

## **Iceland as a “powerful” small state in the international community<sup>1</sup>**

### **Has geopolitics, neo-liberalism and the size of state influenced and interacted in the Icelandic foreign ministers policy discourse after 2000?**

Jakob Thor Kristjansson, PhD Candidate, University of Iceland

Margret Cela, PhD Candidate, University of Lapland

#### **The argument**

This paper aims to identify central elements of Icelandic foreign policy discourse in the new millennium. The intent is to examine Iceland through the theoretical lens of critical geopolitics, neo-liberalism and small state theory. It is argued that the Icelandic political identity is an important factor in policy making. This identity is both connected to historical perceptions of the Icelandic nation state which foundation is seen as an Icelandic creation harking back to the clan based society of the Middle Ages (Halfdanarson 2004, p. 132), and to the special geographical position during the Cold War, when Iceland was an important ally for the United States of America and NATO (Thorhallsson et al 2004).

Iceland became a sovereign state in 1918 and a republic in 1944. In 1949 Iceland became a founding member of NATO and in 1951 accepted the protection of an American defence force on the island, thus Icelandic security and foreign policy characteristic had more to do with transatlantic relations rather than with European relations. It was not until the 1970s that Iceland joined EFTA<sup>2</sup>; the most important reason was to secure free trade for fish on the European market. After the end of the Cold War the Icelandic nation state was subject to various changes. Iceland joined the EEA agreement in the 1990s and, in the aftermath of the departure of the American defence force in 2006 and the economic collapse in 2008, the state applied to become a full member of the EU in 2009.

---

<sup>1</sup> A quote by Ingibjorg Solrun Gisladdottir, 2007b

<sup>2</sup> Iceland did not become a founding member of EFTA one of the reasons was because of the Cod War with Britain that was raging in the late 1950s

It is not here argued that the national state has lost its importance but rather that the perception of the Icelandic political elite has changed:

...the blurring of the state's boundaries...correspond to long-term structural changes in the global economy. At stake here is not just a series of formal or tactical shifts but also the practical rearticulation of political capacities. For the national state's tendential loss of autonomy creates both the need for supranational coordination and the space for sub national resurgence. (Jessop 1993, p. 10)

This opinion coincides with Hey's (2003) argument that small states choose to participate in multilateral organizations to attain foreign policy goals. We argue that geopolitical realities and neo-liberalism in the Icelandic context can be understood from this perspective in the period after the Cold War and in the new millennium. Peck's view is worth citing at length:

[It] is best characterised in terms of global-local disorder, and that the root cause of this disorder in the spatial domain lies with the continuing disorder in the political-economic domain. An illusory resurgence of 'the local' has been fostered by a dramatic acceleration in place-based competition. Underpinning this acceleration is the politics of neo-liberalism. Local strategies-aimed particularly at securing mobile (public and private) investment-have become more prominent and more pervasive not because they provide the 'answer ', but because they represent a common tactical response to political-economic disorder at the global scale. They are in fact about selling the local to the global. This commodification of place... must be understood in terms not of ' the local ' itself, but of relations between places. These relations are increasingly being constituted on a neoliberal basis. In order to explain this new spatial disorder, then, it is necessary to consider the geopolitics of neo-liberalism, an ideology which we characterise here as a creature of the crisis. As the leverage of nation-states has waned, and as new global-local relations have been constituted, there does indeed seem to have been something of a geopolitical realignment. For some, this implies a spatial reconstitution of state power. (Peck et al 1994, p. 318)

This spatial power is connected to size of state and the observation that Iceland chose its own size based on the belief of the political elite, that Iceland had the capability to engage in wide-ranging international affairs, including economic policies (Thorhallsson 2009). At the same time we maintain that by "selling" Iceland as an

international actor the “local” identity of Iceland became global. What emerged in the period around the new millennium was an Icelandic foreign policy where it was stressed that Iceland could contribute internationally in a unique way and where size, geopolitics and neo-liberalism all play a part.

Geopolitics predicts international political behaviour in terms of size, location, climate, natural resources, technological development and potential. Thus, political identity is influenced by geography. Neo-liberalism demonstrates a specific outlook or perception and preferences in Iceland’s foreign policy after 2000, which are connected to identity, smallness, democracy, liberation of the economy and geopolitics. This argument is explained in more detail later in the text. Size of state is the third approach used in this text. It is not the aim of this research to analyze what constitutes as a small state. Here, the size of state will be used to underline the preference of size, as a first choice, when the foreign ministers of Iceland define the Icelandic state in the new millennium. It is maintained that the size of the Icelandic political elite and the diplomatic corps influence their behaviour internationally.

Discourse analyses will be used to examine the Icelandic public text after 2000. The discourse of Icelandic foreign and security policy is compared with neo-liberalism, geopolitical and small state theory with the aim to answer if and then how these theories interact and play a role in how Icelandic foreign ministers from 2000 to 2010 refer to their nearest surroundings and Iceland’s position in international affairs. Icelandic foreign policy reports and speeches on foreign affairs by the island’s foreign ministers are investigated to this end.

## **1. Methodology**

This paper goes by the assumption that discourse analysis is ‘concerned with the analysis of language, and offers a qualitative’ method of studying, in this case, the political discourse of the Icelandic foreign ministers ‘to represent their actions in texts and language’ (Vormen 2010, p. 264). The research somewhat adheres to Ole Wæver’s description (2002) of discourse analysis; it also differs in important respects. The actors’ ‘thought or motives’ are not being analyzed neither are their ‘hidden intentions or secret plans’. What is being investigated are the ‘public, open sources and use(s) of them for what they are, not as indicators of something else’ (Wæver

2002, p. 26). However, in this paper, the sources are being used in a somewhat different way than does Wæver. The aim is to analyze the content of the discourse to investigate the underlying meaning of the text or the linguistic presentation, where the expression gives insights into the meaning of the content (Esterberg 2002). For the purpose of this research the most important aspect is, therefore, what the Icelandic foreign ministers say and what is presented in their policy papers and statements. As mentioned, the aim of this paper is to identify geopolitics, small state theory and neo-liberalism in the Icelandic foreign policy from 2000 to 2010, how these theories appear in the text as a specific discourse and whether they interact. In order to achieve this, objective theories either are used in a conventional sense providing frameworks for understanding or explaining Iceland's foreign policy or they are treated as discourses identified by looking at statements and texts from the Icelandic foreign ministers.

