The Paradox of a Neutral Ally: A Historical Overview of Iceland's Participation in NATO

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Nineteen eighty-nine is the fortieth anniversary of the North Atlantic Treaty Organization (NATO), and scholars worldwide are examining its evolution and success. Member states entering the alliance had differing national interests, but all held a common goal of collectively defending the West. Iceland is unique among NATO's founding members. It has never had an army. While it supported, in principle, a defense of Europe, historically, it has avoided alliances. Neutrality, coupled with maintaining a delicate domestic political balance, has presented challenges for the Icelandic government. Ms. Bjorgulfsdottir examines how Iceland, despite these factors, has become NATO's vital trans-Atlantic link, thus acquiring the paradoxical title of "neutral ally."

INTRODUCTION

On May 10, 1940, Icelanders woke to the dawning of a new era as British troops arrived to occupy their country. The British occupation during World War II marked a decisive change in Icelandic history. Its ultimate consequence, the shift from a policy of neutrality to alliance with Western nations, has become one of the most controversial and heated topics in Icelandic politics.

Iceland's geographic location has made the country seem isolated at times, yet also extremely valuable in terms of defense strategy. Iceland's decision to become a member of the North Atlantic Treaty Organization (NATO) and the development of its participation in this alliance will be examined in this context.

First, it is necessary to analyze the notion of neutrality that galvanizes Icelandic politics. Strictly speaking, Iceland followed a policy of neutrality until 1949 when it joined NATO. The shift in policy was in reality less profound than it might appear. Iceland's declaration of neutrality was as much an expression of domestic nationalism as a determination of its legal status. Basic concepts of neutrality were eroded during the two world wars as great powers failed to respect the territorial integrity of smaller states. The changing nature of modern warfare reduced the viability of remaining neutral, making it more attractive for weaker nations to seek protection through defensive pacts. It is in light of these developments that foreign policy decisions in Iceland should be viewed. The political, cultural, and psychological needs of this newly independent state were equally important.

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Second, Iceland has specific characteristics that need to be taken into account when discussing its participation in a military alliance. It is of considerable strategic value due to its geographical location in the North Atlantic Ocean. It serves as a "stepping stone" in Western defense, and as protection to the Greenland-Iceland-United Kingdom gap (the "G-I-UK" gap). Both will be discussed later at greater length. Iceland is a small country with a population of only 245,000. More importantly, it does not have, nor has it ever had, any armed forces. Icelanders share a strong nationalist sentiment derived in part from this tradition, which is evident in the heated debates over defense matters.

To understand the postwar debate in Iceland over defense matters, one must also understand the inner workings of the coalition government and multi-party political system. There are four main parties in the Althing (Icelandic parliament). The conservative Independence Party is the largest party, enjoying around 35-40 percent of the vote during the postwar period. These conservatives consistently supported NATO membership and the Keflavik base.

The Progressive Party is the second largest, with support usually derived from rural areas. In 1949 it supported NATO membership and in 1956 amended its position to terminate membership as soon as conditions permit. The Social Democratic Party controlled around 14-16 percent of the Althing vote and generally supported Iceland's security policy. One exception to this support was from 1956-1958 when it formed a coalition government with the Progressive and People's Alliance parties. Overall, the Social Democrats tend to be more liberal on international issues such as arms control, trade, and finance.

The People's Alliance is the furthest to the political left, often being labeled as communists. Formerly the Socialist Unity Party, it has always been against the formation of NATO and supports nonalignment. More recently the People's Alliance has modified its position and uses its influence in the government to focus on specific military issues, such as advocating a Nordic nuclear free zone.[1]

Given a choice, Icelanders would have opted for continued neutrality, rather than joining NATO. Unlike Sweden or Switzerland, Iceland was an unarmed nation, which no longer perceived neutrality as a viable option in the postwar era. Instead, the majority of Icelanders felt their country could enter into an alliance while at the same time maintaining its independence and preserving a spirit of neutrality. Thus, Icelanders created the paradox of a "neutral ally."

World War II

Historical Background

During the latter part of the nineteenth century and early twentieth century, Icelanders struggled for independence from the Danish Crown. This resulted

1. See Gunnar Gunnarsson, "Icelandic Security Policy: Context and Trends," *Cooperation and Conflict* 27 (1982): 269-270.

in the Danish-Icelandic Act (The Union Act) of 1918 which gave Iceland a sovereign status. Still in union with Denmark, Icelanders agreed to let the Danes handle Icelandic foreign affairs and assist in enforcing fishing regulations in Icelandic waters. "However, any subsequent agreements which Denmark made with outside states were to be binding on Iceland only with the consent of the Icelandic government."[2] The Union Act was to last twenty-five years, after which Iceland could choose to become fully independent. There was never any doubt in the Icelanders' minds that independence was the preferred choice.

Article 19 of the Union Act addressed the defense of Iceland: "Denmark shall announce to other states that she recognizes Iceland as a sovereign state and that Iceland declares her perpetual neutrality and has no flag of war."[3] As Bjarni Benediktsson points out, Denmark made this known to other states. "The declaration of neutrality was thus not guaranteed by a treaty and was perhaps never consented to by anyone, but the Danes."[4] As will be shown, the declaration of eternal neutrality only lasted for twenty-two years, the period between the two world wars.

With the Union Act, the struggle for independence was practically won. Neutrality was perceived as the only option for the small nation with a population of a mere 100,000 inhabitants at that time. World events, however, forced Iceland to follow a different course.

German Interest And British Occupation

As early as 1939, the Germans showed interest in Iceland. In March of that year, a delegation arrived from Berlin to request facilities and landing rights for Lufthansa Airlines. The Germans put pressure on the Icelandic government to comply, but the Cabinet firmly refused. Great Britain also realized the importance of Iceland in the event of war and the British government contemplated financial aid and cultural initiatives to counteract German influence. During trade negotiations in London from October 1939 to January 1940, Icelanders stressed their desire to "maintain the strictest neutrality and continue 'normal trade' with all belligerents."[5] When the Germans occupied Denmark on April 9, 1940, the British offer of assistance to Iceland was extended for fear the Germans would demand that Iceland place itself under German protection.

To prevent this from happening, the Althing, the Icelandic parliament, passed two resolutions on 10 April declaring that the occupation prevented the Danish King from exercising power in Iceland and that Denmark was no longer in a position to conduct Iceland's foreign affairs. Therefore, the Icelan-

2. Philip E. Mosely, "Iceland and Greenland: An American Problem," *Foreign Affairs* 18 (1940): 742.
3. Benedikt Grondal, *From Neutrality to NATO Membership* (Oslo: Universitetsforlaget, 1971), 20.
4. Bjarni Benediktsson, *Land of Lydveldi: Pridja bindi* (Reykjavik: Almenna Bokafelagid, 1975), 187.
5. Solrun B. Jensdottir, "The 'Republic of Iceland' 1940-44: Anglo-American Attitudes and Influences," *Journal of Contemporary History* 9 (1974): 30.

dic government assumed both responsibilities.[6] The next day the British offer of assistance and cooperation was turned down as Icelanders still believed neutrality was their only hope of avoiding a German attack.

