

background NOTES

Iceland

department of state * april 1974

OFFICIAL NAME: Republic of Iceland

GEOGRAPHY

Iceland is an island in the North Atlantic Ocean east of Greenland and immediately south of the Arctic Circle. It is approximately 2,600 air miles from New York and 520 miles from Scotland.

Almost 75 percent of Iceland's land area, which is of recent volcanic origin, consists of glaciers, lakes, a moun-

tainous lava desert (highest elevation 6,590 feet above sea level), and other wasteland, with the remainder used for cultivation or grazing. The inhabited areas are on the coast, particularly in the southwest.

Due to the moderating influence of the Gulf Stream, the climate is characterized by damp, cool summers (Reykjavik: July average 52° F.) and relatively mild but extremely

windy winters (Reykjavik: January average 30° F.).

PEOPLE

Most Icelanders are descendants of Norwegian settlers and Celts from the British Isles. The population today is remarkably homogeneous, and 85 percent of Icelanders live in urban areas. The Icelandic language is closest of the Nordic languages to the Old Norse language and has remained relatively unchanged since the 12th century. Iceland is the most literate nation in the world with literacy estimated at 99.9 percent.

About 98 percent of the population belongs to the state church, the Evangelical Lutheran Church. However, there is complete religious liberty; and other Protestant and Roman Catholic congregations are present.

HISTORY

Iceland was settled in the late 9th and early 10th centuries principally by Norwegians. In 930 the ruling chiefs of Iceland established a republican constitution and an assembly called the *Althing*—the oldest parliament in the world. Iceland remained independent until 1262 when the Norwegian King succeeded in extending his sovereignty to Iceland. It passed to Denmark late in the 14th century when Norway and Denmark were united under the Danish crown.

Early in the 19th century national consciousness revived in Iceland. The *Althing* had been abolished in 1800, but in 1843 it was reestablished as a

PROFILE

Geography

AREA: 39,709 sq. mi. (about the size of Kentucky). CAPITAL: Reykjavik (pop. 90,000). OTHER CITIES: Akureyri, Hafnarfjordur.

People

POPULATION: 213,000 (1973 est.). ANNUAL GROWTH RATE: 1.9%. DENSITY: 4 per sq. mi. LANGUAGE: Icelandic. LITERACY: 99.9%. RELIGION: Evangelical Lutheran. LIFE EXPECTANCY: 73 yrs.

Government

TYPE: Constitutional republic. DATE OF CONSTITUTION: 1874. INDEPENDENCE: Home rule—1903; Independent republic—1944.

POLITICAL SUBDIVISIONS: 16 Provinces.

BRANCHES: *Executive*—President (Chief of State), Prime Minister (Head of Government), Cabinet (6 Ministers). *Legislative*—bicameral parliament. *Judicial*—Supreme Court, District Courts, Special Courts.

POLITICAL PARTIES: Independence, Social Democratic, Progressive, Organiza-

tion of Liberals and Leftists, People's Alliance.

SUFFRAGE: Universal adult (over 20).

FLAG: Red cross edged in white on a field of blue.

ECONOMY

GROSS NATIONAL PRODUCT (GNP): \$997.6 million (1973 projected). GROWTH RATE: 4-5%. PER CAPITA INCOME: \$4,697 (1973 projected).

AGRICULTURE: *Labor*—11%. *Products*—livestock, hay, fodder.

