders are almost to a man intent on the conservation and reservation to themselves of this indispensable resource. Iceland has thrice extended the boundaries of its exclusive fishing jurisdiction since 1901, when Denmark and the United Kingdom set the limit at 3 nautical miles. The first extension, in 1952, pushed the limit to 4 miles to coincide with Iceland's territorial sea, which has remained unchanged since 1859. In 1958, Iceland again enlarged the breadth of its exclusive fishing belt from 4 to 12 miles. This action was bitterly resisted by foreign fishermen, chiefly British and West German, who had fished Icelandic waters for centuries. The resulting "Cod War" included British economic sanctions against Iceland as well as numerous angry encounters between the Icelandic Coast Guard and intruding trawlers. Iceland finally prevailed in 1961, winning international recognition for its 12-mile limit. Ten years later, a further extension of Iceland's fishing limits became an issue during the election campaign of 1971, stimulated by renewed fears that overfishing was rapidly depleting fish stocks. Since all parties supported some form of extension, the debate centered on when and how it should be accomplished. Advocates of

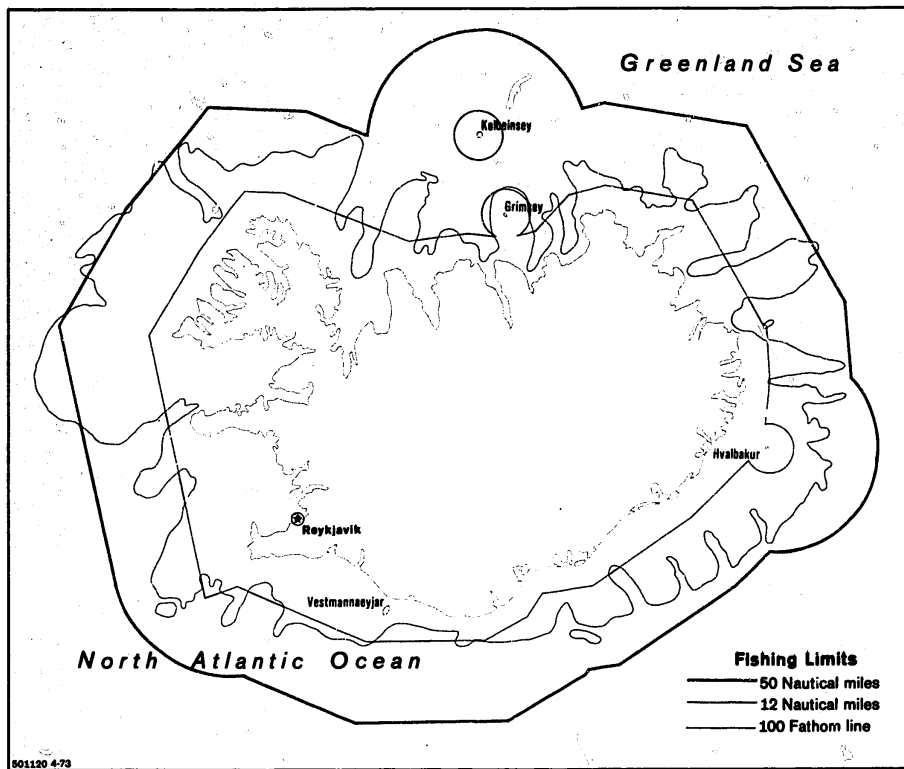


FIGURE 7. Expanding fishing limits (U/OU)

immediate unilateral action, led by the militant PA, won the argument and the election. The following year, on 1 September 1972, Iceland abrogated the accords of 1961 and extended its exclusive fishing jurisdiction to 50 nautical miles, encompassing the greater part of the continental shelf and its associated fishing banks (Figure 7). Strong British and German reactions opened the prospect of a renewed Cod War and the likelihood of a protracted and difficult period of negotiation.