The paper begins with a short background to the Icelandic political landscape in the new millennium. The political parties that have occupied the office of foreign affairs are mentioned and their foreign ministers introduced. Secondly, size of state will be discussed - in this paper Iceland is considered a small state, because that is how the political elite in Iceland describe and define their island state. It is argued that the perceptions the Icelandic political elite has of itself is connected to how identity, culture, historical conceptions and international affairs are demonstrated in its political behaviour. It is maintained that identity is a key variable when Icelandic foreign policy is studied. Thirdly, neo-liberalism sheds a light on a specific outlook or perception and preferences in Iceland's foreign policy after 2000. It is argued that there is correlation between, identity, smallness, geopolitics, democracy and liberation of the economy in the Icelandic discourse. This position will be clarified in the argument section that follows below.

Fourth: the paper describes four sub-categories of critical geopolitics as defined by Ó Tuathail (1999). They are formal geopolitics, practical and popular geopolitics (here taken together) and structural geopolitics. Critical geopolitics takes into consideration features such as identity and it also sheds light on how politicians use geographical space, sometimes manipulating geographical facts, for strategic purposes.

It is maintained that geopolitics, size of state and neo-liberalism is connected to the spatial positioning of the Icelandic foreign policy identity in the new millennium. Finally, the interaction of small state theory and critical geopolitics will be demonstrated in part seven followed by the conclusions.

## 2. Background

There is no denying that the Icelandic foreign ministers have had to deal with a number of highly challenging tasks over the first decade of the new millennium. In many ways the beginning of the 21st century has proved to be a rollercoaster ride for Icelandic society. Liberalization of the economy and the departure of the American defence force from the island in 2006 influenced state policy for the first five years. Economic expansion abroad, candidacy for the UN Security Council in 2008<sup>3</sup>, economic collapse in 2008 and application for the European Union in 2009 have dominated the latter five years. This has had an enormous effect on the Icelandic political landscape, not the least on foreign policy.

### **The political parties and the ministry of foreign affairs**

Before going into detailed analyses, a short background briefing of the political landscape in Iceland is needed. If we look at the period 2000-2010, we can see that three political parties have been in control of the Ministry for Foreign Affairs. They are the Progressive Party from 1999-2004 and 2006-2007, the Independence Party from 2004-2006 and finally the Social Democratic Alliance from 2007. Here below is a more detailed outlining of these parties and their ministers for foreign affairs<sup>4</sup>.

**Progressive Party:** A liberal reform party first established in 1916 but modified in 1930. It has been a member of 22 out of 37 governments since it was established. From 2000-2010 it has had two ministers for foreign Affairs, Halldor Asgrimsson

---

<sup>3</sup> In 2003 Iceland applied for a seat at the UN Security Council for the years 2009 to 2010. The vote took place in 2008 in the General Assembly of the UN where Iceland lost to Austria and Turkey.

<sup>4</sup> This information is gathered from the homepages of the parties and the government offices; see in references: Independence Party, Progressive Party, Social Democratic Alliance and the government offices of Iceland

from 1999-2004, who later served as the Prime Minister from 2004-2006 and Valgerður Sverrisdóttir from 2006-2007.

**Independence Party:** A right wing party, established in 1929. A member of 22 out of 31 governments since it was established. From 2000-2010 it has had two ministers for foreign affairs, David Oddsson, former Prime Minister (1991-2004), and Geir H. Haarde from 2005-2006. Mr. Haarde later became the prime minister (2006-2007), and the only minister who was charged for negligence in office, when the Icelandic banking system collapsed.

**Social Democratic Alliance:** Established in 2000, when a merger took place of the Social Democrats from 1916, the Peoples Alliance from 1956 and the Women Alliance from 1983. It has participated in three out of seven governments since 2000. From 2000 SDA has had two ministers for foreign affairs, Ingibjörg Solrun Gísladóttir from 2007-2009 and Óssur Skarphedínsson from 2009, who is still in office as of mid-2011.

### **3. Iceland, a small state**

By all comparison, Iceland's political character is small. The classification of what constitutes a "small or large" state has been said to refer to territorial expanse, or population size, the geographic mass of countries, their GNP, military size or how many diplomatic delegations the state could muster. Keohane (1969, p. 296) argued 'A small power [state] is a state whose leaders consider that it can never, acting alone or in small group, make a significant impact on the system', whereas Rothstein (1968, p. 29) suggests 'a small power [state] is a state which recognizes that it cannot obtain security primarily by the use of its own capabilities, and that it must rely fundamentally on the aid of others.' Here these arguments are connected to international organizations such as the UN, military (NATO) and economic (EU) alliances. Hey (2003) argues, from the perspective of constructivism, that small political structures cannot automatically be identified with small nations or how big or small the countries are geographically. Hey (2003, p.3) argues that the idea of small states is based on perceptions: 'if states, people and institutions generally perceive

themselves to be small, or if any other state, peoples or institutions perceive that state as small, it shall be so considered.' Thorhallsson (2006) suggests that it is necessary to include perceptual and preference size when states' behaviour is analyzed. Thorhallsson defines perceptual size as 'how domestic and external actors regard the state'. Preference size he attributes to 'ambitions and prioritization of the governing elite and its ideas about the international system' (Thorhallsson 2006, p. 8). These theories can be used to demonstrate that Iceland wants to be considered a small state, as the following examples demonstrate:

International cooperation has become an absolute necessity in today's world. Individual states, not least small states, simply cannot on their own overcome the challenges, or enjoy to the full extent the opportunities inherent in the process we know as globalization. I think it is fair to say that in Iceland a general consensus exists on the main foreign policy priorities: Wide-ranging economic co-operation with the EU within the framework of the European Economic Area (EEA), extensive cooperation with the Nordic countries and active participation in the United Nations as well as numerous other organizations concerned with European and international affairs, such as the OSCE and the Council of Europe. I would also like to add that after the Cold War a widespread consensus has also been achieved in Iceland's NATO membership and our defense co-operation with the United States. (Asgrimsson 2001)

Asgrimsson, thus, not only acknowledges that Iceland needs partners in order to benefit from the opportunities of globalization he also talks of Iceland as a small state.