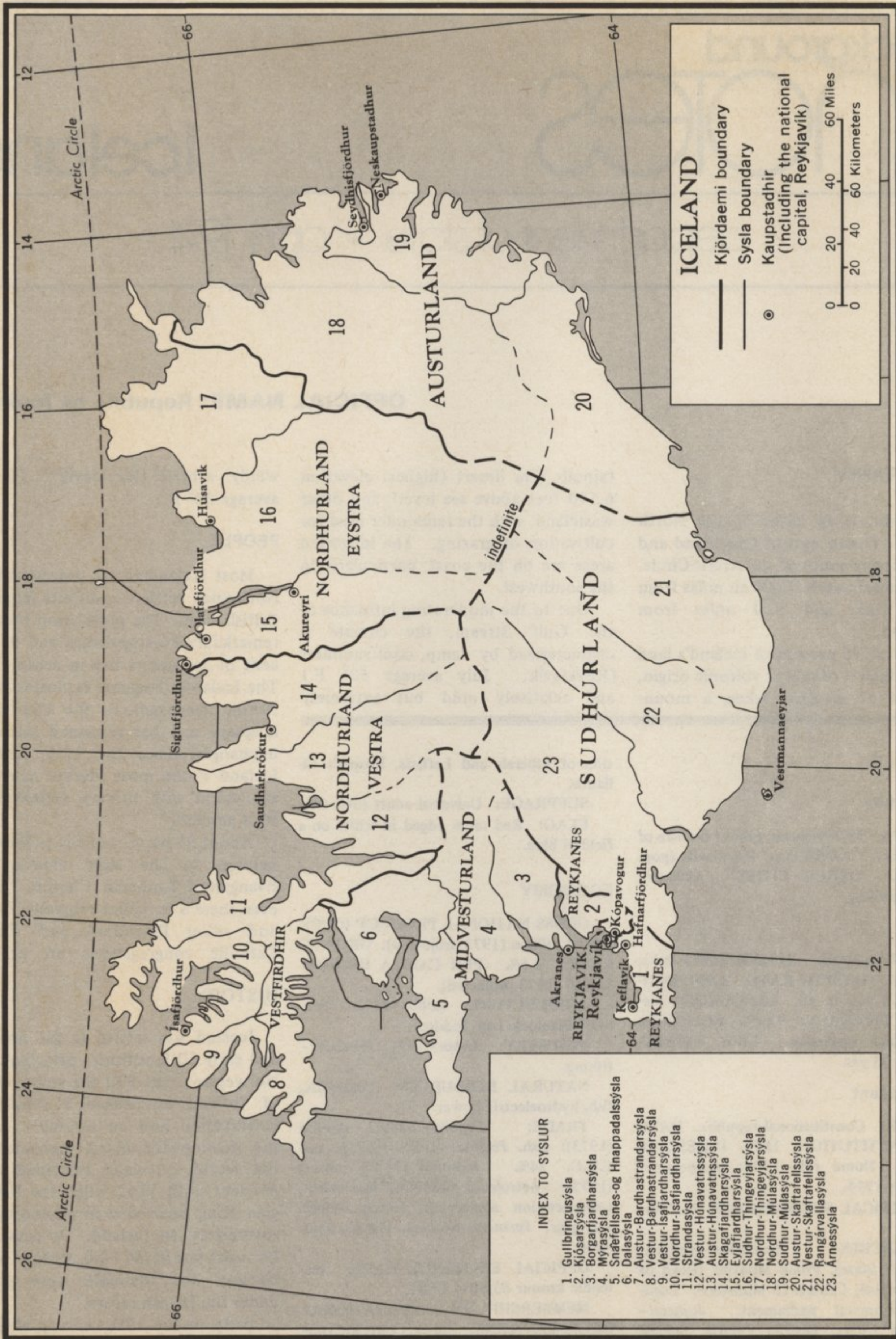
INDUSTRY: *Labor*—14%. *Products*—fishing.

NATURAL RESOURCES: Diatomite, fish, hydroelectric power.

TRADE: *Exports*—\$289.3 million (1973): fish. *Partners*—U.S. 30%, U.K. and F.R.G. 24%. *Imports*—\$353.9 million (1973): petroleum products, machinery, transportation equipment, fishing vessels and gear. *Partners*—Norway, F.R.G., Denmark.

OFFICIAL EXCHANGE RATE: Icelandic kronur 83.60 = US\$1.

MEMBERSHIP IN INTERNATIONAL ORGANIZATIONS: Nordic Council, Council of Europe, U.N. and its specialized agencies, General Agreement on Tariffs and Trade (GATT).



consultative assembly. In 1874 the *Althing* obtained limited legislative authority, and a constitution was granted to Iceland. The constitution was revised in 1903 when home rule was granted, and the Danish Minister for Icelandic Affairs was made responsible to the *Althing*. An agreement was reached with Denmark in 1918 recognizing Iceland as a sovereign state united with Denmark under a common king. Iceland was granted its own flag, but Denmark retained control of Iceland's foreign affairs and defense.