*e. Relations with other countries*

(1) *United States*—Relations with the United States have been good, despite frictions caused by the stationing of U.S. military personnel in Iceland, especially between 1951 and 1958. The economic

benefits that have flowed from defense activities and the generally good discipline of the military forces have greatly reduced the "impact problem." Defense collaboration with the United States has been the major problem in U.S.-Icelandic relations since 1941 and especially since 1951, when the defense agreement came into effect. The parties in the present government campaigned on a pledge to negotiate the withdrawal of U.S. forces by 1975, but it appears more likely that revision rather than termination of the 1951 agreement will ensue. Aside from the actual presence of U.S. forces in the country, most of the specific difficulties which appeared in the course of the defense collaboration have been resolved or have gone as far toward resolution as can be expected. At least one issue remains: the television broadcasts from

APPROVED FOR RELEASE: 2009/06/16: CIA-RDP01-00707R000200110053-5

the U.S. base at Keflavik. These broadcasts have been attacked by nonopponents of the base as well as by opponents, on the grounds that they are undermining Icelandic culture. Efforts to compromise by restricting TV broadcasts to the Keflavik base have not been successful. Moreover, attempts by intellectual and nationalist elements favoring elimination of the base broadcasts have encountered strong opposition from the thousands of viewers in the populous Reykjavik area who enjoy the U.S. programs as a complement to the limited fare available from the national network.

(2) *Scandinavia*—Iceland maintains cordial relations with the other Nordic countries. Ties are closest with Norway, which furnished Iceland's first settlers in the 9th century. Icelanders generally have great respect for Sweden and Finland. Toward Denmark there is still some sensitivity because of the experience of Danish rule from 1380 to 1918. Already by the 15th century, but notably after 1662, the Danish suzerains exploited Icelanders economically and treated the country as a backward if not forgotten province. Only after the mid-19th century, when the struggle for independence was already well underway, did the Danish Government start to show concern for Icelandic well-being. Iceland is sensitive to the foreign policy positions of its fellow Scandinavians and frequently acts in concert with them, especially on matters of peripheral concern to Icelandic interests.

(3) *Others*—A major factor assisting the maintenance of good relations with the other Western European countries has been the high level of trade with the EC and EFTA groups, which now account for nearly 60% of Iceland's external trade. Trade with Communist countries is the principal basis for the diplomatic relations which Iceland has with the U.S.S.R., Poland, Czechoslovakia, Romania, Bulgaria, Hungary, and Cuba. East Germany maintains a trade representative in Reykjavik. Iceland established diplomatic relations with the People's Republic of China in December 1971, the last Nordic country to do so.

### 3. Defense policy

The shift in Iceland's basic foreign policy from neutrality to association with the West brought with it the need for a contribution to a cooperative defense system. Since Iceland maintains no military establishment, this contribution has been expressed in terms of providing land for the erection of defense facilities. The present defense arrangements with the United States date from July 1941, when the United States and Iceland concluded a defense agreement

which provided for the protection of the island by U.S. forces for the duration of World War II and 6 months thereafter. The U.S. troops arrived in the same month and took over from the British, who had landed an occupation force in April 1940. As the date for withdrawal approached, the necessity for maintaining U.S. troops in Europe made it imperative for the United States to negotiate an alternate arrangement that would continue to make facilities in Iceland available for their support. The Keflavik Airport Agreement, concluded in 1946, provided for the withdrawal of all U.S. forces from Iceland in April 1947, the operation of the airfield by a civilian contractor to the U.S. Air Force, and for training Icelanders to take over the operation of the airport. These commitments were substantially fulfilled.

Upon joining NATO in 1949, Iceland made the specific reservation that foreign military forces would not be stationed on its soil in peacetime. The government dropped this reservation in 1951, when, against a background of the Korean conflict and a deteriorating international situation, it concluded a new defense agreement with the United States under NATO auspices. This agreement, which superseded the Keflavik Airport Agreement, provided for the temporary presence of U.S. forces in Iceland to protect the area as required by the needs of the international situation. Under Article VII either signatory may give notice of its intent to revise or terminate the agreement at any time, and 6 months after the date of such declaration of intent, either party is free to give notice of termination of the agreement, which will then expire 1 year after the date of notice. At the time notice is given to the other party, the notifier must also inform the NATO Council, thereby requesting recommendations by the Council on the ultimate disposition of the installations. Its recommendations, however, have no binding force on the parties. In May 1951 the Iceland Defense Force, comprising U.S. Army, Navy, and Air Force personnel under air force command, arrived in Iceland and took up their station at the base at Keflavik.