When addressing the UN Security Council Gisladdottir (2007a) echoes Asgrimsson's view from 2001. She defines Iceland as small and dynamic state, expressing her view that Iceland should be considered as a small state that 'has benefited from the existence of the United Nations [and] [t]he universal values enshrined in the UN Charter and the Declaration on Human Rights' Gisladdottir (2007a). The foreign minister, therefore, does not only define Iceland as a small state she mentions that Iceland has benefited from its UN membership she also wants the external actors she addresses, to view her country as a small state i.e. perceptual size. Thus, the United Nations has been important for Iceland as a small state as it can never influence the system alone. It needs the acknowledgment of other states – perception is important. Asgrimsson (2003a) argues that it is best to define small states according to population size, geographic mass of the country, or their economic

“power”. He speculates whether an economic definition is best suited to define a small state. Asgrimsson argues that economic affairs have, in recent years, had more effect on foreign affairs than population size and territory. This statement is interesting in the light of the economic priorities emphasized by Icelandic governments in the new millennium as demonstrated in the next section. At the same time it is an example of preference size where the ambitions and prioritization of the governing elite and its ideas about the international system are demonstrated. Yet, on the other hand, the influence of size is somewhat reduced as quantitative measures, geographical mass of state, population size, economic size, make way for more qualitative definitions of a small state based on perception of the state and its role in the international system.

#### **4. The influence of neo-liberalism**

Neo-liberalism can be used to a large extent to explain the foreign policy of Iceland in the new millennium. Neo-liberalism stems from classical liberalism, which has its roots in laissez-fair convictions and promotes ‘that unconstrained market forces will naturally bring prosperity, liberty, democracy and peace to society’ (Scholte 2005, p. 38). Moravcsik (1997) mentions three variations of liberalism; ideational, commercial and republican liberalism. In sum as explained by Moravcsik: ‘Ideational liberalism focuses on the compatibility of social preferences across collective goods like national unity, legitimate political institutions, and socio-economic regulation. Commercial liberalism focuses on incentives created by opportunities for transborder economic transaction. Republican liberalism focuses on the nature of domestic representation and the resulting possibilities for free rent-seeking behavior’ (Moravcsik 1997, p. 524).

Neo-liberals consider international cooperation to be possible among states even though they are pursuing their own interests. The free movement of goods, capital, money and services is vital to neo-liberalism as well as privatization of state ownership - the transfer of many state services to private companies. These characteristics were central in the Icelandic foreign policy in the new millennium, as the following examples will demonstrate. Asgrimsson (2000) then the foreign minister of Iceland sets the tone for this analysis: the minister argues that

globalization is now visible in politics, commerce, and investments, environmental and in rural issue. In his view the signs are positive:

The powerful outlet of the Icelandic companies is a strong sign that in recent years Icelandic businesses have exploited the possibilities of globalization. Borders are not as important as before and the concept of the sovereign state is undergoing to some extent a reevaluation. States have in fact started to share important decisions with other states in order to find solutions that will increase prosperity in the future. (Asgrimsson 2000)

Thus, a connection between geopolitics and neo-liberalism is evident with an understanding of national borders - shifting boundaries that accompany this new positioning of Iceland. The borders are no longer fixed but connected to the spatial positioning of the Icelandic foreign policy identity; the image of Icelanders as entrepreneurs is constructed. What follows in Asgrimsson statement is a continuation of the “new” image-building and a strong correlation with neo-liberalism.

Asgrimsson (2000) considers it the duty of government to help individuals, companies and business to have a specific work and economy environment so they can with full force participate and compete with their competitors in foreign countries. ‘The Icelandic government must stay alert in this ever changing international system and be continuously ready to define the international position of Iceland: be ready to secure the interests of the country’ (Asgrimsson 2000). The gist of the foreign minister’s expression is both on the interests of the state and on the entrepreneurs, both are linked and reforming the sovereign state.

Asgrimsson (2000) then argues that with globalization international cooperation between states in economic matters is becoming more widespread. International trade with goods, services and capital has multiplied as they are moved back and forth in all sorts of transactions between states. The current government sees globalization as one of the main prerequisite for the continuation of the Icelandic wellbeing. In this contest the privatization of state-owned businesses has been an important factor combined with economic stability. Globalization affects the role of the government that is no longer tied to making decisions that matter for Iceland. In such a way, no state can alone decide unilaterally the taxation of economic environment without consulting with other states. Cooperation on issues such as taxation for individuals and businesses has become an important factor in

international political policymaking. 'It is the duty of the government to secure Iceland's international standing, so it can measure up to what is happening in the world and compete. We must do all we can to secure that our legislation corresponds with changes in international business, our position must be clear in this matter so Icelandic firms can compete on equal footing with foreign firms' (Asgrimsson 2000).

Asgrimsson (2002) uses the same discourse that international commerce remains the driving force behind economic system of the world and that states depend on transnational trade. He considers in this respect the OECD and GATT and other international organizations to be important. Therefore, international regulations and agreements are essential to promote equal opportunities for all states. For smaller states like Iceland it is important that cooperation is fruitful and all states follow these rules, which offer some protection from the huge economic systems of bigger states (Asgrimsson 2002). The foreign minister considers globalization of great importance for Icelanders and stresses that Iceland depends on the export of goods and open access to foreign markets. Because of the smallness of the Icelandic market, Asgrimsson (2002) maintains that "our" service and production firms look at Europe and for that matter the rest of the world as the arena "we" should operate in. The foreign minister then argues that by removing trade barriers it has enabled Icelandic companies to increase their international operation; Icelanders will benefit from this endeavour, the foreign minister argues. Asgrimsson then maintains that in this way globalization has defiantly brought us proportionally more gains than in many bigger nations. Vital in this regard is the EEA agreement and the opportunities provided for "us" thereby as the EU is "our" most important market. Asgrimsson (2002) sees the EEA agreement as the bases for the build up of the Icelandic financial market. He argues that the agreement has strengthened Iceland's position as a country in which foreigners are interested in investing (Asgrimsson 2002):