Iceland's determination to preserve strict neutrality was based on several historical factors, such as: its Scandinavian tradition of neutrality, the refusal to convene armed forces, the fear of German retaliation if it cooperated with the Allies, and the hope that the country's geographical position would once more keep it out of the European war theater. The basic premises of the 1918 declaration of neutrality were thus being honored. Iceland's continued pledge of neutrality was accepted by the great majority of its population.

Given Iceland's strategic location and the evolution of aviation, however, it was unlikely the country could remain outside the war much longer. Iceland's strategic value centered on its being a potential crossroad for maritime

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and aeronautic trans-Atlantic routes. When the British arrived in May, 1940, they were greeted with sighs of relief. Although the government launched a formal objection because of the breach of its neutrality, it asked the people to treat the invaders as "guests." Howard Smith, the first British Minister to Iceland, emphasized that Great Britain had no intention of interfering in Iceland's internal affairs and that British forces would leave as soon as conditions permitted.[7]

During the British occupation, questions arose concerning Iceland's national independence. With the German occupation of Denmark, Iceland became a *de facto* fully independent state, leading some to advocate abrogating the Union Act of 1918. Under the terms of the pact, however, neither party could withdraw unilaterally until 1943. Icelanders argued that since Denmark was unable to fulfill its obligations, Iceland was entitled to severance. Great Britain expressed its wish that the Union Act be observed. In the end, Icelanders were left with little choice but to wait. The country was under a military occupation which restricted its sovereignty and freedom of action.[8]

6. Bjorn Bjarnason, "Iceland's Position in NATO," *The Atlantic Community Quarterly* 15 (Winter 1977-78): 394.

7. Jensdottir, 34.

8. Bjarni Benediktsson, *Lydveldi a Islandi: Speech delivered at Thingvellir, June 1943* (Reykjavik: Almenna Bokafelagid, 1970), 31-32.

The United States and the 1941 Defense Agreement

It became apparent in 1941 that the British needed their troops elsewhere. Upon suggestion from the British, Iceland invited the United States to take over the protection of Iceland in 1941, which the US government would justify as being warranted by needs of "Western Hemisphere" defense. The 1941 defense negotiations were in themselves a breach of the Union Act, given that Denmark was ignored completely. It was clear that both the United Kingdom and the United States considered the Union Act to be invalid. They chose to ignore the pact because it would have restricted them from negotiating directly with the Icelandic government. The negotiations led to the signing of the Defense Agreement of 1941 between Iceland and the United States which restored Iceland's absolute independence and sovereignty. The United States and Iceland agreed to exchange diplomatic missions.[9]

The American armed forces landed in Iceland on July 7, 1941. Not only had the United States made a major decision to informally participate in the war effort by coming to Iceland's defense, but the Icelandic government had for the first time suspended its position of neutrality. In fact, the defense agreement of 1941 with the United States was the Icelandic government's first major foreign policy decision.[10] Many in Iceland believed the government had no choice but to make the agreement. Benediktsson pointed out that by signing this agreement the Icelandic government had not only abandoned the neutrality rule, but also for the first time decided to become active in foreign affairs.

Iceland's isolation now belonged to the past. Out of necessity Icelanders were prompted to take up an active foreign policy.[11] Once again, the question of independence from Denmark arose. The United States expressed its wish that Iceland wait until the end of 1943 before becoming a fully independent republic. Many Icelanders believed it morally wrong to take advantage of Denmark's weakened position to break ties. Therefore, the decision was again deferred.[12]

The Althing was called into a special session to approve the Defense Agreement of 1941. It was passed by thirty-nine votes to three, with Socialists casting negative votes. The decision to station a large number of foreign troops (the number reached over 45,000) in the country was not taken lightly. It was understood that the troops would leave as soon as the war was over, and that the United States would recognize Iceland's sovereignty and freedom of action. This agreement remained in force throughout the war.[13]

Despite Iceland's decision to host foreign troops during the war, neutrality was still popular. When the war ended, the newly independent Republic of

9. Ibid., 33.
10. Olafur Egilsson, "An Unarmed Nation Joins a Defence Alliance," *NATO Review* 31 (April 1983): 26.
11. Benediktsson, *Lydveldi a Islandi*, 36-37.
12. Once Iceland officially declared its independence on June 17, 1944, the US government was the first to recognize it.
13. Donald E. Nechterlein, *Iceland. Reluctant Ally* (New York: Cornell University Press, 1969), 30-31.

Iceland was offered the opportunity to become a founding member of the United Nations. Iceland declined. It had no wish to comply with the prerequisite of declaring war on the Axis powers, thus violating its spirit of neutrality.[14] Icelanders did, however, hold high hopes for the organization. As early as 1944, for example, the Icelandic government indicated that it expected the United Nations to provide security for small nations as well as access to world markets.[15] As the prospects for peace diminished and the expectations for the United Nations dwindled, Icelandic leaders found themselves in an uncertain position. The possibility of continued neutrality seemed unlikely. Iceland was no longer an island. World War II had clearly demonstrated Iceland's strategic importance. More importantly, the events during the war demonstrated the minimal value of a declaration of neutrality for a country without armed forces. While most Icelanders desired to maintain neutrality, a sense of uneasiness settled in. However, no acceptable alternative policy was developed.

Meanwhile, the United States was rethinking its policy toward Iceland. By August 1944, the Joint Chiefs of Staff concluded that the United States should attempt to acquire military facilities in Iceland. These would be located at the island's southwest corner and preferably would be secured through a long-term lease. The role which the US military envisaged for Iceland in the postwar era was fourfold: a base for protecting North Atlantic shipping lanes, a buffer against aerial and naval attacks on northern Europe, an outpost for long-range bombers, and a stage for aircraft flying across the Atlantic.[16]

On October 10, 1945, the American government secretly approached the Icelandic government with a proposal for a 99-year lease for base facilities in Iceland. The bases would be located in Keflavik, Hvalfjordur, and Fossvogur.

Since 1944, Iceland had been governed by a coalition government composed of the Independence Party, the Social Democratic Party, and the Socialist Unity Party.[17] Olafur Thors, the conservative Prime Minister and Independence Party leader, immediately made it known that the American request would put him in a very difficult situation. He explained that the Icelandic people firmly opposed military bases during times of peace, and consequently such negotiations should better wait until another time.[18] The Americans were impatient and pressed forward with the issue. Icelandic politicians were worried about the country remaining defenseless, especially in light of increased tensions between the United States and the Soviet Union.

Iceland's neutrality was more than a state policy. As previously stated, it was rooted deep in the polity and closely linked to Icelandic nationalism.