By 1954 a combination of developments, including social repercussions resulting from the "impact" of a relatively large number of military and civilian personnel on the small Icelandic population and on its culture, a severe drain on local labor caused by defense construction, and popular nationalist pressures on the government, led to revision of the defense agreement. It placed severe limitations on the movement of U.S. military and civilian personnel outside "agreed areas" and pledged that base construction projects would not absorb such numbers of native workers as to create a

labor shortage in Icelandic industries. In 1956 the defense arrangements again became a major political issue in Iceland. Political maneuvering on the part of the Progressive, Communist, and Social Democratic parties led the *Althing* in March to pass a resolution opposed only by the Independence Party, which, after reaffirming Iceland's "joint stand" with its NATO allies, called for the withdrawal of the U.S. forces from the country. Then, in June the Ministry of Foreign Affairs gave notice to the United States and the NATO Council under Article VII of the defense agreement that Iceland wished to begin negotiations for revising the agreement. The *Althing* resolution was not, however, implemented by the coalition government which took office following the June 1956 elections. The *status quo* was then continued in December by new arrangements between the United States and Iceland, which recognized the need for the continued presence of the U.S. forces in the country, and provided for the establishment of an Iceland-U.S. Standing Group to study defense needs. Thereafter, public opposition to the base at Keflavik subsided, remaining at a relatively low ebb from 1959 to 1971 during the tenure of a conservative, Independence-led administration. The presence of foreign troops remained far from popular, however, with Communists, isolationists, and antimilitarist sectors of the populace in adamant opposition.

The status of the Iceland Defense Forces was resurrected as a major political issue during the national electoral campaign of 1971. One plank of the Progressive Party platform called for a staged withdrawal of the forces within 4 years, a position reiterated by the Progressive-led center-left coalition on assuming office in July of that year. Subsequently, however, despite political rhetoric and persistent pressure from its PA partners, the Progressive leadership has retreated warily from this position. The foreign minister and other Progressive Party ministers have apparently become convinced that while a defense review is essential, and some changes may be required, an IDF presence in some form continues to be necessary for national security.

Iceland has no civil defense establishment, and relies on NATO and the Iceland Defense Forces for the protection of the population. A civil defense law passed in November 1962 gave the Minister of Justice and Ecclesiastical Affairs jurisdiction over this field and provided for the establishment of both a civil defense council and civil defense committees in the various municipalities. These committees are responsible for setting up an alert system, organizing first aid and training workers, constructing public

shelters, and ensuring that private enterprises take steps to provide safety installations. There has been no indication that the program has developed beyond the planning stage.

#### 4. Popular attitudes toward national policies

The open, democratic nature of their society, as well as the Icelanders' pragmatic predilection for cooperation and compromise, insure that government policies generally reflect the attitudes and aspirations of the governed. Thus, Icelanders are nearly unanimous in their support of current governmental moves to extend fishing limits. Conversely, at least partly in response to public opinion, the present administration appears to have edged away from its early pledge to terminate the defense agreement of 1951. Most Icelanders remain basically pro-Western in their outlook, and, while regarding the establishment of the U.S. base on Icelandic soil as undesirable, accept the Iceland Defense Forces as a necessity. The public appears to be reserving judgment on economic policies. Increases in wages and benefits have proved popular, but many fear the consequences of aggravated inflationary pressures. With regard to industrial development, many support efforts to obtain foreign economic assistance but share administration concerns that such aid not be used for economic exploitation of the country.

### E. Threats to government stability (C)

#### 1. Discontent and dissidence

Icelandic society is remarkably free from deep-seated social or economic grievances which could threaten political stability. United by a millennium of shared isolation and molded by the common struggle to survive, these few, hardy islanders have evolved a tightly knit, yet democratic social order suited both to their vigorous individualism and to their complementary penchant for cooperative endeavor. There are no significant racial, linguistic, or religious minorities, nor are there important class or regional differences. Political activity is open and varied, and except for elements of the extreme left, all parties are committed to democratic principles. The few fundamentally divisive political and economic issues are being fully debated by a highly literate, politically aware population.

Perhaps the greatest long-term threat to Icelandic stability is posed by the headlong rush from a rural, subsistence economy to an affluent urban society. Despite efforts by intellectuals and traditionalists to

preserve Iceland's unique culture, the impact of modernization is placing strains on old values and traditional goals. Young Icelanders, in particular, are increasingly influenced by the manners and mores of their contemporaries abroad. A relative few—possibly several hundred, although no precise figures are available—have adopted political tenets and tactics reminiscent of the so-called New Left activists of other Western societies. As yet, these elements constitute little more than an occasional embarrassment to most Icelanders; in recent years demonstrators have occupied the Icelandic Embassy in Stockholm, disrupted a visit to Reykjavik by the U.S. Secretary of State, briefly interfered with the Keflavik base television, and even disturbed the peace of the *Althing*, an episode allegedly unprecedented in its 1,000-year history. Aside from general expressions of indignation, Icelandic officials normally take a relaxed and lenient attitude toward such activities, regarding them as little more than misguided youthful exuberance.