The smallness of the market is no longer an obstacle. Tariffs have been reduced and the rules made simpler for foreign investments. In a systematic way technical hindrance in commerce have been resolved. These circumstances will create new opportunities that are important to exploit. A lot of opportunities comes with being a small state. Our decision making and our responses process fast. We do, however, not have the financial strength that bigger states have to support its export industry. It is important to use our limited resources better then we have done until now, in order to support our exports. It is necessary to strengthen official agents that promote Iceland as a

market opportunity abroad. (Asgrimsson 2002)

In his statements from 2000 and 2002 Asgrimsson applies the same linguistic presentation as he talks of Iceland as a small state and links it positively to the island's position and opportunities in the international economy – a sign of interaction between geopolitics and neo-liberalism. He states that Iceland does have something to offer in the globalized world and has benefited from the open markets and globalization in general. He acknowledges that the EEA agreement is crucial in this regard as he constructs an image of Iceland as a modern state that has opportunities that cannot be missed. Financial barriers have been broken and financial transactions have been made easier. Thus, statements that can be seen from the perspective of small state theory as well as neo-liberalism.

The same neo-liberal opinion is stated even more clearly in 2005. 'Privatization of the banks combined with free trade has opened the way for Icelandic companies to sell their products and expertise abroad' (Oddsson, 2005a). Oddsson explains even further the neo-liberal policy of Iceland and its origins in a speech in the UK about business opportunities between the two countries:

It is my opinion that conditions for "start up" companies have seldom been as favourable in Iceland as they are today. The "invasion" of Icelandic businessmen and their companies abroad has to be seen in conjunction with Iceland's economic development of the past decades. Few years ago, we started the process of deregulating the economy and privatising government owned companies, for example the commercial banks. I will not deny that this effort was at least partly influenced of the "English innovation" of deregulation led by Prime Minister Margaret Thatcher. That policy has over the years influenced our economy and created a friendly environment for investors. For example taxation of corporate profits - the corporate income tax in Iceland - is now 18%, which is the lowest in the OECD after Ireland and Hungary. In the year 1991 before tax reduction began, corporate tax was 50%. Growth is estimated to be 5,2% for the year 2005 by OECD. (Oddsson 2005b)

When discussing the booming Icelandic economy in Berlin in 2006, Haarde's (2006) discourse is similar: 'several factors have contributed to this development, not least the policies pursued by the government of Iceland in recent years. In the past 15 years we have liberalized and deregulated with the aim of improving the environment in

which economic entrepreneurs operate' (Haarde 2006). Sverrisdottir (2006) maintains that in her office as foreign minister it is her duty to do all in her power to help the Icelandic market. She also stresses that by participating in the EEA economic arena Icelandic governments have been able to lift restrictions off the Icelandic economy, decrease taxation, reduce the debt of the Icelandic state, strengthen the pension funds and encourage a healthier business environment.

Gisladdottir (2007b) speaks along the same lines, 'Active participation in international cooperation, free trade and more open markets are a precondition so the industry in Iceland can prosper in the future.'

These examples show the influence of neo-liberalism on Icelandic foreign policy in the period after 2000. At the same time they demonstrate how the Icelandic foreign ministers consider economic "size" a variable where ambitions and prioritization of the foreign policy is centred on economic affairs, as population size and geographic mass are no longer a restriction. However, it is not argued here that neo-liberalism dominated the foreign policy of Iceland in the period, or that all the foreign ministers were always under the influence of neo-liberalism. Rather, that the characteristics of neo-liberalism and globalization coincided with the policy of Iceland as a small state: 'From a Liberalist position globalization is, at the most elementary level, a result of 'natural' human desires for economic welfare and political liberty' (Scholte 2005 p.124). As demonstrated by Asgrimsson (2003b) when explaining and clarifying Iceland's reasons for applying for the UN Security Council when Asgrimsson named peace, the fight against poverty, democracy and prosperity in general as the goal and emphasis for the Icelandic candidacy (Asgrimsson 2003b). Thus, liberal values are important when the identity of the Icelandic foreign policy in the new millennium is studied.

## **5. Critical geopolitics**

In this section the four sub-categories of Critical geopolitics are briefly explained and followed with discussions about critical geopolitics in the Icelandic foreign policy discourse.

**Formal geopolitics.** This deals with geopolitical thought and tradition by looking at intellectuals, institutions and their political and cultural context. Formal geopolitics appeals to those who seek timeless truths, but it tends to oversimplify the relationship of geo-politicians to the power relationship characterizing their state, such as national culture and political economy. Critical geopolitics seeks to bring out the context in which geopolitical figures lived. Formal geopolitics seeks to be practical and goes in for mapping, drawing and describing. However, it has narrow reasoning, believing that there are a permanent set of conflicts and interest that influences world politics, like East versus West. Thus, foreign policy becomes strategic gaming (Ó Tuathail, 1999).

**Practical and popular geopolitics.** Practical geopolitics deals with the everyday practice of foreign policy and statecraft. In contrast to formal geopolitics and its grand strategic visions, practical geopolitics relies on the practical and pragmatic geopolitical reasoning of the foreign policy decision makers. Cultural geographic discourses help to explain certain events, and to make 'spatial sense' of the world. It is based on ordinary, informal, everyday discourse and is a part of the socialization of individuals through national identities and cultural and historical consciousness (Ó Tuathail, 1999).

Popular geopolitics focuses on geographical understandings, the influence of mass media and popular culture. Its tools for analyses are national identity and the construction of images of people and places, an example being how the media projects such images.

As demonstrated through practical and popular geopolitics, critical geopolitics can be valuable to foreign policy as it helps to deconstruct stereotypical geopolitical conceptions. It is also sensitive to geographical differences and requires strategic thinking to take account of the power of ethnocentrism (Ó Tuathail, 1999; Dalby and Ó Tuthail, 1996).