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14. Iceland became a member of the United Nations on November 19, 1946.
15. Thor Whitehead, "Icelandic Security Policies, 1945-51," (Unpublished paper, 1987), 4.
16. *Ibid.*, p.5; US Joint Post-War Committee, *Report by Joint Post-War Committee*, 23 August 1944, JCS 1015/CCS.2 Iceland (8-20-43) *Modern Military Branch*, National Archives, Washington D.C.; and Perry McCoy Smith, *The Air Force Plans for Peace 1943-45*, (Baltimore and London, 1970), 27-28.
17. Socialist Unity members were frequently called communists. In 1956, the party changed its name to the People's Alliance.
18. J. Baldur Gudlaugsson and Pall Heidar Jonsson, *30 marz 1949* (Reykjavik: Bokatgafan Orn of Orlygur, 1976), 22.

Icelanders were not about to give up their hard fought independence by granting the Americans permission for military facilities. Prime Minister Thors had no choice but to reject the proposal, doing so in November 1945. It should be noted that he did not exclude the possibility of negotiations on facilities which followed a United Nations model, nor did he exclude a short-term arrangement to be assumed later by the UN.[19] All political parties, however, declared they would not permit foreign bases to be stationed in Iceland during peacetime. It was not until after strong public outcry that the Americans realized their mistake and decided to postpone further negotiations. None of the political parties was willing to go further until the elections of 1946.

After the elections, there was little change as the same coalition continued to govern. On July 27, 1946, talks between the two governments began over the future of the Keflavik base. Constructed during the war, it was the largest in Europe. The Icelanders had neither the manpower nor the financial means necessary to maintain the airfields, nor were they willing to accept the presence of a large number of foreign troops to operate the airport. The Americans, on the other hand, claimed that under the 1941 agreement they were allowed to keep bases in Iceland indefinitely.

During the war, Iceland had been relatively safe under US protection. Icelanders also experienced considerable prosperity as the population of only 122,000 had the opportunity to work for the American forces. The economic boom caused by the American presence had some negative effects, however. Inflation rose, but more significantly, the presence of Americans themselves was overwhelming. After the war, most Icelanders realized that this was not what they wanted for their new republic.[20]

It was under the above mentioned conditions that the secret negotiations were conducted during the summer of 1946. Although the negotiators were not optimistic at the outset, an agreement was reached by September. The 1941 defense agreement was abrogated and the American troops were scheduled to leave Iceland by April 1947. Icelandic authorities then would assume control of the base, and the Keflavik airport was fully recognized as being owned by Iceland. The greatest controversy arose over the decision to allow 600 American civilian specialists to remain at Keflavik to operate the base and service American planes en route to bases in Europe. The specialists were also to help train Icelanders to eventually operate the base. The Americans were to stay at Keflavik as long as the United States maintained military and political control in Germany. The agreement was open to revision after five years. Although this agreement fell far short of US demands, it still met immediate disapproval in Iceland.

The parliamentary debate on the "Agreement Concerning the Abrogation of the Defense Agreement of 1941" (commonly known as the Keflavik Agreement) took place on October 5, 1946. Brynjolfur Bjarnason, Iceland's com-

19. Whitehead, 10.
20. Grondal, 38.

munist minister of education, declared that if the treaty was ratified by the Althing, the socialists would break up the coalition. This marked the first battle over security policy in the Althing and set the stage for many more in the years to come. The outcome was close, but the final vote was in favor of the agreement by thirty-two votes to nineteen, with one abstention. The Independence Party stood unified in favor of the agreement; the Socialist Unity Party was unified against it; the Progressives and the Social Democrats were split over the issue.[21]

After the government was brought down by the Socialist Unity withdrawal, a cabinet crisis ensued for several months. The result was a new coalition government formed by Social Democratic leader Stefan J. Stefansson and with the participation of the Independence and the Progressive Parties. The leaders of these three parties all had supported the Keflavik Agreement. In fact, they felt it would not be advantageous to leave the country completely defenseless at that time. In addition, the government expected continued support for Icelandic foreign trade from both the United States and Great Britain (which had previously exerted its influence in favor of the agreement).[22] The new government settled for a foreign policy balance found between an alignment with the Western powers and a return to neutrality.

Participation in the Marshall Plan

The next five years were decisive for Iceland's foreign policy. They led to Iceland's participation in the Marshall Plan, the decision to become a member of NATO and the 1951 defense agreement with the United States. It has been alleged, mainly by socialists, that these events were preplanned. This is an oversimplification. The decisions which were made resulted from a chain of events that could not have been foreseen. Both the internal and external situations during 1947-1951 greatly affected Icelandic decision-making. The leadership reacted to challenges as Iceland progressed from neutrality to alignment and alliance with the West.

Iceland was invited to participate in the Paris Conference in July 1947 to discuss possible European economic cooperation under the Marshall proposals. Icelanders at that time were optimistic about their economy and decided not to apply for financial assistance. It soon became apparent, however, that economic difficulties could not be averted. Financial problems, high inflation, a low fish catch, and foreign currency shortages, along with internal disagreement over necessary domestic cutbacks, led Iceland to apply for Marshall Plan aid. A bilateral agreement between Iceland and the United States was signed on July 3, 1948.

American economic assistance came in the form of unconditional aid, conditional aid, and loans. From 1948 to 1953, when the assistance came to an end, the Americans contributed over $38.6 million to Iceland.[23]

21. Althingi, *Althingistidindi*, 1946 (Special Session), Section B, 172.
22. Gudlaugsson, 26; and Whitehead, 13.
23. Gudlaugsson, 28. This figure can be broken up into 77.2 percent for unconditional loans and gifts; 13.7 percent for low interest loans; and 9.1 percent were actual transfers of European currencies into dollars.

Public opinion was divided as to whether Iceland should participate in the Marshall Plan. The Socialist Unity Party opposed American aid, concerned that acceptance would compromise the country's economic independence. They stood alone since most of Iceland's West European trading partners, including the Scandinavian countries, had decided to accept the aid. During these years Iceland's trade depended heavily upon assistance from the United States and Great Britain. There is no doubt the Marshall Plan helped avert economic crisis. But what were the consequences for Iceland's foreign policy?

A definitive answer cannot be given. A well-known Icelandic historian, Thor Whitehead, concluded that "US assistance was never tied to the granting of military facilities in the country or a full-scale alignment with the United States."[24] Furthermore, he pointed out how dependency was averted two ways. First, the United States could not attach strings to their aid because of the volatile political and economic situation in Iceland. And second, the American bargaining position with individual countries was weakened by the international nature of the Marshall Plan.[25]

Iceland is no exception, however, to the general rule that economic factors are linked to foreign policy considerations. Trade issues certainly have affected relations with the great powers. One can ultimately conclude that military and political, rather than economic, concerns were the primary reason for Iceland's formal departure from neutrality.

Iceland as a Founding Member of NATO

By the fall of 1948 it became apparent that Iceland would most likely be given the opportunity to join the then to-be-formed alliance. At that time, no formal talks took place. The government was careful in responding, cautiously asking for more information. The Icelandic leadership was particularly interested in learning of the obligations that membership would impose.