## 2. Communist subversion

### a. Potential

The only well-organized group that could seriously attempt to undermine democratic processes in Iceland is the Communist-dominated PA. As the third most popular political party and the strongest single force in the labor movement, the PA has a significant power base and occupies a prominent role in national political affairs. Moreover, the PA is probably Iceland's best organized and most tightly disciplined party, rendering its rank and file highly responsive to central direction.

In the past, the Communist predecessor of the PA demonstrated a significant capacity for conducting subversive activities. The violent riots against the *Althing* in 1949 at the time Iceland's participation in NATO was being debated and the somewhat less dramatic disorders during the strikes of 1955 were clearly Communist inspired. There is some evidence indicating that espionage on a small scale is conducted against the airbase at Keflavik. For the most part, though, the party conforms to Icelandic tradition in avoiding violence and pursues its goals overtly by legally acceptable means. There has been no evidence of stockpiling arms or explosives, or of other preparation for widespread civil disorder or armed conflict. The Communists are not known to operate a clandestine organization, but they presumably have plans to establish one in the remote event their party were outlawed.

### b. Influence in organized labor

The ability of the PA and its Communist predecessor to exert a powerful influence in the labor movement during the postwar years has been the principal source of Communist strength and the basis of an entrenched position in political life. Although the PA in 1968 lost control of the powerful Icelandic Federation of Labor, which represents more than 40,000 workers, it continues to dominate a number of large and critical member unions. In total, the PA controls about one-third of the trade unions and exerts a strong influence in many others. The cornerstone of its labor support is Iceland's largest single union, the Union of Unskilled Workers (*Dagsbrun*), and its parent body, the Icelandic Federation of Unskilled Workers. The Communists have controlled *Dagsbrun* since 1942.

The Communists used their position in the labor movement to carry out strikes in 1952 and 1955 which seriously threatened economic stability and posed a strong challenge to the authority of the government. The Communists were not the prime movers in the 1952 near-general strike, but they exerted considerable influence on its conduct. The government proved powerless to prevent illegal actions by Communist-directed pickets or to negotiate a compromise, and finally capitulated to the strikers' demands. The 6-week strike of March and April 1955, in which 12 unions—nine of them Communist dominated—participated, involved 7,000 workers. Despite the general unpopularity of the action, the government was again unable to bring the situation to a swift and satisfactory conclusion. The Communists demanded the dissolution of the government and its replacement by a leftist coalition. The administration eventually met most of the strikers' economic demands, although the Communists were unable to attain their principal political objective—participation in the government.

The Communists are expected to retain an influential position in the labor movement, but not to regain the degree of influence they commanded in the early 1950's. Many formerly "safe" workers are no longer inclined to follow unquestioningly the Communist lead on a number of issues, partly because of the more effective and aggressive tactics of elements in the trade unions identified with the Independence Party. Nonetheless, the Communists strive with some success to retain much of their image as the true champions of labor.

### c. Influence in government

Despite periodic participation in governing coalitions, Communists have not infiltrated the



government to any appreciable extent. Moreover, democratic parties have in the past effectively circumscribed Communist influence in foreign affairs and in matters involving national security. As a member of the center-left coalition formed in 1971, however, the PA has worked persistently toward government abrogation of the 1951 defense agreement, and the Communist Minister of Fisheries has adopted very tough tactics in negotiations with NATO allies West Germany and the United Kingdom over the extension of Iceland's fishing jurisdiction. Such Communist activities have, nevertheless, been moderated by the desire of the PA to remain in the government, a policy necessitating frequent compromises of Marxist principles with the coalition's democratic majority.

Over the years the leftist penetrations of greatest potential concern have involved communications organizations. During the 1944-47 period, when the Communists had Cabinet representation, about one-fourth of the employees of the strategic State Postal, Telephone, and Telegraphic Service was Marxist, although few have been appointed since. More recently there has been increasing leftist influence in the State Radio Council, which controls broadcasting policy and the cultural content of programs. This influence is reflected in the bias of some ostensibly impartial public affairs programs, a trend which has not gone unnoticed by important segments of the public audience.

