

# Sense of Sovereignty

How national sentiments have influenced  
Iceland's European policy

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## Abstract

*This paper asks why Iceland had until July 2009 chosen to participate in the European project through the EEA and Schengen agreements but not with full membership in the EU. It analyses if and how ideas on the Icelandic nation and its sovereignty affects the stance Icelandic politicians have taken towards the European project. Icelanders' struggle for independence in the 19th century created a special kind of nationalism which gives prominence to the sovereignty of the nation as a whole.*

*Economically, however, Iceland feels the same need as other European states to participate in European co-operation, which can explain its membership in the EEA. The agreement brings Iceland into the European single market, but at a cost: Iceland has de-facto agreed to adopt the EU's legislation within the boundaries of the agreement, and thus a transfer of decision making and domestic governmental power to the EU. This dilemma, between economic interests on the one hand and ideas on the sovereignty of the Icelandic nation on the other, has created a kind of a rift between the emphasis on the free and sovereign nation and the reality Iceland is faced with in the co-operation.*

*The inheritance of the independent struggle still directs the discourse Icelandic politicians use in the debate on Europe. A strong emphasis on sovereignty has become the foundation on which Icelandic politics rests. Participation in EU's supra-national institutions falls, in a way, outside the framework of Icelandic political discourse, which highlights Iceland's sovereignty and stresses an everlasting independence struggle.*

## Introduction

The five Nordic states are amongst the most reluctant when it comes to participation in the European integration process. Nonetheless, all of them have chosen to take an active part in the European project, but through very different paths of participation. Denmark, Sweden and Finland are full members of the European Union while Iceland and Norway take an active part in European co-operation through special agreements, the European Economic Area agreement (EEA) since 1994, and the Schengen border-control agreement since 2001. Both are members of the European Free Trade Association (EFTA), Norway a founding member since 1960 and Iceland joining in 1970.

Denmark joined the EU in 1973 while Sweden and Finland waited until after the end of the Cold War and only joined in 1995. A further difference is evident in the fact that Finland is the only Nordic state to have adopted the euro. Voters in both Denmark and Sweden rejected the common currency in public referendums. There is also a clear difference between Iceland and Norway, as the Norwegian government has twice negotiated a membership agreement with the EU, only for it to be rejected by the electorate in referendums.

This paper considers if and how ideas of Icelandic nationalism influence the discourse members of parliament use when discussing participation in European co-operation. It analyses national discourse on the independence struggle and then compares it with the debate on Europe still ongoing in the Icelandic parliament.

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Three main rounds of debate on further participation in the European project are isolated and analysed. The first debate studied was the one in the wake of the EFTA membership (1968-1969), secondly, the debate on the EEA (1989-1993) and thirdly, a selected debate on possible membership of the EU which took place in the Icelandic parliament in the period from April 2000 to April 2003.

Iceland remains the most reluctant of the five Nordics in European integration and was, until July 2009, when the Icelandic parliament voted for the first time to apply for EU membership, the only one of the five that had never applied for EU membership. Twice Norway has submitted applications to the EU only to be rejected in referendums in 1972 and 1994. Iceland's entrance into the EEA in 1994 however resulted in it becoming a kind of de-facto member of the EU. Despite the fact that Iceland is officially outside the European Union, it nonetheless continues, through its co-operation agreement, to participate actively in the European project and is, for example, a full participant in the EU internal market. In fact, Iceland is in some ways more deeply involved in the European integration process than some of the EU's official members. To name a few examples, Denmark has many opt-outs from the EU treaties that Iceland is subject to through the EEA, and the EU's border regulation is applied in Iceland through the Schengen agreement, while the UK and Ireland are exempted from that part of EU cooperation (Adler-Nissen 2008).

Even though Iceland is an active partner in the European project it can be concluded that the EEA is not adjusting well to the rapid developments within the EU: for example, there have been three new treaties and three rounds of enlargement in just one decade. It can be argued that the significance of the agreement is dwindling and that it can no longer sustain a successful or satisfactory partnership between the EFTA and the EU. These developments have shifted Iceland and the other EFTA states into the sidelines of European collaboration. The question then remains: why does Iceland accept the real transfer of decision-making to Brussels through the EEA but not full membership of the EU?