It is necessary to remember that the government's deliberations were not taking place in a political vacuum. The events in Czechoslovakia in February and March of 1948 had a tremendous impact on Iceland. As in many other Western nations, the communist offensive instilled fear and suspicion. When a large Soviet herring fleet appeared in Icelandic coastal waters in the spring of 1948, Iceland felt more defenseless than ever. Distrust of socialists and their close ties with the Soviet Union grew. Although the herring fleet disappeared by the fall, the feeling of impending danger persisted.[26]

A Nordic Defense Alliance?

The Scandinavian reaction to the events of 1948 was to discuss the possibility of forming a Nordic defense alliance. Immediately after the war, neutralism resurged in Denmark and Norway. Neutralism was almost as strong

24. Whitehead, 16.
25. Ibid., 16-17.
26. Ibid., 19-21; and Gudlaugsson, 30-35.

in Sweden, where the government remained neutral during the war. Different wartime experiences, however, had undermined the political foundations of neutrality.[27] A key question for the Nordic alliance was what relations it should have with the great powers. The Norwegians desired a Scandinavian pact as part of a larger defense community. The Swedish Foreign Minister Osten Unden stressed an independent and non-aligned defense community. Denmark took a centrist position and thereby became a mediator between Norway and Sweden.[28]

Another major factor in dispute was the level of armament which would be needed. It was assumed Denmark and Norway would have to build their armed forces substantially. Sweden would also have to maintain and modernize its military forces. The issue of armament supplies raised even further questions about the effectiveness of a Scandinavian pact. Specifically, the deterrence capabilities, the need for outside material, and the need for aid in the event of an attack all came into question. The Norwegians were particularly interested in receiving outside assistance. At the end of January 1949, the parties met in Oslo where they concluded that, since no agreement could be reached concerning the prerequisites for, and the consequences of, forming an independent Scandinavian defense alliance, there was insufficient evidence for establishing one.[29]

In February 1949, Norway's Foreign Minister Halvard Lange went to Washington to discuss the already proposed North Atlantic treaty option and the possibility of an independent Scandinavian pact. The Norwegian delegation met with US President Harry Truman, Secretary of State Dean Acheson, Senator Charles Vandenberg, and others. The result of these meetings led the Norwegians to conclude there was insufficient sympathy on the part of the United States and the United Kingdom to ensure backing for the independent pact. Their delegation, therefore, would recommend the NATO option.[30] Two weeks later Denmark followed suit. Differing wartime experiences, varying assessments of the probable American response, basic disagreements over deterrence strategies, and the individual domestic constraints of each country all led to the failure of the attempt to create a Scandinavian defense pact.[31]

The concept of a Nordic security community thus far had been rooted in common ideology and politics rather than formal commitments. Icelanders feared a Nordic defense alliance would isolate Iceland by precluding it from closely cooperating with the other Nordic countries. Iceland would not be invited to become a member. Already, the three Scandinavian countries faced grave credibility problems in military terms. Adding a defenseless island far

27. Hakon Wiberg, "The Nordic Countries: A Special Kind of System?," *Current Research on Peace and Violence* 9 (1986): 7.

28. Christian Lange and Kjell Goldmann, "A Nordic Defense Alliance 1949-1965-197?," *Cooperation and Conflict* 1 (1966): 54.

29. Barbara G. Haskel, *The Scandinavian Option: Opportunities and Opportunity Costs in Postwar Scandinavian Foreign Policies*, (Oslo: Universitetsforlaget, 1976), 47.

30. Ibid., 48.

31. For more detail on individual countries see Erling Bjol, "Nordic Security," *Adelphi Papers*, No. 181 (London: International Institute for Strategic Studies, 1983).

away in the Atlantic Ocean simply would not be feasible. The fact that Denmark and Norway turned to the proposed Atlantic alliance for security arrangements was a relief as it made it much easier for Iceland to follow the same course. In a recent interview, Geir Hallgrimsson, former foreign minister, mentioned how the decision by Denmark and Norway to join NATO affected Iceland. He, as well as many others, doubt strongly that Iceland would have become a member without the participation of the other two Nordic countries.[32] Iceland's Prime Minister Stefan J. Stefansson was in close contact with his colleagues, the Social Democrats in Scandinavia, during this period. He wrote to Danish Prime Minister Hans Hedtoft on January 24, 1949:

> If Denmark and Norway decide not to participate in the North Atlantic Alliance, our position becomes difficult. If we become members, we may have to part ways with our Nordic friends more than before, and that would cause me grief. On the other hand it is necessary for us to secure our safety. And if the conditions are such that we can accept to join the alliance, it should also increase Denmark's and Norway's safety. The issue is difficult and complicated, and what we finally decide, can have serious consequences, both for us and our Nordic friends.[33]

The Public Debate

The above passage describes the context in which domestic discussion took place in Iceland. Although no official word had been said, a speech given by Professor Sigurbjorn Einarsson on December 1, 1948, marked the beginning of the public debate. He advocated continued neutrality, even at a high cost. Einarsson's speech rallied both proponents and opponents of the proposed alliance. The Icelandic opposition, primarily the socialists and the nationalists, immediately launched a campaign against Iceland's possible membership in a military alliance. At that time, Einarsson was president of the National Preservation League which had been established October 1, 1946, in direct response to the Keflavik Agreement. Revived by the latest developments, its members became involved in the controversy that raged over the next few months.[34]

The National Preservation League was not a political party. The people active in the League came from all the political parties. Since it was mainly the Nationalists and the Socialists that fought against the membership, there was a natural tendency to link the two together. The leaders of the League tried to avoid the association because they felt it would undermine their cause

32. Interview with Geir Hallgrimsson, Board of Directors, Central Bank of Iceland. Reykjavik, Iceland, 4 January 1988.
33. Stefan Johann Stefansson, *Minningar: Sidara bindi*, (Reykjavik: Setberg 1967), 44-45.
34. Gudlaugsson, 54-55.

to be paired with the Communists.[35] The newspapers[36] did not devote much of their attention to the Nationalists. Yet, there is little doubt the Nationalists' campaign affected the government and made it proceed even more cautiously in its deliberations with other member nations.

It was known by December 1948 that Iceland would be invited to become a founding member of NATO. As a consequence, US Ambassador to Iceland, [Richard P.] Butrick, scheduled a meeting with Icelandic Foreign Minister Bjarni Benediktsson on December 7. The confidential talk was informal. Butrick told Benediktsson that Iceland would be invited to become a founding member. They also briefly discussed the possibility of Iceland's participation.[37] At a government meeting which included Icelandic President Sveinn Bjornsson, the message from Butrick was discussed. The government decided that before membership could be accepted, it was absolutely necessary to obtain more detailed information concerning the purpose, obligations, and organization of the proposed alliance.