#### *d. Influence among intellectuals*

Communist influence among members of the intellectual community was widespread during the 1950's. All the literary, art, and theater critics were Communists or Communist-oriented, and all publishing, if it was to receive the acclaim of these critics, had to be done through *Mal og Menning*, a publishing house operated by a CPI front organization. The situation changed suddenly in the 1960's, however, with the appearance of critics who were not under Communist influence and the success of a prominent young writer who had his works printed by a non-Communist publisher. In succeeding years leftist intellectuals have continued to drift away from the dogmas and discipline of Communist orthodoxy.

#### *e. Front groups*

The most important Communist front organization is the PA itself, which despite its conversion to a Marxist political party in 1968, strives to retain non-Communist elements and an image as a broad-based labor party belying its Communist domination. In its

continuing effort to win converts, the PA employs essentially the same variety of front groups as the Communist parties in most other Western countries. These organizations, most of which do not have direct overt connections with the Communist movement, focus their principal energies on winning converts to whatever party principles or causes may seem appropriate to the particular audience.

In the field of culture Icelandic Communists help support a multiplicity of friendship societies with Communist countries for the declared purpose of fostering an understanding of their respective "civilizations." The most important of the several friendship societies is the Soviet-Icelandic Cultural Society (MIR), which has several local chapters and a membership which in the mid-1960's numbered about 1,000. It conducts film showings, lectures, and discussions for which large amounts of Soviet-produced material are available. There are also annual visits of Soviet artists to perform, lecture, and participate in various exhibitions and trade fairs. The MIR promotes student exchanges—several Icelanders each year attend schools in the U.S.S.R. or elsewhere in Eastern Europe, and an occasional Soviet citizen turns up in Iceland to study the language or the culture. It sporadically publishes MIR, a news and culture magazine heavily laden with translations of Soviet works. Similar societies have been established to foster understanding of Communist China, Cuba, Poland, Czechoslovakia, East Germany, and even Albania. They are much smaller than the MIR, often poorly organized, and subject to lengthy periods of inactivity. Their programs are conducted on a smaller scale and are generally less imaginative than those of the MIR.

The Communist fronts which attract intellectuals and nationalists focus their opposition on the government's policy of allowing the stationing of foreign troops in Iceland in peacetime and on their alleged corruption of traditional Icelandic values. To this end such groups have engaged in demonstrations and a wide range of propaganda activity against the Iceland Defense Forces. These fronts in recent years have included the Authors' Association of Iceland, the Association of Icelandic Artists, the Language and Culture Society, the Icelandic Peace Committee, and the Organization of Occupation Opponents.

Communist influence in women's organizations is not extensive. The PA dominates a few small front groups, such as the Women's Culture and Peace Society, and has a limited voice in larger, non-Communist organizations, including the Icelandic Women's Suffrage Society. The Communists tailor

their propaganda to themes which most appeal to women—equal political rights, health care for children, and peace.

*f. Splinter groups*

The relatively moderate, pragmatic tactics pursued by the PA in recent years have prompted more extreme and doctrinaire leftists to break away periodically to form their own dissident organizations. Thus, in 1969, hard-line, pro-Moscow Communists, numbering perhaps 200, left the PA to form the Organization of Icelandic Socialists. The following year, the chief Communist auxiliary also struck off on its own, more radical course, changing its name from the Youth Battalion to the "Alliance, the Fighting Organization of Socialists." Still another "antirevisionist" splinter group was formed in 1972, proclaiming itself devoted to the policies of Engels, Lenin, Stalin, and Mao. None of these ultraradical groups has had or appears likely to have a discernible effect on internal security, although isolated extremist acts are possible.

**F. Maintenance of internal security (S)**

**1. Police forces**

Since Iceland has no defense forces of its own and no independent intelligence and security system, its police force assumes a greater than usual significance. Icelandic law provides that there may be one policeman for every 500 inhabitants, a total of 416; the permanent police force actually numbers about 400. The shortfall occurs chiefly in the rural areas, where funds for this purpose are limited, and, in any

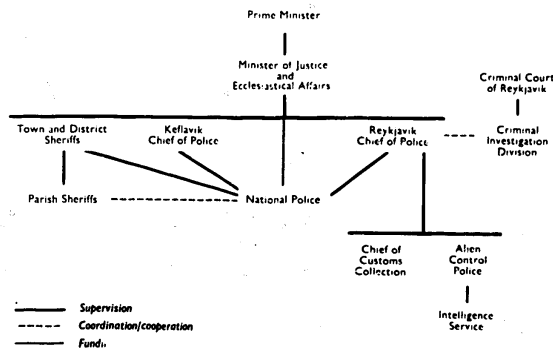
event, the need is not great. In some towns and villages the size of the force is augmented seasonally through temporary appointments, occasionally tripling when the fish are running.