### **The sectoral approach**

Scholars of European integration have long debated whether interests or ideas better explain state attitude towards and relationship with the European integration project. American political science professor Christine Ingebritsen is one of the most influential scholars who have studied the different paths of the Nordics in European integration. She maintains that interests in leading sectors of the economy in each of the Nordic states can best explain the relationship each of them has with the European project (Ingebritsen 1998). She claims that interests in farming, especially large-scale farming, were decisive when Denmark decided to join the British in the EU in 1973. After the end of the Cold War it was then the manufacturing industries that put pressure on Sweden and Finland to go for EU membership. The leading sector in Norway was, however, oil, which is a domestic

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resource and therefore could not put any pressure on the government to move its production across the border. According to Ingebritsen's sectoral approach, it is the economic interests of its fishing industry that have kept Iceland outside the European Union, as it is believed that the EU's Common Fisheries Policy does not fit with Icelandic interests (Ingebritsen 1998).

Ingebritsen's theory can be categorised within the theoretical framework of intergovernmentalism, especially as seen in Andrew Moravcsik's liberal intergovernmentalism (Moravcsik 1998).<sup>1</sup> According to Ingebritsen's theory, economic interests dictate state policy and relationship in European co-operation. Intergovernmentalism and liberal intergovernmentalism were developed, at least in part, as a response to neo-functionalism that explains the European integration process as a development driven by a semi-automatic spillover effect (Haas 1958). This paper claims that the neo-functionalist spillover effect might be useful in explaining the steps Iceland has taken towards increased participation in the European project but falls short of explaining why Iceland has chosen to stay outside the EU institutions. Likewise, intergovernmentalism and liberal intergovernmentalism can perhaps explain why Iceland has not been willing to join the EU but have difficulties in explaining how deeply Iceland already is involved in European integration through the EEA and Schengen. Both intergovernmentalism and neo-functionalism can be categorised as traditional structural theories and even though they can perhaps be used to explain parts of European integration as such they have not provided sufficient tools to explain the attitude of Icelandic politicians towards participation in the European project.

In order to explain Iceland's place in the European integration process this paper is therefore based rather on a constructivist approach which takes into account domestic ideas. The paper maintains that ideas developed in the Icelandic independence struggle cannot be dismissed in any explanation of Iceland's relationship with the EU. Constructivist theories challenge both the intergovernmentalist focus on calculated interests and the semi-automatic spillover effect of neo-functionalism, and offer another explanatory factor (Gstöhl 2002). Constructivists claim that ideas, such as ideas on the construction of the nation and how the idea of the nation fits with the idea of Europe are also important (Hansen 2002, 2-8). Before this theoretical approach can be applied to the Icelandic case, it is, however, first necessary to take a closer look at the fish factor which Ingebritsen offers to explain Iceland's position in European co-operation.

### The fish factor

Opposition to the EU Common Fisheries Policy (CFP) has been at the forefront of the Icelandic debate on possible EU membership. The fisheries argument is,

1 Ingebritsen classifies her theory under liberal intergovernmentalism. Her arguments could however also be categorised under the rationalist approach.

however, diminished by the fact that many newcomers to the EU have been able to negotiate significant opt-outs or special solutions in their accession agreements, similar to what could suit Icelandic interests in the area of fisheries. (See Adler-Nissen 2008). At least it cannot be dismissed out of hand that Iceland might be able to negotiate an accession agreement with the EU that will guarantee full Icelandic control over the current Icelandic fishing waters. The struggle for control over fisheries within the 200-mile zone around Iceland can be seen as an integral part of the Icelandic independence struggle and is therefore part of the idea of the sovereign Icelandic nation. Fisheries are still a vital part of the Icelandic economy and control over the fishing zone is therefore seen by Icelanders as crucial in keeping control over their own destiny. This unique position of the fishing industry in the Icelandic economy and society could be an argument for guaranteeing Icelandic control of the fisheries zone in accession negotiations. That could, for example, be done by defining the Icelandic fisheries zone as a special administrative zone within the CFP but under full control by the Icelandic government. This would not be a permanent opt-out, as Denmark, for example, has in a few areas, but rather a special definition in a well-definable area, similar to the Arctic farming clause that Finland and Sweden were able to negotiate for their farmers north of 62° in their accession treaties.