At the end of 1948, the military base issue remained highly volatile as demonstrated by the year-end statements by political leaders.[38] Olafur Thors, the Independence Party leader, wrote in the *Morgunbladid* that the days of neutrality were over because: 1) a declaration of neutrality by Icelanders themselves is worthless, 2) the superpowers will not guarantee Iceland's neutrality, 3) and even if such a guarantee were given it would not be worth the paper it was written on. He therefore went on to say that nothing should preclude Iceland from participating in a defense alliance formed in accordance with Article 51 of the United Nations Charter. He pointed out, however, that in itself it would "be a great problem" to negotiate a treaty on behalf of Iceland that would recognize its special position as a small nation with no armed forces.[39] Stefansson took a similar position in the *Althydubladid*. The two leaders concluded that Iceland's safety would be best assured by participating in a defensive pact.

Hermann Jonasson, the leader of the Progressive Party, offered a more general view regarding the future of Iceland's foreign policy. He felt that Iceland had an obligation to its friends and former allies, but warned against stationing foreign troops on Icelandic soil.[40]

Icelanders considered abandoning neutrality in 1949. Emotions ran high, leaving no one untouched. It was only after weighing all other options, and with great reluctance, that Icelanders gave up their cherished notion of neutrality.

On January 5, 1949, Butrick delivered a confidential dispatch from the United States to Stefansson and Benediktsson regarding the formation of the

35. Ibid., 114-115.

36. The largest daily newspapers in Iceland are controlled by the political parties. *Morgunbladid*, with the largest circulation, is published by the Independence Party, *Althydibladid* is run by the Social Democratic Party, *Timinn* by the Progressive Party, and *Thjodviljinn* is controlled by the Socialist Alliance Party.

37. Gudlaugsson, 49.

38. See *Althydubladid*, *Morgunbladid*, *Timinn*, *Thjodviljinn*, 31 December 1948.

39. J Olafur Thors, "Aramot," *Morgunbladid*, 31 December 1948, 2 and 9-11.

40. Hermann Jonasson, "Vid Aramot," *Timinn*, 31 December 1948, sec.II, 1-7.

Atlantic Alliance. The Icelandic government informally was asked whether it would be interested in forming a part of the proposed defense alliance. Again, the government convened. Prime Minister Stefansson wrote in his memoirs that the government agreed:

> 1. That we had to inquire further to what the treaty would entail and what the duties and rights of the participating states would be, and at the same time make our special position known, since we had no armed forces and were very much opposed to having an army on our soil during peacetime.
>
> 2. That we must wish, because of our friendship and family ties with the Nordic countries, to contact Denmark and Norway since it was already known that these countries would be offered to participate in the alliance.[41]

As can be seen from this statement, the government was not quite ready to make a final decision. They felt as if they had inadequate information and that Icelanders had limited knowledge regarding military matters. Hence, the government needed additional explanations. The reply that Benediktsson delivered to the US government on January 12, was that, at the moment, Iceland was not prepared to take a position concerning its participation until more precise information was provided regarding the prospects for increasing Iceland's security, the provisions of the treaty, and the specific obligations, therein. Furthermore, it was mentioned that there was a general feeling in Iceland that the price for security would be too high if it involved the stationing of foreign troops during peacetime.[42]

A veil of secrecy shrouded the preliminary investigations, thus creating public speculation. If the government had at least outlined the available options, unnecessary tension could have been avoided.

A telegram dated January 29, 1949, from Secretary of State Dean Acheson helped ease some of the Icelandic government's anxiety. It stated the United States had no intention of stationing troops in Iceland except in the gravest emergency.[43] In 1945-1946, the nature of U.S. pressure on Iceland to continue base agreements at Keflavik was considered a diplomatic blunder. Remembering this, the United States pursued a different strategy and urged Iceland to consult with the other Nordic countries and take its time in exploring the issues.

The public debate went on in Iceland, but little was said officially. Toward the end of February, though, the three government parties agreed that nothing stood in the way of Iceland's membership in the defensive alliance, provided that no foreign troops or military bases would be maintained in the country during peacetime. Because of the manner in which the situation was presented,

41. Stefansson, 49.
42. Benediktsson, *Land of Lydveldi*, 222.
43. Egilsson, 30.

Icelanders did not have to face the choice of either staying out of the alliance or allowing foreign bases.

THE MISSION TO WASHINGTON

It was not until March 9, 1949, that the Icelandic government was approached again. It was suggested that talks resume between delegates from the Icelandic and US governments. On March 12, a fact-finding mission left for Washington, D.C., consisting of three cabinet ministers: Bjarni Benediktsson, foreign minister (Independence Party), Emil Jonsson, minister of commerce (Social Democratic Party), and Eysteinn Jonsson, minister of education (Progressive Party).

The results of the meeting were quite important for the Icelandic government. The talks took place March 14-17. The Icelandic delegation, which also included Ambassador Thor Thors and an Icelandic international lawyer, Hans G. Andersen, had the opportunity to meet with the following officials: Secretary of State Dean Acheson; Charles Bohlen, counselor of the State Department; John Hickerson, head of the European division; Mr. Hulley, head of the North European division; Air Force Major General [Samuel E.] Anderson; and Navy Admiral [Edmund T.] Woolridge. The Icelandic mission engaged in frank and open discussions. The proceedings from the meeting were detailed, indicating that the Icelanders used the occasion to ask numerous pointed questions.[44]

From the beginning, Benediktsson emphasized Iceland's special position that it neither had, nor could have, its own armed forces. Again, he made it clear that no foreign troops or military bases would be allowed in Iceland during peacetime. The American delegates said that all the participating countries understood and recognized Iceland's special position. Acheson said that it was obvious that none of the members wanted to station troops or to maintain military facilities in other participatory states during peacetime. Furthermore, in the event of an armed attack, it would be left to individual members to take whatever action they deemed necessary. Every member state would determine its own contributions and each member would have veto power as far as military obligations were concerned.

It was made known that the alliance would request that certain facilities in Iceland be ready in case of an emergency. This referred specifically to the Keflavik airport, but the Americans were also interested in maintaining a fuel storage depot at Hvalfjordur. These facilities were to be used only in the case of an emergency and the United States emphasized their defensive nature. The activities in Iceland were to be preventive and intended to serve only as a deterrent. Iceland's safety, therefore, would be increased.

The Icelandic delegation asked whether a formal provision, recognizing Iceland's special position, could be attached to the treaty. Bohlen and Hickerson thought such a provision would create difficulties since it was likely

44. Iceland, Foreign Ministry, *News release*, 3 May 1976, "Proceedings from meetings of three Ministers in Washington in March 1949, regarding the North Atlantic Treaty."

that other countries might want to follow suit. On the other hand, a provision was not necessary given that all the parties did recognize Iceland's special position.

During the discussion with US Air Force and Navy representatives the Icelandic delegation inquired extensively as to what type of assistance Iceland would receive in case of an attack by the Soviet Union. These talks focused on whether Iceland could expect to be reasonably secure without the stationing of foreign troops. It was concluded that given the facilities already in Iceland, the country could be defended. Potential offensives could be predicted and the damage minimized by stationing navy divisions in the waters surrounding Iceland.