The largest contingent of the permanent force—some 270 men—is stationed in Reykjavik under the chief of police, appointed by the Minister of Justice and Ecclesiastical Affairs and responsible to him for insuring the maintenance of internal security (Figure 8). The chief of police in Keflavik is similarly appointed and similarly responsible. Although these police officials have direct command over all police in their respective jurisdictions, only about three-quarters of each force are local police, funded mainly by the local municipal treasury. The others are National Police, funded by the national government and under the ultimate jurisdiction of the Ministry of Justice and Ecclesiastical Affairs. Numbering fewer than 100, the National Police force exists to provide trained professional assistance to local constabularies, principally in the countryside.

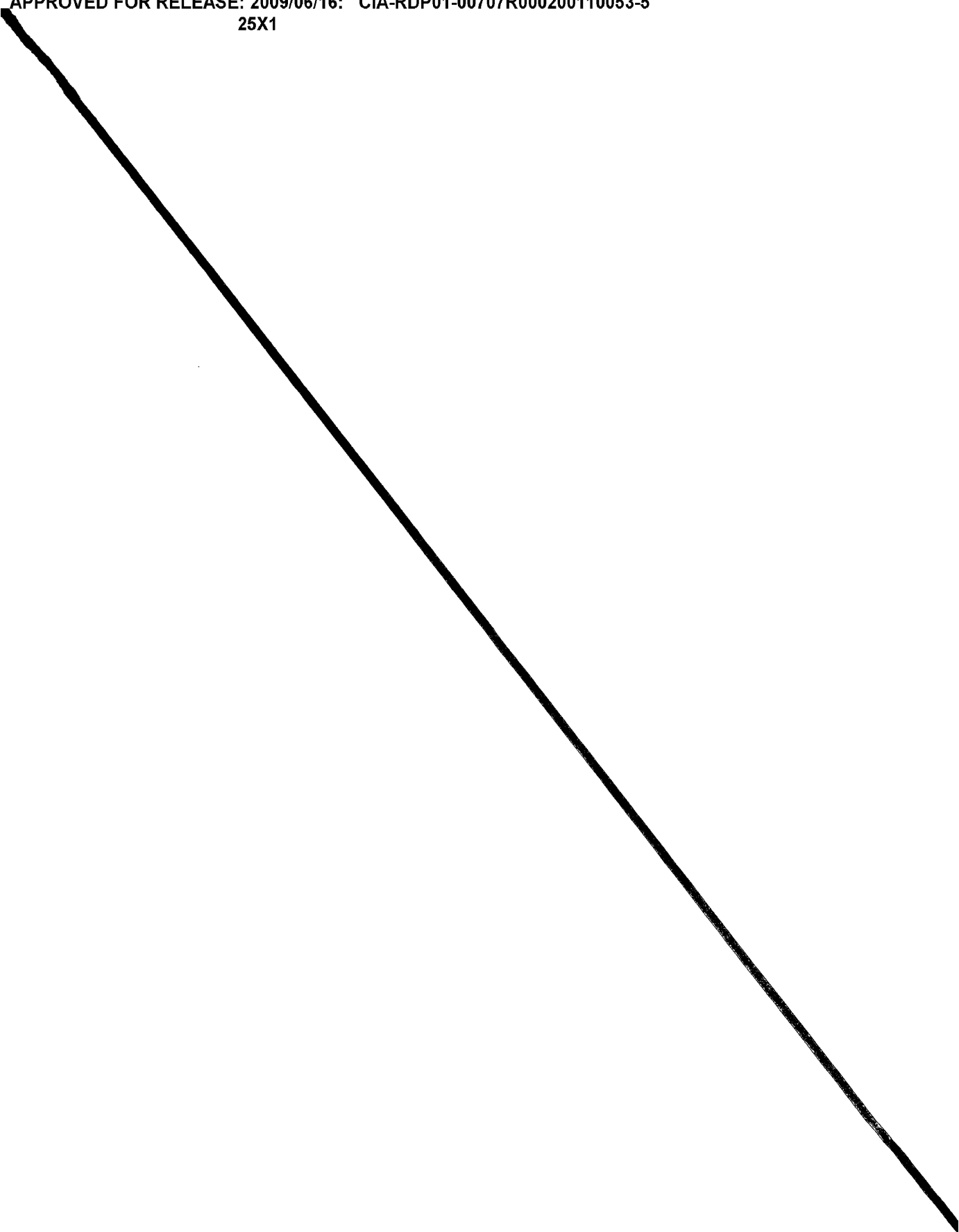
In the 12 incorporated towns other than Reykjavik and Keflavik the sheriff acts as chief of police. In the 16 rural counties the sheriff acts as police magistrate, justice of the peace, local immigration inspector, and tax and customs collector. The county sheriffs are assisted by 215 civil parish sheriffs (one for each parish), whom they appoint.