When arguing for special provision, the Icelandic government could point to the fact that the situation in the North-West Atlantic Ocean is significantly different from the current EU fishing zone, as former Foreign Minister Halldor Asgrimsson said in a speech in Berlin in 2002 (Ásgrimsson 2002, June 17). Looking at a map of Europe, it is clear that there is a need for many states on the European continent to co-operate in the field of fisheries as they are utilising the same fish stock. The Icelandic fishing zone is, however, separate from EU waters and most of the fish stock within the Icelandic zone is domestic and not shared with any other EU state. The Icelandic fish stock is therefore not a common resource, any more than Finnish forests or British oil. The EU Common Fisheries Policy was aimed at controlling fishing of shared stocks in common waters and therefore it can be argued that it should not apply to Iceland. This argument could also find strength in the EU's principle of subsidiarity.

It is therefore not unreasonable to think that it might be possible to find a suitable solution for the Icelandic fisheries industry if Iceland negotiates membership of the EU, as many EU officials have recognised (see, for example, Arnórsson, Eide, Claes, Ulrichsen & Toje 2003). Accordingly Michael Köhler, Deputy head of cabinet of Commissioner Joe Borg, European Commissioner for Fisheries and Maritime Affairs, has for example said that the EU's rule for relative stability would ensure that Icelanders will on their own decide who would fish within their fishing zone if Iceland would join the EU (Köhler 2007). The problem this paper faces is that no definite answers will be available on this question until an accession treaty has been negotiated.

### **The sovereignty factor**

What is important here, taking into account Ingebritsen's theory that focuses on the interests of leading sectors, is that if Iceland could in fact find a suitable solution for the fisheries industry in accession negotiations, as is here suggested, there should, according to her theory, be nothing else to stand in the way of Iceland's accession to the EU. The fact that the Icelandic government had until mid 2009 not been willing to put the fisheries issue to the test in accession negotiations with the EU indicates that there might be something other than the economic interests of the fisheries sector that had until the collapse of the whole financial sector kept Iceland out of the EU. We can at least not exclude other explanatory factors, as Ingebritsen does.

Various scholars have studied Iceland's relationship with the EU and many explanatory factors have been offered other than Ingebritsen's sectoral approach. Icelandic political science professor Baldur Thorhallsson has, for example, argued that several combined factors are at play in Iceland's reluctance in the European integration process: special emphasis of Iceland as a small state, special links with the USA, effects of the Cod Wars, geographical isolation, the Icelandic electoral system that favours rural areas, close relationship between the political elite and the fisheries industry and special ideas of the Icelandic nationality (Thorhallsson 2004a). This paper offers an analysis on whether special ideas of the Icelandic nation and strong emphasis on the formal sovereignty that was created in the independence struggle can perhaps better explain Iceland's wariness of European integration, rather than the interests of the fishing sector, which has until now been the most common factor used in this disussion.

This paper is thus in line with the constructivist approach and takes into account the importance of domestic national ideas instead of only looking at intergovernmentalist and rationalist calculated interests. To analyse the possible influence of national ideas on participation in European integration, the underlying research studied discourse used in the debate on Europe in the Icelandic parliament. This method is also in line with the poststructuralist approach that in addition to looking at the relationship between ideas and interests also puts emphasis on studying political discourse and analysing how ideas influence issues like attitude to participation in European integration. Poststructuralists do not necessarily maintain that the European integration process is more driven by ideas than interests but state that intergovernmentalists have not been able to prove their interest-based focus (Wæver 2002).