General Anderson expressed his opinion that it would be important to keep an eye on Soviet sympathizers in Iceland. The Soviets would almost certainly count on their support. He thought the main danger would come from the possible sabotage of the air fields. Benediktsson replied that Icelanders would deal with this problem themselves. He explained that Icelanders were very much against the use of force, and that most people did not believe the Communists would try to seize power through force. It was obvious the Icelandic ministers felt this was an internal affair and the Americans should not interfere.

Iceland's strategic importance, particularly to the Americans and the British, had been mentioned several times. The Icelandic delegation wanted to know if it really was necessary for Iceland to join the alliance, since the United States and Great Britain would come to Iceland's defense in the case of an attack. The Americans responded by stressing the defensive nature of the alliance. If Iceland became a member, its status as an ally would be clear to an aggressor, as would the consequences of an attack. At the same time, however, the United States was not ready to unilaterally guarantee Iceland's safety.

Throughout the meetings the issues concerning Iceland's special position and reservations came up constantly. The Americans continued to give their assurance that Iceland's position was understood and that Iceland would not be required to have military bases during peacetime.

On the third day of the meetings, March 16, Hickerson delivered the final draft of the treaty to the Icelandic mission with an official invitation. Benediktsson accepted the invitation, but said the ministers could not make a decision as to Iceland's acceptance of the treaty. All the details had to be reexamined in light of the new information. Hickerson said the United States understood Iceland's need to ponder carefully this key decision. He repeated that nothing stood in the way of reassuring the Icelandic government and its people. This was done in the form of a declaration from the American government in which the special position of Iceland was recognized:

> 1) In case of war the Alliance would be granted a position in Iceland similar to that of the Allies during the last war. Iceland alone would decide when such concessions should be given.

2) All other members of the Alliance have complete understanding of Iceland's special position.

3) It is recognized that Iceland has no armed forces and does not intend to establish any.

4) Iceland shall not be required to receive foreign troops or grant military bases in peacetime.

A final meeting between the US secretary of state and the Icelandic ministers took place on the following day. A joint press release was issued as the final *communique* for the delegations:

> The purpose of Icelandic Foreign Minister Bjarni Benediktsson and his colleagues in coming to Washington was to obtain information concerning the proposed North Atlantic Pact so as to provide the best possible basis for the Icelandic government and Parliament to take their positions on Iceland's attitude towards the Pact.
>
> In the conversations between the foreign minister and his colleagues and the secretary of state and his advisers there has been full and frank discussion of the objectives and the nature of the proposed Pact.
>
> The secretary of state stressed the purpose of the Pact as being the maintenance of peace and pointed out that the Pact is drafted in close conformity with the Charter of the United Nations.
>
> The Icelandic foreign minister explained the special position of Iceland as a country with no military forces, and stated that Iceland would not consent to any foreign military bases in peacetime.[45]

The Parliamentary Debate

Since the treaty was to be signed in early April, there was no time to waste. It was presented to the Althing on March 28, the debate beginning the following day. Despite the fact that the outcome was never in doubt, the debate was impassioned, with harsh accusations made. The parliament was divided into two blocs. Support came from the three government parties, and opposition came mainly from the Socialist Unity Party, with the exceptions of a few members of the Progressive Party and the Social Democrats.

The supporters based their arguments on:

1. Soviet expansion in Europe threatened the security of Western Europe. The events in Czechoslovakia are an example of that.

2. The United Nations is incapable of maintaining peace and security, due to lack of cooperation from the Soviet Union and its frequent use of the veto power.

3. Western European and American cooperation is necessary as a political, economic and military counterweight against Soviet power.

45. Ibid.

4. The North Atlantic Treaty is in full accordance with article 51 of the UN Charter. The participation of Denmark and Norway best illustrates the peaceful nature of the Alliance.

5. World War II demonstrated Iceland's strategic importance. The country cannot expect to stay out of future large scale military conflicts. Neutrality will not protect the nation.

6. The founders of the Atlantic Alliance believe that its existence will diminish the likelihood of future aggression. An attack on one of them will be considered an attack on all. By participating Iceland can best guarantee its safety.

7. According to the treaty, it is left up to each member to decide its contributions. No country will be asked to accept foreign military bases during peacetime. Furthermore, Iceland's special position has been recognized. Iceland is an unarmed nation, with no intention of establishing its own military force, and consequently it will not declare war on any nation.

8. Icelandic communists are Russian puppets. They will use every mean available to keep Iceland from cooperating with other democratic nations.

9. If a powerful organization of democratic nations like the North Atlantic Alliance is unable to maintain peace, then nothing will. By participating, Icelanders will support their own security, prosperity, and freedom, but foremost they will contribute towards peace in the world.[46]

The arguments put forth by the Socialist Unity Party,[47] were as follows:

1. The United States is preparing for war and that is the purpose of the Atlantic Alliance. Nothing in Soviet national planning calls for military adventure. The country, as a matter of fact, is still recovering from the last war.

2. If Iceland becomes a member of NATO it will forego its peaceful neutrality without becoming a military state. Iceland's neutrality is not without risks, but by participating in a military alliance the risks multiply.

3. Upon entering the Alliance, the power to control the country would gradually be transferred to a military council. Before long, Iceland would be ruled by a military dictatorship.

4. By participating in the Atlantic Pact, Iceland becomes an ally of the most powerful colonial powers in the world.

5. Iceland would serve as a stepping stone for capitalist America to attack the socialist states of Europe. The socialist states have never done anything wrong to Iceland. Far from it. For instance, the Soviet Union has entered into profitable trade agreements with Iceland.

46. Gudlaugsson, 116-118.

47. The members of the Progressive Party and the Social Democrats who were against Iceland's participation based their opposition on different grounds. Primarily they wanted Iceland's special position to be guaranteed by a formal reservation.

6. The United States decided long ago that it would establish military bases here. The treaty is only a disguise to fool the Icelandic people.

7. The treaty is yet another step in America's determination to annex Iceland. The Marshall aid is aimed at making Iceland economically dependent on the United States. The Atlantic treaty is a repayment in the form of military bases. This will not be the last fight against the United States.

8. This is a conspiracy of American and Icelandic capitalists.

9. The American military preparations call for US troops or military protection of some sort. Icelandic living standards will be lowered and the labor unions crushed. Basic human rights in Iceland would be in grave danger.[48]

No middle ground could be reached since members of parliament demanded a national vote on the issue, but the majority objected on the grounds that foreign and security policies did not belong in such elections. They argued it was not the custom in other countries to submit national security issues to a referendum.

Among the general population, the socialists and nationalists were opposed to the idea of Iceland becoming a member of the Alliance. On March 30, when the Althing was to make the final decision, the communist followers gathered outside the Althing. The three government party leaders called on the pro-treaty factions to come and defend "democracy," which resulted in a riot. This marked the first and only time the Icelandic police force ever had to use tear gas.[49]

The decision to call out supporters to "defend" democracy was criticized later. In retrospect, Prime Minister Stefansson admitted the call was perhaps not necessary and only added to the controversy.[50] However, at the time, emotions were running high and no one was sure what would happen.