The German occupation of Denmark in 1940 severed communications between Iceland and Denmark. In May 1940 Iceland was occupied by British military forces. In July 1941 responsibility for the defense of Iceland passed to the United States under the U.S.-Icelandic Defense Agreement. Following a plebiscite, the country was formally established as an independent republic on June 17, 1944. In October 1946 the Icelandic and U.S. Governments agreed to terminate U.S. responsibility for the defense of Iceland, but the United States retained certain rights at Keflavík. In 1949 Iceland became a charter member of the North Atlantic Treaty Organization (NATO). After the outbreak of hostilities in Korea in 1950 and pursuant to the request of NATO military authorities, the United States and Iceland agreed that the United States should be responsible for the defense of Iceland. This agreement, signed on May 5, 1951, is the authority for the U.S. military presence in Iceland. Iceland is the only NATO country with no military forces of its own.

GOVERNMENT

The government is a constitutional republic consisting of executive, legislative, and judicial branches.

The President (Chief of State) is elected to a 4-year term. His powers are limited. The Prime Minister (Head of Government) and the Cabinet exercise most executive functions.

The *Althing* (parliament) is composed of 60 members, normally elected every 4 years. After elections, the *Althing* divides itself into Upper (20 members) and Lower (40 members)

Houses, but the two houses often meet together. Suffrage for presidential and parliamentary elections is universal (at age 20), and the electoral system combines direct and proportional representation.

The judiciary consists of the Supreme Court, District Courts, and various special courts. The Constitution protects the judiciary from infringements by the other two branches.

Principal Government Officials

President—Kristjan Eldjarn
 Prime Minister; Minister of Justice and Ecclesiastical Affairs—Olafur Johannesson (Progressive)
 Foreign Minister—Einar Agustsson (Progressive)
 Minister of Finance and Agriculture—Halldor Sigurdsson (Progressive)
 Minister of Education and Health and Social Security—Magnus Kjartansson (Labor Alliance)
 Minister of Commerce and Fisheries—Ludvik Josefsson (Labor Alliance)
 Ambassador to the U.S.—Haraldur Kroyer
 Ambassador to the U.N.—Ingvi Ingvarsson

Iceland maintains an Embassy in the United States at 2022 Connecticut Ave., N.W., Washington, D.C. 20008.

POLITICAL CONDITIONS

Parliamentary elections were held on June 13, 1971. A loss of four seats caused the downfall of the coalition government of the *Independence* (conservative) and *Social Democratic* (moderate Socialist) *Parties* which had governed Iceland since 1959.

A new government consisting of the former opposition parties was formed on July 14, 1971, after difficult negotiations. It is composed of the *Progressive Party* (supported by farmer, labor, and cooperative society groups), the *People's Alliance* (Communist-dominated), and the *Organization of Liberals and Leftists* (OLL), a non-Communist leftist party established in 1969. The election result reflected a shift of Social Democratic voters to the OLL and was a personal triumph for the party's founder, Hannibal Valdimarsson. The relative strengths of the other three political parties were changed little. In the last presidential election, June 1972, Dr. Kristjan Eldjarn was reelected unopposed.

REPRESENTATION IN THE ALTHING

	Elections		
	1963	1967	1971
Progressive	19	18	17
People's Alliance	9	10	10
Organization of Liberals and Leftists	—	—	5
Independence	24	23	22
Social Democratic	8	9	6

Icelanders depend heavily on fishing for their economic survival and have become increasingly alarmed by the depletion of fish stocks, allegedly caused by foreign vessels overfishing in waters close to Iceland. The present government, reflecting the will of the vast majority of Icelanders, extended the country's fisheries jurisdiction from 12 to 50 nautical miles from the coastlines on September 1, 1972. The government has also committed itself to improved wages and working conditions

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and to more effective industrial development planning.

ECONOMY

The fishing industry is Iceland's primary national resource and in most years has made possible a high standard of living. About 14 percent of the population depend on fishing and fish processing for a livelihood, 11 percent on agriculture, and almost 30 percent on manufacturing and construction. Processed fish and fish products comprise more than 70 percent of Iceland's exports, and the United States is the predominant overseas market.