According to this approach we need to analyse if, and how, the idea of participation in European integration can fit within the boundaries of the nation's political discourse. The idea of Europe must not threaten the idea of the nation (in the case of Denmark, see Hansen 2002, 52). In other words, it is hypothesised that the idea of the Icelandic nation and its sovereignty and how that idea fits with being an integral part of the supra-national European integration process, is as important, if not more so, than the interests of the leading economic sector, when

we study the relationship the nation has with Europe. We need to note at this point, however, that it isn't necessarily the politicians' personal conviction that is important, but rather the discourse they choose to use in public debate to bring their arguments forward.

### **Nationalism and the unique Icelandic nation**

The Icelandic state is based on the idea of the nation-state, which is a relatively young phenomenon in the international system of states. It was born only with the Enlightenment in the eighteenth century, which marked a turning-point in the history of European states, with a new emphasis on the rights of the individual and the belief that the power base in each state is with the people. The people then delegate their power periodically to the ruling-class through democratic elections. This was, for example, the ideological background behind the French revolution and consequently created the belief that each nation had the right to form its own sovereign government. The creation of the system of nation-states in Europe was therefore an integral part of the liberal democratic ideas brought by the Enlightenment (Hálfðanarson 2001, 46).

There is no agreement among scholars on the definition of what constitutes a nation. Many factors, such as common land, history, culture, language, religion, race, etc., have been mentioned as important (Smith 2000). Most European states are at least partly drawn from many of these factors. Iceland is one of the few states in the world to fit this description of nation and state. This paper, however, understands the nation simply as a group of people in a definable area who believe they are, and want to form, a nation. According to this understanding, the nation is not a natural phenomenon but created by history, social relations and common ideas (see, for example, Gellner 1983).

The ideas that have formed the Icelandic nation developed in a significantly different way from elsewhere in Europe. The idea that Icelanders constitute a special nationhood was only born in the period 1830-1850 (Hálfðanarson 2001, 37; Hermannsson 2005, 250). Icelanders, for example, seemed to believe that their independence struggle was separate from other international developments at the time. The emphasis of their struggle was more on the sovereignty of the nation as a whole than on the freedom and sovereignty of the individual. Icelanders were more interested in gaining formal control of domestic matters than on planning Icelandic society internally when it was independent. It can be claimed that sovereignty away from Danish rule was more important for Icelanders than internal democracy (Hálfðanarson 2001, 76).

As described above, Iceland's independence movement drew its ideas from international trends at the time, most importantly the Enlightenment. When the policy for Icelandic sovereignty and later full independence – Icelandic nationalism – was being developed, however, its creators looked back a thousand years, to the Icelandic settlement republic, for arguments and justifications for their claim rather



than to current international development (Hermannsson 2005, 83). Even though the idea of a sovereign Icelandic nation-state was an integral part of international development, a common understanding about the Icelandic nation was developed within Iceland. This unique understanding was drawn from a historical myth on which Icelandic nationalism was based. The myth creates the idea of a golden age in Iceland from the settlement in the year 874 until Iceland falls under foreign rule, first with the Old treaty with Norway in 1262, later Danish rule and Absolutism in 1662. As the myth goes, this period was the golden age of the brave and capable Icelandic nation but darker days were to follow after loss of sovereignty (Hálfdanarson 2001, 28f.). The emphasis was thus on drawing an unbroken link to the golden age rather than on linking the Icelandic independence struggle with international ideological developments of the time. Iceland's path to modernity and progress was therefore through its own unique past rather than simply just part of international trend (Hermannsson 2005, 252, 292).

The sense of nationalism was furthermore somewhat stronger than in most other European states at the time, based on a historical conviction that justified the full sovereignty and independence of the Icelandic nation (Hálfdanarson 2001, 36-39). The nation became almost a concrete natural fact in the Icelandic mind. A free and sovereign Icelandic nation became an integral part of the self-image of the nation. Icelandic nationalism was thus created and based on a romantic notion of the natural and pure, or at least special, separate nation. This notion became a vital force in the independence struggle.

After Iceland gained sovereignty in 1918 and full independence in 1944 the independence struggle did not disappear, but a new idea was born, the notion that the fight for independence is a constant struggle of the Icelandic nation and that it will never end. This understanding of Icelandic nationalism, created in the independence struggle, has since become one of the most important ideas in Icelandic political discourse (Grímsson 1978). The fear of losing the sovereignty gained in the independent struggle is still an important explanatory variable in Icelandic politics.