**Structural geopolitics.** This deal with the contemporary geopolitical condition, such as global processes, tendencies and contradictions. Research emphasizes how globalization, informationalization and risk society condition or transform

geopolitical practices (Ó Tuathail, 1999). Even before the end of the Cold War, globalization had worldwide influence, encasing the world economy, and ensuring that no single state had full control over its economic destiny. Although the crises of globalization are initially financial, they can also become geopolitical and geostrategic. In this context informationalization is important, as it is related to the pace in which crises can develop. It has also transformed notions of “us” and “them”, and “near” and “far”. Pace has displaced space, telemetricity<sup>5</sup> has become more important than territory, and geopolitics is becoming postmodern. Another important factor is risk. Humans can invent technologies that can radically alter the planet’s life conditions. These all-pervasive risks can be difficult to detect (Ó Tuathail, 1999).

Thus “national security” becomes problematic. Even though regional and state centric threats still need to be taken into account, they are not the most pressing. Security threats in a global context-- organized crime, weapons of mass destruction and terrorism—are de-territorialized. Attempts by Western societies to shape this new geopolitical environment through diplomacy and increased cooperation have proven difficult and have been undermined, both by neo-isolationist reflexes--tendencies to disparage international cooperative initiatives--and because the West has been contributing to global insecurity with institutions designed to produce peace and stability sometimes producing the opposite. (Ó Tuathail, 1999).

## **6. Critical geopolitics in Icelandic politics**

In this section all four sub-categories of critical geopolitics are used to analyze the statements by the foreign ministers. What emerges in the text is that geopolitics is visible even though they are not as obvious as might be expected. Therefore, as the word geopolitics is never mentioned directly by the ministers it is necessary to analyze the underlining meaning of the text in order to understand the geopolitical aspects of the statements.

### *Formal geopolitics*

---

<sup>5</sup> This means cyberspace or global virtual communications.

Examples of formal geopolitics can be found in speeches by the foreign ministers of Iceland, as when David Oddsson (2004) stated that NATO has been constructed around common principals and political cooperation of the allied states. The value of the institution is emphasized and Oddsson argues that the value of NATO has remained as strong as ever after the end of the Cold War and that the institution had adapted to the new international environment. In another speech Oddsson (2005a) identifies NATO as a timeless truth when he speaks of NATO as a “symbol of unity...cooperation in our common effort to ensure peace and security, in Europe and beyond”. In a speech before the Icelandic parliament Gisladottir (2008) uses formal geopolitics when explaining Iceland position in the world. In this case she uses visualization, describing Iceland as a clear case of a state that has benefited from international cooperation and the work of international institutions. At the same time she oversimplifies Iceland’s position, with a clear reference to the notion that small states choose to participate in multilateral organizations to attain foreign policy goals: ‘The law of the sea brought us control over the Icelandic fishing grounds. International courts of justice have brought us better legislation. The integration of European markets has transformed Icelandic markets. Furthermore our employment legislation and environmental law has been strengthened with EU law’ (Gisladottir 2008).

Another example of formal geopolitics is also found in a speech by the Icelandic foreign minister Ossur Skarphedinsson (2010b, p.6) when talking about the Icesave dispute: ‘The diplomatic relations between Iceland and the Netherlands were moved from the embassy in London to the embassy in Brussels that now deals with matters concerning the Netherlands. The actual closeness between Brussels and Hague makes it easier to guard national interests...’ . Thus formal geopolitics has not disappeared in Icelandic foreign relations though they are expressed in different ways. Skarphedinsson emphasizes the value of geopolitical thought and tradition by moving the relations with the Netherlands closer to the country.

### *Practical and popular geopolitics*

Examples of practical and popular geopolitics can be detected when the foreign ministers rationalize their decisions and refer to national identity. A good example of

that is found in a speech from 2003 where minister Halldor Asgrimsson, was discussing the Icelandic candidacy for the United Nations Security Council.

Asgrimsson (2003b) stresses the changing international environment when he considers Iceland in a global context:

The Icelandic candidacy for a seat at the United Nations Security Council is not a goal in itself but a logical step [in evaluating the Icelandic foreign policy after the Cold War]. The history of Iceland makes it easy for us Icelanders to understand the difficulties that poor countries are confronted with: we can contribute our experience. Surely, it is our duty to use our new found wealth to work for a more peaceful, safer and wealthier world. (Asgrimsson, 2003b)

In David Oddsson's (2005a) linguistic expression to the Icelandic Parliament (Althingi) in 2005, Jon Sigurdsson, Iceland's 19<sup>th</sup> century national hero is quoted. Oddsson emphasizes that international trade is important for Icelandic society. By quoting Jon Sigurdsson, Oddsson is not only referring to the common Icelandic understanding of national freedom but also to the islanders' perceptions of national identity and the construction of images of people and places. In another speech Oddsson continues with this same image building but from the perspective of Icelanders as entrepreneurs:

Iceland has many things going for it. We pride ourselves on being creative and entrepreneurial. We are fortunate in having a high standard of education, which so far has produced a number of innovative companies. Iceland now ranks with the countries that allocate the highest share of their national income to education. Hopefully, this combination will lead to increased Icelandic innovation and entrepreneurial activity and its use abroad. (Oddsson 2005b)

Geir H. Haarde (2006) stresses how important the Cod Wars were for the history of the Icelandic independence. In a similar way Valgerdur Sverrisdottir (2007a) identifies the Icelandic nationality, identity, cultural and historical consciousness as key values:

I want to emphasize that there are no plans to establish an Icelandic military. There is no need to do that. It does not coincide, in my

opinion, with the core values of the Icelandic nation. I am unable to imagine that Icelandic mothers and fathers would accept that their sons and daughters marched off to war... That does however, not mean that we should not consider how to arrange our defense and security matters. A state that does not have a security policy, guards its borders, national resources, and transport routes in a proper manner risks losing its independence. We Icelanders regard our independence and sovereignty highly. History tells us that often-defenseless countries have been treated badly; we can never let down our guard in our quest to secure the liberty of the nation. (Sverrisdóttir 2007a)

The same view is expressed by Skarphedinsson (2010b) when he speaks about the Icelandic application for full EU membership:

Regarding negotiations on security and defense, with the EU, it must be emphasized that Iceland will maintain, non-conditionally, to be in charge and decide on how much to cooperate with the Union. Further, Iceland will remain peaceful and non-military; joining a military will never become mandatory; and Iceland will vote on whether or not to be a member of the European Defense Agency... (Skarphedinsson, 2010b)

A clear example of image building can be found in the words of Skarphedinsson (2009) when he says: 'It can be argued that all Icelandic issues are in one way or the other issues of the High North' and thereby paints the picture of Iceland as a northern state (Skarphedinsson 2009). The final example of practical or popular geopolitics is from a speech by Ingibjorg Solrun Gisladdottir in 2008. Again image building and reasoning for the foreign policy is the main focus point:

One of the main reasons for the prosperity in Iceland is the high level of education and participation of woman on the job market; the strong sense of equality in Iceland. The experience that Iceland and Icelandic women have gained is a human recourse that should be utilized for the benefits of human rights and increased participation of women, worldwide. The support for increased participation of women is prominent in the foreign policy of Iceland. (Gisladdottir 2008)

### *Structural geopolitics*

Within the framework of structural geopolitics several examples can be found in Icelandic foreign policy discourse. Global processes, globalization and security threats in a global context are often mentioned as the following examples demonstrate. Oddsson (2004) states that the Icelandic authorities are still sure that it was justifiable to invade Iraq in 2003, as it was done to enforce United Nations' resolutions. Oddsson then mentions that Iraq was supposedly producing weapons of mass destruction. The Iraqi authorities had been a threat to its neighbouring states and to stability in the world (Oddsson 2004), and was thus as an example of a threat, which may be seen in a global perspective as being from a "rogue state", one that does not follow the rules of the international community. Haarde (2006) believes that Iceland must think of security threats in a global context:

It is obvious that Iceland's geographical position is not a protection against wide range of threats and challenges facing the world today. Any nation, mine included, assessing its defense and security needs, must see them in the light of global multifarious nature of current security challenges .

Sverrisdottir (2007a) emphasizes that Icelanders have learned to use 'modern technology, new production methods and international trade... made use of science and new technology...resources of the land – ocean, the rivers and geothermal fields' (Sverrisdottir 2007a). The underlying meaning of her words is that Iceland is well equipped to face the challenges of globalization. Iceland's position is thus analyzed within a global context, and to some extent de-territorialized. Globalization is also important to the Icelandic foreign minister in 2009 when he discusses the Icelandic economic crises after 2008: 'The recession has spread all over the world. That means that it cannot be dealt with unless states and national leagues cooperate. In a globalized system, operations within the state affect other states and the decisions that are being taken internationally affect the lives of the citizens' (Skarphedinsson, 2009, p.5). Yet, another, clear example of structural policies is presented by Gisladottir in 2008:

In a globalized world internal and external affairs affect each other. New international legislation, or new trade agreements, whether they are initiated by the World Bank, European integration or

through Nordic cooperation, directly affects Iceland, Icelandic families and Icelandic businesses. New threats, such as climate change, epidemics and human trafficking know no borders and the only way to fight against them is with international cooperation. Iceland's image and reputation has also become a direct matter of national interests as news or a picture can travel from one corner of the world, to another in a matter of seconds. (Gísladóttir, 2008)

Minister Skarphedinnsson emphasizes the importance of international cooperation in security matters in a speech on foreign and international affairs, presented in parliament in 2010: 'Human trafficking respects no borders. No single state can fight it on its own...' (Skarphedinnsson, 2010b). Thus, even though regional and state centric threats remain important, states must consider security threats in a global context, emphasizing organised crime, informalization, and globalization, through diplomacy and increased cooperation. Thus, structural geopolitics is detected as global processes, tendencies and contradictions play a role in foreign policy.

## **7. The interaction of small state theory, neo-liberalism and critical geopolitics**

References to Iceland as a small state are more common in the first five years of the 21st century. Size as a preference size sets the scene for the image building that absorbs the Icelandic discourse at the turn of the century. In that period an interaction of the size of state and neo-liberalism is visible in the sources. Iceland is presented as a state that has much to offer for the international arena – it is described as a powerful small state. The spatial image of Iceland is linked to the positioning of the Icelandic foreign policy identity in the new millennium

Many direct and indirect references to Iceland as a small state, according to theory, can be found in statements and speeches by the Icelandic foreign minister in the new millennium, and often in conjunction with geopolitics, neo-liberalism and size of state. It is evident in all statesmen's speeches and reports after 2000 that all Icelandic foreign ministers consider it important for Iceland to participate in international affairs (see for example, Asgrimsson 2003; Oddsson, 2004; Sverrisdóttir 2007; Gísladóttir 2007; Skarphedinnsson 2010b). Both perceptual and preference size

play a part when the political elite defines Iceland's potential in international affairs. Ingibjorg Solrun Gisladdottir (2007b) both emphasizes that the world is increasingly globalized, i.e. structural geopolitics, and that the difference between internal and external affairs is rapidly diminishing. Gisladdottir believes that Iceland must be ready to participate. She describes Iceland as a 'powerful' small state in the international community and believes that Iceland can contribute in international affairs. Gisladdottir, thus, not only defines Iceland as a small state but also has ambitions, prioritizes and has clear ideas about the international system, stressing human rights, international aid and peaceful solutions to conflicts. Thus, Gisladdottir's statement can be seen from the perspective of "preference size". Likewise, in line with practical geopolitics, foreign policy conceptualization has become the main focus point where identity plays an important part, based on international socialization of individuals through national identities and cultural and historical consciousness. This view echoes, somewhat, Asgrimsson's statement that 'Iceland is a wealthy small nation that has good relations with the more influential states...[Even though] Bigger states have more power and influence' (Asgrimsson 2003b). The foreign minister is, therefore, somewhat arguing that Iceland has to cooperate with bigger states., both emphasizing the identity aspect of practical geopolitics and the opinion that small state can never influence the international system alone. Oddsson (2004) maintains, as expressed in formal geopolitics, that it is one of the main duties of all governments to safeguard the security and defence of the nation. He emphasizes that Iceland has to be defended militarily as is the case with all neighbouring states. Oddsson regards NATO and the defence agreement with the United States of America to have been successful. Oddsson therefore believes, that Iceland cannot obtain security by the use of its own capabilities; it must rely on the aid of others. As such, formal geopolitics coincides with Oddsson's argument as he uses visualization, mapping, drawing and describing the necessity for Iceland to be a part of NATO. At the same time, from the perspective of structural geopolitics, this view offers a narrow instrumental form of reasoning, not fully considering all the consequences of globalization and modernity. Skarphedinsson (2010a) argues that after the American Navy left the island, the European Union offers new opportunities for Icelandic security. The minister does, thus, believe that Iceland cannot be secure unless it has good relations with bigger