In 1973, 27 percent of Iceland's exports went to the United States. The United Kingdom and the Federal Republic of Germany were the next most important customers and together accounted for 24 percent of Iceland's exports. The other European Free Trade Association (EFTA) and European Economic Community (EEC) countries and the Soviet Union were smaller but significant purchasers of Icelandic goods.

Principal imported items are petroleum products, machinery, transportation equipment, and fishing vessels and gear. During the last few years the U.S. share of Iceland's imports has ranged from 7 to 15 percent. The principal products of U.S. origin sold to Iceland have been nonelectrical machinery, tobacco, grains and cereals, and transportation equipment. Trade with the U.S.S.R. and Eastern Europe in 1973 accounted for 8.6 percent of Iceland's exports and 8.9 percent of its imports.

Iceland has few proven mineral resources, although deposits of diatomite (skeletal algae) are being developed and perlite (volcanic glass) explored. The hydroelectric power potential is abundant and is being harnessed gradually. The Alusuisso aluminum smelter near Reykjavík has an annual capacity of 77,000 tons. Extraction of chemicals from seawater and the generation of power from geothermal sources are be-

ing studied for possible development. A ferro alloy plant is also under consideration for completion in 1976.

The Icelandic economy has undergone a tremendous expansion and experienced far-reaching changes since World War II. The gross national product (GNP) rose by an annual average of about 4.5 percent in real terms during the decade 1961-70. Iceland's per capita income is higher than the average for all of Europe.

There are no railroads in Iceland. Organized roadbuilding did not begin until about 1900. The present national road system connecting most of the population centers is largely in the coastal areas and consists of about 6,000 miles of dirt and gravel roads, and some 60 miles of hard surface road. There are regular air and sea services between Reykjavík and the other main urban centers. In addition, Iceland is connected with Europe and North America by regularly scheduled airlines.

Iceland became a full EFTA member on March 1, 1970 and entered into a free-trade agreement with the EEC in 1973.

FOREIGN RELATIONS

Iceland wishes to maintain and strengthen its economic and political independence and a balanced foreign trade without becoming unduly involved in controversies among other nations. While Iceland maintains diplomatic and commercial relations with the leading nations of the East and West, its ties with the other Nordic

nations and with the United States are especially close. Iceland plans to continue its active participation in NATO under existing world conditions, although the People's Alliance Party opposes NATO membership.

U.S.-ICELAND RELATIONS

U.S. policy is aimed at maintaining the present cordial, cooperative relations with Iceland, both as a NATO ally and as a friend interested in the commonly shared objectives of establishing world peace and freedom and encouraging worldwide economic and social development.

In 1953 and 1956 the question of whether U.S. defense forces stationed at Keflavík under NATO auspices should be requested to withdraw from Iceland was among the principal issues in public debate. The present government raised this matter again in 1973 and negotiations regarding the future of the Defense Force were in progress in March 1974.

Principal U.S. Officials

Ambassador—Frederick Irving
Deputy Chief of Mission—Doyle V. Martin
Political Officer—Joseph Becelia
Economic Officer—Dennis C. Goodman
Administrative Officer—Stefan C. Nadzo
Commander, Iceland Defense Force—Rear Adm. Samuel M. Cooley, Jr., USN

The U.S. Embassy in Iceland is located at Laufasvegur 21, Reykjavík.

Travel Notes

Clothing—The climate in Iceland is similar to that on the northwest coast of the United States. Wool or other warm clothing is worn year-round.

Telecommunications—Telephone and telegraph service is state-owned and is available to all parts of Iceland and principal points throughout the world.

Transportation—Iceland has no railroads or streetcars. Local taxi and bus services are safe and efficient, but taxi fares are higher than on the U.S. east coast. Most roads outside the immediate vicinity of Reykjavík are dirt or gravel and are only poor to fair quality. One can rent cars or four-wheel-drive vehicles.

Community Health—There are no endemic health problems in Iceland. Adequate medical facilities are found in the major cities.

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