### **De-facto membership of the EU**

When explaining why Iceland has chosen not to be part of the European Union, we also have to take into account that Iceland is already an active participant in European integration through the EEA Agreement and the Schengen border-control agreement. Even though the EU is clearly a union of sovereign states, member states have agreed to pool their sovereignty in specific areas to form a supra-national body in an effort to increase their overall gains in an increasingly global and interdependent world.

Iceland has also, through its agreements with the EU, delegated decision rights in important fields of the economy to the EU or joint bodies it operates with the EU through EFTA and the EEA. One could even claim that Iceland is a de-facto

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member of the EU through its close co-operation agreements, even without having formal access to decision-making in the EU institutions. Formally, Iceland is surely not part of the EU institutions but when real participation in EU policies is examined one can only conclude that Iceland is for the most part, as said before, an active participant in the European integration process. This obviously complicates the picture painted before, that special ideas of the nation and emphasis on sovereignty in Iceland hinder Iceland from participating in the European project.

According to a narrow legal definition it is perhaps possible to say that the EEA Agreement does not significantly restrict Iceland's sovereignty, but that is, however, heavily debated by legal scholars (Alfredsson 1992). When the EEA was being negotiated a government-commissioned committee of four legal experts concluded that the agreement would not violate the sovereignty requirements stated in the Icelandic constitution (Schram, Stefánsson, Stefánsson & Vilhjálmsson 1992). Formally speaking, it might then be argued that the EEA Agreement does not entail significant transfer of sovereignty in a legal sense. However in any political understanding of the sovereignty concept it must be admitted that with the EEA Agreement the Icelandic government has agreed to transfer decision-making rights to Brussels institutions.

In addition, however, to real transfer of decision-making rights, full membership of the EU would also mean that Iceland would have to pool its formal sovereignty with other member states. But even though we agree that with full membership Iceland would see increased transfer of formal sovereignty, we can also counter-argue and claim that in a political and real sense of the sovereignty concept full membership would not entail more transfer of sovereignty than currently is the case through the EEA and Schengen. It is clear that with EU membership Iceland would have to adopt EU laws in more fields than it does currently but, on the other hand, Iceland would then gain increased access to the decision-making in the fields already covered through the EEA and Schengen. How the sovereignty equation is measured on these scales is, however, more difficult to calculate.

### **Why EEA but not the EU?**

As stated before, traditional theories of European integration, such as neo-functionalism and intergovernmentalism, have not been able to explain why Iceland has opted to stay out of the EU institutions but still participate deeply in the European project through the EEA and Schengen. Neo-functionalism might be able to explain why Iceland has chosen to take part in European integration through the EEA and Schengen. It can, for example, be argued that Iceland has felt the same pressure and the same economic need as other European states to participate in European co-operation. We can, for example, cite the spillover effect that neo-functionalists claim directs the European integration process to explain why Iceland and other EFTA states agreed to widen the field of co-operation and integrate with the EU policies with the creation of the EEA. We might also explain

the Schengen integration in the same way. The neo-functionalist theory is, however, unable to explain why Iceland has been such a reluctant partner in European co-operation and has chosen not to participate within the EU framework.

Perhaps we could then instead use intergovernmentalist theories to explain why Iceland is not part of the EU. We could claim that it is simply a calculated economic assessment of the Icelandic government, that Iceland benefits more from staying out rather than being a formal part of the EU. The problem we face here is, however, that Iceland is already an active player in the European project, through the EEA and Schengen, and is, for example, a full participant in the EU internal market. As all other states in Western-Europe Iceland seeks the benefits of close economic co-operation.

The Icelandic government maintains that the EEA and Schengen agreements do not entail automatic transfer of legislation and other decision-making rights to EU institutions or any EFTA/EEA forum in Brussels. (Tengsl Íslands og Evrópusambandsins 2007, 15). This interpretation of the Icelandic government is not least based on the argument that EU legislation is only indirectly applicable to Iceland. EU regulations are directly binding for its member states, but formally EU regulations have to pass through the EEA Joint Committee and the Icelandic parliament before they become Icelandic law (Tengsl Íslands og Evrópusambandsins 2007, 70). On the basis of this formal difference, the Icelandic government and the few previously-mentioned legal scholars have been able to argue that the legal effect is not as direct in the EEA as it is in the EU legal system.