partners: 'The European Union will in the long run provide Iceland with a shelter, side by side with culturally likeminded nations in Western Europe' (Skarphedinsson 2010a). Thus Skarphedinsson's statement can be connected to formal and practical and popular geopolitics, stressing culture, European identity and the belief that Iceland is a state which recognizes that it cannot obtain security primarily by the use of its own capabilities, and that it must rely fundamentally on cooperation with other states.

## **8. Conclusion**

Critical geopolitics is relevant when Icelandic foreign policy is analyzed after 2000. Small state theory is more obviously connected to neo-liberalism in the text than to geopolitics, which often interacts with neo-liberalism. Size of state does play a role in how the foreign ministers frame their policy; an image is built of Iceland as a state with potentials that are connected to the spatial positioning of the Icelandic foreign policy identity in the new millennium. Cooperation and participation in international relations is important for all the ministers. Globalization and the value of international institutions are important, in different ways, for the foreign ministers. The Icelandic identity, history, culture and geographical location of the island play a big role when the policy is shaped. At the same time, liberation of the economy, international trade and the EEA agreement influence foreign policy. The underlying gist of Icelandic foreign policy statements and reports in the new millennium are that even though Iceland is a small state it can and should contribute internationally. Size should and does not restrict its freedom of action. At the same time it is acknowledged that operations within a state have an effect on other states; decisions that are taken internationally influence the lives of the Icelandic citizens. Critical geopolitics, therefore, explain the influence of geography on the political character of Icelandic state foreign policy. It helps to describe, the re-territorialization in international politics after the Cold War and in the new millennium. From the perspective of neo-liberalism, liberation of the economy, the development of the modern state system and geopolitics go hand in hand in the policy statements. All in all, there is a reason to believe that size of state and neo-liberalism has influenced Icelandic foreign policy after 2000 and interacts with geopolitics.

However, it is worthwhile deliberating whether neo-liberalism did diminish the notion of the Icelandic nation-state; that the image of a viable Iceland, as an important powerful small state where the world became its oyster, constituted something of a geopolitical realignment.

## References

- Asgrimsson, Halldor (2000). *Globalisation and Commerce* [Alþjóðavæðing og viðskipti].  
On globalization and commerce at a conference at the Icelandic Landsbanki.  
<http://www.utanrikisraduneyti.is/frettaefni/raedurHA/nr/489>
- Asgrimsson, Halldor (2001) *Safeguarding the Interests of Iceland in a Changing World*.  
Lecture by Foreign Minister, Halldor Asgrimsson, at the Diplomatic Academy of the Ministry of Foreign Affairs, Moscow.  
Taken from: <http://www.utanrikisraduneyti.is/radherra/raedur-og-greinar-isd/nr/1518>
- Asgrimsson, Halldor (2002) *Globalisation* [Alþjóðavæðing]. Speech at The Trade Council of Iceland. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/raedurHA/nr/1751>
- Asgrimsson, Halldor (2003a). Minister of foreign affairs, speech on “the position of small states” at a meeting in the Historians Association. September 2nd 2003 Taken from: <http://www.utanrikisraduneyti.is/frettaefni/raedurHA/nr/876>, January 6<sup>th</sup> 2011
- Asgrimsson, Halldor (2003b). Minister of foreign affairs, speech on foreign affairs in Althingi, Parliament, November 13<sup>th</sup> 2003. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/raedurHA/nr/2026>, January 6<sup>th</sup> 2011
- Dalby, Simon and Ó Tuathail, Geróid. (1996). ‘Editorial Introduction. The critical geopolitics constellation: problematizing fusions of geographical knowledge and power’. *Political Geography*. Vol 15, No 6/7, pp. 451-456.
- Esterberg, Kristin G. (2002). *Qualitative Methods in Social Research*. The McGraw-Hill Companies, Inc.
- Gisladdottir, Ingibjorg. (2008). *Report on Foreign- and International Affairs by the minister, Ingibjorg Solrun Gisladdottir*. Presented to Althingi 2008. Taken from: <http://www.utanrikisraduneyti.is/media/Skyrslur/Skyrslan.pdf>, on January 8<sup>th</sup> 2011
- Gisladdottir, Ingibjorg. (2007a). Minister of foreign Affairs speaks at the 62<sup>nd</sup> UN General Assembly. September 28<sup>th</sup> 2007 Taken from: <http://www.utanrikisraduneyti.is/frettaefni/raedurISG/nr/3858> January 10th 2011