In addition to normal police duties, such as maintaining public order and controlling traffic, the police force supervises public places in accordance with public health regulations and maintains a motor registration bureau. The Alien Control Police of the Ministry of Justice and Ecclesiastical Affairs, directly

FIGURE 8. Structure of the police and intelligence services (S)



APPROVED FOR RELEASE: 2009/06/16: CIA-RDP01-00707R000200110053-5  
25X1



APPROVED FOR RELEASE: 2009/06/16: CIA-RDP01-00707R000200110053-5  
25X1

Defense of the island in a part of the North Atlantic Area is provided by the United States in accordance with a defense agreement concluded between Iceland and the United States under NATO auspices in 1951 and revised in December 1956. Under the terms of the agreement the United States maintains, as Headquarters, Iceland Defense Forces, the Keflavik Naval Airbase, at which about 3,200 U.S. Navy and Air Force personnel are stationed. However, the revision or abrogation of the defense agreement, with the goal of a phased withdrawal of U.S. forces from Iceland, is one of the published policy objectives of the center-left coalition government (established in July 1971), which includes members of the Communist-dominated PA. Despite its policy objective regarding the defense agreement, the government supports Iceland's continued membership in NATO.

Although Iceland has no indigenous military force, it does have the nucleus of a paramilitary force in the small 400-man police force and in the Icelandic Coast Guard Service (ICGS) or Territorial Waters Patrol (*Landhelgisgæsla*), both under the direction of the Minister of Justice and Ecclesiastical Affairs. A 30-man force at Keflavik Airport has coequal responsibility with the U.S. forces for maintenance of order at the airbase. Individual police equipment consists principally of rubber truncheons. A limited supply of .38-caliber pistols, .45-caliber submachineguns, and tear gas is available in the police arsenal for emergency use. Little modern vehicular equipment is available. The country lacks the necessary industrial base to produce arms, ammunition, and military equipment. The government does not have a military budget.

The ICGS comprises 110 personnel (60 officers, 50 crewmen), five patrol vessels, two OH-135 helicopters, one Fokker Friendship F-27 aircraft, and one HH-52A helicopter. Although the Minister of Justice and Ecclesiastical Affairs is the nominal Commander in

Chief, he delegates his powers to the Director, ICGS, who exercises actual control. The present director, Capt. Petur Sigurdsson, is a trained naval officer who is attempting to increase the military capability of the coast guard. The mission of the ICGS is to protect Iceland's territorial waters and fisheries and to accomplish search and rescue operations in cooperation with the U.S. defense forces stationed at the Keflavik Naval Airbase. The coast guard also has the legal right to exercise some police functions. Its diminutive size, however, limits its capability to fully perform its mission.

The five small ships, based at Reykjavik, consist of three coast guard patrol craft (WPC), one coast guard cutter (WYP), and one coast guard lighthouse tender (WAGL). None of these ships mounts more than one 57-mm gun. The WPC's *Odinn* (Figure 9) and *Aegir* are equipped with landing platforms to accommodate utility helicopters up to and including the size of the HH-52A. The *Aegir* has a helicopter hangar in which an OH-135 helicopter can be stored. The *Odinn* is to have a similar hangar installed in the near future. The WPC *Thor* can accommodate the small OH-135 helicopter and has a hangar in which this size helicopter can be housed.

The ICGS plans a gradual expansion and modernization program. It has already purchased one HH-52A and two OH-135 helicopters, from the United States. Maintenance for helicopters and training for technicians have been provided by the U.S. Coast Guard. The acquisition of these helicopters has greatly enhanced search and rescue capability. Additionally, Iceland is actively investigating the acquisition of a surplus cutter from the U.S. Coast Guard.