As rocks flew through the government building windows, the Althing adopted the resolution by thirty-nine to thirteen, with two abstentions. The Socialist Unity Party recorded ten opposing votes, the Social Democratic Party recorded two, and the Progressive Party recorded one opposing vote and two abstentions.[51]

Perhaps the best explanation for Iceland's decision comes from Foreign Minister Benediktsson:

> My people are unarmed and have been unarmed since the days of our Viking forefathers. We neither have nor can have an army. My country has never waged war on any country, and as an unarmed country we neither can nor will declare war against any nation, as we stated when entering the United Nations. In truth, we are quite unable to defend ourselves from any foreign armed attack.

48. Gudlaugsson, 118-119.

49. The events are well described in the second part of Gudlaugsson.

50. Stefansson, 55.

51. Althingi, *Althingistidindi*, 1948, Sec. A, 473, 499, 506-511, Sec. D, 271-336, 93-237.

> There was, therefore, hesitation in our minds as to whether there was a place for us as participants in this defensive pact. But our country is, under certain circumstances, of vital importance for the safety of the North Atlantic area.[52]

THE 1951 DEFENSE AGREEMENT

While political and economic factors were leading Icelanders to establish closer relations with the United States, there were limits to the extent in which Icelanders wanted these ties to grow. Culturally, the people felt much closer to the Nordic countries. Great Britain was a long standing trading partner. "From the government's viewpoint, the new alliance served the aim of pursuing a foreign policy in line with Iceland's geographic location between North America and Western Europe."[53]

Since the end of World War II, the Americans were looking for a long-term agreement with Iceland regarding the Keflavik airport. In 1947 the National Security Council (NSC) produced a report concerning base rights in Greenland, Iceland, and the Azores, countries classified as primary base areas. The report stated:

> 1. Military facilities in Iceland are considered the most important outside the continent and the United Kingdom.
> 2. Iceland's geographical position between the US and the USSR is of utmost strategic importance.
> 3. Iceland cannot be allowed to be taken by enemy forces because attacks against the US could be launched from it.
> 4. Iceland is of significant importance as a base for air support and fighter planes.[54]

On the other hand, the Icelandic government was looking for the earliest possible departure of the American civilians at Keflavik, but was preoccupied with restoring the Icelandic economy. Assuring access to markets and obtaining high prices for the fish catch became a higher priority on the political agenda than defending the nation.

The outbreak of the Korean War in 1950 had a tremendous psychological impact on Iceland. As the international scene worsened, concerns grew over Iceland's security. In the fall of 1950, the NATO Standing Group approached Iceland and inquired how Icelanders could defend themselves, and whether assistance from outside would be sought.[55] The Icelandic government reacted

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52. Benediktsson's speech upon signing the treaty on April 4, 1949, taken from Egilsson, "An Unarmed Nation," 31; and *Morgunbladid*, 5 April, 1949.
53. Whitehead, 25.
54. The National Security Council, *Report on Base Rights in Greenland, Iceland, and the Azores, 25 November, 1947*, quoted in Thorsteinn Thorhallsson, "Bunadur of Tilgangur Herstodvarinnar,"*Sex ritgerdir um herstodvamal. Eftir studenta i sagnfraedi vid heimspekideild Haskola Islands*, (Reykjavik: Ritsafn Sagnfraedistofnunar, 1980), 8.
55. Bjorn Bjarnason, "Um vidhorfin til varnarlidsins," *Varnastodin i Keflavik i Hernadarlegu of Fjarhagslegu Tilliti*, (Reykjavik: Utanrikismalanefnd S.U.S., 1978), 58-59.

favorably, and a defense plan was developed. By January 1951, Iceland was ready to negotiate a defense agreement with the United States, which was acting on behalf of NATO.

The documents are unavailable, but Bjarni Benediktsson's private papers reveal some of the essential points in which the Icelandic government was interested. The principle of no bases during peacetime remained, but, due to the grave international situation, the Icelandic government was ready to negotiate a defense agreement with NATO on the following terms:

1. A guarantee that Iceland could unilaterally abrogate such an agreement within a reasonable time limit.
2. The nationality of the defense force would be determined by Iceland. Icelanders would be able to join the force, receive training from it and replace it with financial assistance from NATO.
3. As the majority of the population lived near facilities of military importance, NATO would be expected to aid civil defense efforts.
4. The stationing of the defense force would be dependent upon the approval of the Icelandic government and would be mostly concentrated around Keflavik.
5. The Keflavik Agreement should be waived aside if a new agreement would be negotiated.
6. The legal status of the defense force and the military facilities would be determined in view of the small population of the country and in light of the experience during World War II.
7. A guarantee was required that defense construction would not upset the economy of the country.[56]

The government began secret negotiations in February, 1951, convinced it had parliamentary and public support. Remembering the lessons from the British-American occupation during World War II, extensive care was used during the negotiations to minimize the impact of foreign troops on Iceland's culture and society. Disagreements centered around four issues: the duration of the agreement, claims to damages arising out of the military presence, an arrangement for civil aviation at Keflavik, and the question of authority to decide the number of military personnel in the country.[57]

The duration of the agreement was the greatest problem. Icelanders insisted upon the right to unilateral abrogation, whereas the Americans wanted a long-term commitment. But Iceland's persistence finally prevailed. According to Article VII, the agreement can be terminated unilaterally by one party after a six month review and upon an eighteen month notification. The main issues were settled by April.

The Icelandic negotiation team included members from the three non-communist parties, therefore, political majority was secured before the final agreement was signed. The socialists attempted to mobilize opposition against

56. Whitehead, 35-36.
57. Ibid., 37.

the agreement once the information leaked out, but failed. The government did not call the Althing into a special session to approve the treaty since unanimous support had been given from the three democratic parties. The Socialists were not consulted.[58]

The bilateral Defense Force Agreement between Iceland and the United States was signed on May 5, 1951. It was published two days later, the same day the US forces landed again in Iceland.

The 1951 defense agreement was made within the framework of the Atlantic Alliance. The preamble expresses the two-fold task of the American defense force: to defend Iceland and to ensure the safety of the sea lanes around the country.[59]

Despite the negative publicity two years earlier concerning North Atlantic Treaty membership, the defense agreement was accepted without much protest. The party papers published the agreement and the declaration from the government. In their editorials, the *Morgunbladid* (Independence Party) and the *Timinn* (Progressive Party) spoke favorably of the decision. The Socialist Unity paper, the *Thjodvijinn*, attacked the Americans for being "warmongers" and accused the Icelandic government of treason.[60] The majority of the people, however, seemed to accept the decision.

Hannes Hafstein, deputy foreign minister of Iceland, recalled the idea of an international force came from the NATO Standing Group. Icelanders themselves preferred the United States. They knew the Americans from the war and had experience in dealing with them. Furthermore, a one-country defense force would facilitate communications: one command and only one country to turn to if complaints were to arise.[61]

This is probably the only time the membership question caused more uproar than the defense force agreement. The Keflavik base has been a topic of continuous controversy in Icelandic politics ever since.