- Gísladóttir, Ingibjörg. (2007b). Minister of foreign affairs, speech on foreign affairs in Althingi, Parliament, November 8<sup>th</sup> 2007. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/raedurISG/nr/3960>, January 6<sup>th</sup> 2011
- Haarde, Geir H. (2006) Minister of foreign affairs of Iceland. 'Icelandic foreign policy in a changing world' address 29.03.2006, Berlin: Deutsche Gesellschaft für Auswärtige Politik. Taken from: <http://www.mfa.is/speeches-and-articles/nr/3020>, on February 25<sup>th</sup> 2011.
- Halfdanarson, Guðmundur (2004) 'Icelandic Nationalism and European integration' in Baldur Thorhallsson (ed.) *Iceland and European Integration. On the edge*. London: Routledge.
- Hey, Jeanne A. K., (2003) 'Introducing Small State Foreign Policy' in Jeanne A. K. Hey (ed.) *Small States in World Politics: Explaining Foreign Policy Behavior*, London: Lynne Rienner.
- Independence Party. *History of the Party*. Taken from: <http://www.xd.is/um-flokkinn/saga-flokksins/>, on December 15<sup>th</sup> 2010.
- Jessop B (1993). 'Towards a Schumpeterian workfare state? Preliminary remarks on post-Fordist political economy' *Studies in Political Economy* 40, 7-39. Taken from: <http://spe.library.utoronto.ca/index.php/spe/article/viewFile/11871/8774>
- Keohane, Robert O. (1969). 'Lilliputians' dilemmas: Small states in international politics' *International Organization*, 23, (2), pp. 291-310.
- Moravcsik, Andrew (1997) 'Taking Preferences Seriously: A Liberal Theory of International Politics'. *International Organization*, 51, 4, autumn 1997, pp. 513 –53. Taken from: [http://mitpress.mit.edu/journals/Inor/pdf/inor\\_51\\_4\\_513\\_0.pdf](http://mitpress.mit.edu/journals/Inor/pdf/inor_51_4_513_0.pdf) on January 25<sup>th</sup> 2011
- Oddsson, David (2004) Minister of foreign affairs, speech on foreign affairs in Althingi, Parliament nr. 131. 2004-2005 November 11<sup>th</sup> 2004. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/RaedurDO/nr/2436>, January 10<sup>th</sup> 2011
- Oddsson, David (2005a) Minister of foreign affairs, speech on foreign affairs in Althingi, Parliament nr. 131. 2004-2005 April 29<sup>th</sup> 2005. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/RaedurDO/nr/2687>, January 10<sup>th</sup> 2011
- Oddsson David (2005b). *Investment opportunities in the United Kingdom* [Fjárfestingatækifæri í Bretlandi]. Speech on business opportunities in the UK. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/RaedurDO/nr/2556>
- Ó Tuathail, Gearóid, (1999). 'Understanding Critical Geopolitics: Geopolitics and Risk Society' in Colin S. Grey, and Geoffrey Sloan, *Geopolitics, Geography and Strategy*. London: Frank Cass.

- Peck, Jamie, Tickell, Adam (1994). 'Jungle Law Breaks out: Neo-liberalism and Global-Local Disorder', *The Royal Geographical Society*, Vol. 26, No. 4. Taken from: 23/03/2011 <http://www.jstor.org/stable/20003479>.
- Progressive Party. *History of the Party*. Taken from: [http://www.framsokn.is/Flokkurinn/Sagan\\_-\\_I\\_timans\\_ras](http://www.framsokn.is/Flokkurinn/Sagan_-_I_timans_ras), on December 15<sup>th</sup> 2010
- Rothstein, Robert L. (1968). *Alliances and Small Powers*, New York: Columbia University Press.
- Scholte, Jan Aart. (2005). *Globalization a critical introduction*. 2<sup>nd</sup> ed. New York, Palgrave Macmillan.
- Skarphedinsson, Ossur.(2009). *Report on Foreign- and International Affairs by the minister, Ossur Skarphedinsson*. Presented to Althingi 2009. Taken from: [http://www.utanrikisraduneyti.is/media/Raedur/Skyrsla\\_til\\_althingis\\_2009.pdf](http://www.utanrikisraduneyti.is/media/Raedur/Skyrsla_til_althingis_2009.pdf), on January 8<sup>th</sup> 2011
- Skarphedinsson, Ossur. (2010a). "The future and the freedom of choice" Article published in *Morgunbladid* October 12<sup>th</sup> 2010. Taken from: <http://www.utanrikisraduneyti.is/radherra/raedur-og-OS/nr/5995>, January 7<sup>th</sup> 2011
- Skarphedinsson, Ossur. (2010b). *Report on Foreign- and International Affairs by the minister, Ossur Skarphedinsson*. Presented to Althingi 2010. Taken from: <http://www.althingi.is/altext/138/s/pdf/1070.pdf>, on January 8<sup>th</sup> 2011
- Social Democratic Alliance: *About the Party*. Taken from: <http://www.samfylkingin.is/Flokkurinn>, on December 15<sup>th</sup> 2010.
- Sverrisdóttir, Valgerdur (2007a). Minister of foreign affairs, speech on security and defense. January 18<sup>th</sup> .2007. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/RaedurVS/nr/3372>, January 11<sup>th</sup> 2011
- Sverrisdóttir, Valgerdur (2007b). Minister of foreign affairs, speech on the launching of the International Polar Year, March 1<sup>st</sup> 2007. Taken from: <http://www.utanrikisraduneyti.is/frettaefni/RaedurVS/nr/3522>, January 11<sup>th</sup> 2011
- The Government offices of Iceland. List of Governments, taken from the website of the Government Offices of Iceland: [http://www.stjr.is/Rikisstjornartal/nr/323\\_on December 14th 2010](http://www.stjr.is/Rikisstjornartal/nr/323_on_December_14th_2010)
- Thorhallsson, Baldur., Vignisson T. Hjalti (2004). 'The special relationship between Iceland and the United States of America', in Baldur Thorhallsson (ed.) *Iceland and European Integration. On the edge*. London: Routledge, pp. 103 – 128.
- Thorhallsson, Baldur (2006). 'The Size of States in the EU: Theoretical and Conceptual Perspectives', *Journal of European Integration*, 28(1), pp. 7-31.

Centre For Small State Studies Publication Series

University of Iceland

Working Paper 1-2011

Thorhallsson, Baldur. (2009) *Can Small States Choose Their Own Size? The Case of a Nordic State - Iceland*, in Cooper, A.F. and Shaw, T. (ed.) *The Diplomacies of Small States: Between Vulnerability and Resilience*. Palgrave Macmillan, 2009, 119-142.

Vormen, Ariadne (2010). 'Debating Methods: Rediscovering Qualitative Approaches', in David Marsh and Gerry Stoker (ed.) *Theory and Methods in Political Science*. Palgrave Macmillan 2010, pp. 249 – 266.

Wæver Ole (2002). 'Identity, Communities and Foreign Policy: Discourse Analysis as a Foreign Policy', in Lene Hansen and Ole Wæver (ed.) *European Integration and National Identity: The challenges of the Nordic States*. Routledge London 2002, pp. 20 – 50.