### G. Selected bibliography (U/OU)

Few English-language sources treat modern Icelandic political topics. John C. Griffiths' *Modern Iceland* (London, 1969), provides a broad-brush

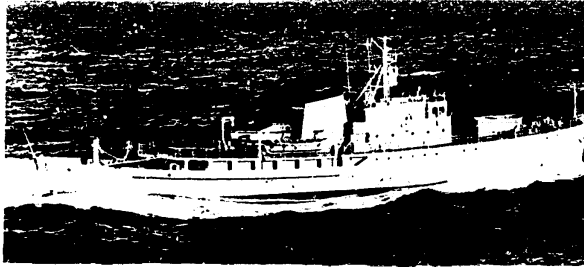


FIGURE 9. Coast guard patrol craft *Odinn*. Helicopter landing platform is aft. (U/OU)

depiction of the contemporary social and political landscape. Some of his insights seem useful, but substantiating detail is limited. The Icelandic Constitution is included as an appendix. A recent historical survey of foreign policy is available in Benedikt Grondal's *Iceland from Neutrality to NATO Membership* (Oslo, 1971). Grondal, a leading member of the Social Democratic Party, is generally accurate and objective in recounting the evolution of modern defense policy in the context both of domestic politics and of impinging international issues, such as the Cod War. For another useful, though somewhat dated, account of the same topics, see *Iceland*,

*Reluctant Ally* (Cornell University Press, 1961) by Donald E. Nuechterlein, a former U.S. official in Reykjavik. *Iceland 1966* (Reykjavik, 1967), a comprehensive handbook published by the Central Bank of Iceland, surveys, *inter alia*, the development of political institutions, briefly treating such topics as the Constitution, national and local administrative structure, the major political parties, and foreign affairs, especially the fisheries jurisdiction issue. Again, however, much of the material is no longer current. Detailed voting statistics and similar electoral data are published in Reykjavik periodically by the Statistical Bureau of Iceland; an English key is normally provided.

## 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 "Cold War" with the United Kingdom.

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 Cold 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.

SECRET

### Blossary (u/ou)

ABBREVIATION	ICELANDIC	ENGLISH
CPI.....	.....	Communist Party of Iceland
ICGS.....	.....	Icelandic Coast Guard Service
IDF.....	.....	Iceland Defense Forces
IFL.....	<i>Alþýðusamband Islands</i> .....	Icelandic Federation of Labor
OLL.....	.....	Organization of Liberals and Leftists
PA.....	<i>Alþýðubandalagid</i> .....	People's Alliance
MIR.....	<i>Menningarfengsl Islands og Radhstjorn-arrikjanna</i>	Soviet-Icelandic Cultural Society
UPP-SP.....	<i>Sameiningarflokkur Alþýðu-Sosialista-flokkur</i>	United People's Party-Socialist Party
.....	<i>Alþýðuflokkur</i> .....	Social Democratic Party
.....	<i>Bandalag Starfsmanna Rikis-og Baeja</i> ..	Federation of State and Municipal Em- ployees
.....	<i>Fiskimannasamband Islands</i> .....	Federation of Fishing of Iceland
.....	<i>Framsoknarflokkur</i> .....	Progressive Party
.....	<i>Samband Islenskra Sambinnufelaga</i> ....	Federation of Icelandic Cooperative Societies
.....	<i>Samband Sjalfstaediskvenna-felaganna</i> ..	National Federation of Independence Women
.....	<i>Samband ungra Framsoknarmanna</i> ....	Federation of Young Progressives
.....	<i>Samband ungra Sjalfstaedismanna</i> ....	Federation of Independence Youth
.....	<i>Sjalfstaedhisflokkur</i> .....	Independence Party
.....	<i>Vinnveitendafelag Samband</i> .....	National Association of Icelandic Em- ployers

#### Places and features referred to in this chapter (u/ou)

	COORDINATES	
	° 'N.	° 'W.
Akranes.....	64 19	22 06
Akureyri.....	65 40	18 06
Burfell.....	61 05	20 56
Hafnarfjordhur.....	64 04	21 57
Heimaey (isl).....	63 26	20 17
Isafjordhur.....	66 05	23 09
Keflavik.....	64 01	22 34
Kopavogur.....	64 06	21 55
Mývatn (lake).....	65 36	17 00
Reykjavik.....	64 09	21 57
Sigalda (hills).....	64 09	19 15
Siglufjordhur.....	66 09	18 55
Straumsvik (cove).....	64 03	22 02
Vestmannaeyjar (isls).....	63 25	20 18