1951 AND BEYOND

During the first decade, the Icelandic Defense Force (IDF) consisted of units from the US Army, Navy, and Air Force. The Air Force was in command as it maintained a fighter-interceptor squadron, radar, and administrative personnel. The Navy provided airborne early warning and patrol squadrons. The Army contributed tactical units for the defense of Iceland. The Army units were withdrawn in 1959-1960, and in 1961 the Navy took over control. The base today is under the Commander-in-Chief-Atlantic Fleet (CINCLANT). The number of military personnel is around 3,000.[62]

58. Grondal, 50.
59. See the preamble to the Defense Agreement pursuant to the North Atlantic Treaty between the United States of America and the Republic of Iceland.
60. *Morgunbladid, Timinn, Thjodviljinn*, 8 May 1951.
61. Interview with Hannes Hafstein, Deputy Foreign Minister of Iceland, Reykjavik, Iceland, 21 December 1987.
62. Grondal, 68; and Paul Seidenman and David J. Spanovich, "Iceland: The North Atlantic Factor," *National Defense* 69 (May-June 1985): 67.

These changes were partially based upon the fact that in the 1950s air attack was seen as a major military threat. Air transport also was replacing ship transport, except for the most routine bulk cargo. Toward the end of the decade, strategic planning had both improved and changed. Strike forces capable of rapid deployment replaced the garrison troops. During the same time period, the Navy had developed an Airborne Radar System using the Constellation aircraft, and established the so-called 'Atlantic Barrier'. Because of Iceland's location at the center of the barrier, the operational control of the IDF was turned over to the Navy.[63]

Today, the basic wartime contingency roles would include antisubmarine warfare (ASW) operations and air support of naval operations in Europe with regard to short-range aircraft.[64]

Upon signing the 1951 defense agreement, construction activities at the Keflavik airport resumed again. In the interim period of 1947-1951, Icelanders had some financial difficulty maintaining the airport, so the United States provided assistance when needed.. After all, the Americans had agreed that the Icelanders should be able to operate the airport without incurring costs.[65]

In August of 1951, 312 Icelanders worked for the defense force. This number was to increase, reaching its peak to a little more than 3,000 people in the latter part of 1953. Construction was then reduced, decreasing the number of Icelandic workers, to around 1,200.[66] During the early nineteen fifties some unemployment existed in Iceland, but it disappeared after the arrival of the IDF. The Americans bought Icelandic kronur, Iceland's currency, from the banks to pay the wages. Foreign currency earnings from the defense force were therefore substantial during the peak years. In 1953, nearly 20 per cent of the foreign currency earnings from exports of goods and services came from the defense force. Recently the figure has shrunk to somewhere around 4 percent.[67]

The figures show that the American presence had a great economic impact during the early years until US aid ended in 1953 while the continued income from the defense force helped fill the vacuum that could have resulted when the assistance came to an end. A direct link, however, does not necessarily exist between the perceived security needs of Iceland and possible income gains.

Thor Whitehead, who has done extensive research on this issue, concluded that the Icelandic government did not have to accept an American defense force in 1951 in order to receive income from the Keflavik airport. He pointed

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63. Marshall Thayer, "The role of the Keflavik Base in Iceland's defense and NATO's security system, past and present: How valuable is the Keflavik Base for the United States and/or other NATO countries?" *Varnarstodin i Keflavik i Hernadarlegu of Fjarhagslegu Tilliti*, (Reykjavik: Utanrikismalanefnd S.U.S., 1978), 9.

64. See Gunnarsson, 258-265.

65. Jon Vidar Sigurdsson, *Keflavikurflugvollur 1947-1951*, (Reykjavik: Sagnfraedistofnun Haskola Islands, 1984), 48.

66. Ingimundur Sigurpalsson, "Herinn of hagkerfid: Efnahagsleg ahrif varnarlidsins," *Fjarmalatidindi*, no. 1 (1976): 34-35.

67. Ibid., 31-32.

out that a US construction program amounting to $20 million was under way regardless of the defense agreement. It is, therefore, highly misleading to describe US aid to Iceland mainly as a price that Icelanders exacted for the US defense force at Keflavik. The expectations for assistance were, for good reasons, very high regardless of the base. The agreement, in the end, certainly did stimulate direct American outlays to Iceland.[68]

Furthermore, it is a complete misunderstanding to think that, because of the defense agreement, the United States has a say in Iceland's foreign policy. Benediktsson writes that "the U.S. Government has never tried to control the Icelandic Government,"[69] even though international relations are such that nothing would prevent one friendly government from trying to influence another.

It is evident that the Icelandic government took the decision to negotiate the defense agreement of 1951 with the United States only after serious consideration. Two years earlier Iceland had become a founding member of the North Atlantic alliance. It had joined for security reasons. Again in 1950 and 1951 Iceland's security seemed threatened and the logical step was the defense agreement of 1951. Today, the Keflavik base is still there.

CONCLUSION

Unlike most other nations, Iceland does not have to decide every year how much to spend on defense. Geir Hallgrimsson[70] believes that, on account of this fiscal 'free ride', Icelanders are still able to maintain the spirit of neutrality. They can do so because they have not had to share the same responsibilities and burden of making tough fiscal choices on defense.

From their speeches and writings, it is obvious that the Icelandic politicians involved in the decision to join NATO were extremely nationalistic, placing Iceland's security above all else. Gunnar Gunnarsson, in an interview, said that a new 'club' of interdependence was being formed, and that for political and security reasons, Iceland accepted the invitation to join.[71]

There are many in Iceland who believe that NATO membership is a sufficient guarantee for Iceland's safety. Gunnarsson pointed out that NATO is built upon participatory countries' contributions, and that the base at Keflavik is Iceland's contribution. He added that, although most of those who support the base do so for security reasons, there are other grounds for supporting it. The IDF does employ a considerable portion of the local work force.[72]

Security perceptions in Iceland have changed, but the majority of the people still feels there is a need for NATO protection. Keeping the base is considered

68. Whitehead, 28-30.
69. Benediktsson, *Land of Lydveldj*, 191.
70. Former foreign minister in a recent interview. See note 32.
71. Interview with Gunnar Gunnarsson, Professor at the University of Iceland. Reykjavik, Iceland, 30 December 1987.
72. Ibid.

neither a desirable nor a permanent solution. True to their bias, the Icelandic people are still waiting for the prospects of world peace to improve so that the American forces can go home.

Icelanders have been forced to realize that neutrality is no longer a viable option for a small, unarmed nation. Nevertheless, as suggested at the outset of this article, the shift in official policy was perhaps less profoundly felt by the people than by members of the government, particularly those of the dominant parties. Emotions ran high, and there had been considerable disagreement as to whether Iceland should join the Alliance. Once the decision was made, however, the great majority of the people accepted the fact and Icelanders went on with their daily lives unaffected by the historical transition.