When it comes to transfer of sovereignty this paper does not attempt to address the formal and legal definitions of the EEA and Schengen. Through the EEA, however, the Icelandic parliament is obliged to adopt almost all EU legislation that applies to the internal market based on the decision of the EEA Joint Committee (Björgvinsson 2006, 59, 137). It is therefore clear, when the reality of the co-operation is studied, that Iceland has to adopt the same legislation as EU member states within the framework of the agreement. The parliamentary process is therefore only a formal exercise, as EFTA/EEA parliaments have no other option than to adopt legislation that the EEA Joint Committee forwards to them. Furthermore, all policymaking and other decisions on future development, new regulations and so on, are dealt with within EU institutions to which the Icelandic government has very limited access (Emerson, Vahl & Woolcock 2002). We can therefore conclude that in any political understanding Iceland has quite clearly transferred real decision-making to the EU. The legal interpretation that the Icelandic government holds on the EEA agreement is therefore not in full compliance with the reality that we face when studying decision-making in the EEA.

To understand this difference in interpretation, we have to differentiate between formal sovereignty on the one hand and real transfer of decision-making on the other. Again, to explain this division we have to look into political discourse and political ideas within Iceland. It seems therefore that some kind of rift has

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occurred between the government's formal and legal definition of the agreement and the political reality we face in the co-operation. With full membership of the EU Iceland will surely face new limitations on its sovereignty, but in the current situation in the EEA Iceland already faces other limitations on its sovereignty that EU states do not face. As stated before, the Icelandic government has put more emphasis on preserving formal legal sovereignty rather than admitting to the real transfer of decision-making evident in the EEA and Schengen. This fits quite well with the previously-described understanding of Iceland's sovereignty and the political discourse developed in the independence struggle.

### Sovereignty games

Despite debating seriously previous steps in the European integration process, first the EFTA accession in 1970 and then the EEA in 1994, Icelanders have for the most part now accepted the merits of co-operation in EFTA and the EEA. Ever since the accession to the EEA, however, full membership of the EU has been forcefully debated in Icelandic society.

The idea of the Icelandic nation and nationalism created in the independence struggle in the nineteenth century was, as stated before, different from the liberal nationalism that developed in Europe from the Enlightenment. We can define the concept of sovereignty by saying that it must include a society of people that has control over its own land and is recognised by other states. A sovereign state as such has the right to govern within its own borders without interference from other states, and also has the right to participate in international organisations. When the system of nation-states was developing in Europe, before modern day globalisation, the state was for the most part in control of its internal society and only had to worry about external influence in the form of invading armies. Now, the situation is very different and the understanding of the concept of sovereignty has changed. Increased interaction across borders through new communication technology and improved transport has linked societies that have become interdependent. With increased globalisation a new cross-border society has developed that has diminished the control governments have over their own society as more actors have entered the scene (Scholte 2005, 59).

We have seen increased harmonisation across borders, for example, when it comes to rules of trade and competition. Individual states therefore no longer have the sole authority to legislate within their borders; the international society now diminishes possibilities of states to act within their own borders. Supra-national co-operation within the EU is a partial, regional response to this development. Member states have decided to pool their sovereignty to gain better control over joint tasks. We can therefore argue that the right to participate in international institutions is becoming an increasingly more important part of the sovereignty concept. To be able to sit at the table where global and regional decisions are being negotiated is now even more important for sovereign states.

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Tasks of modern societies increasingly reach across their own borders and thus need to be tackled on the international level. Preserving the environment is, for example, a task no nation-state can control on its own: pollution is no respecter of borders between nation-states. This is now true of more and more sectors of the economy and society: changes in the global financial market have, for example, instant and direct effect on the domestic Icelandic market as has become evident to Icelanders in the global financial crisis that has hit Iceland especially hard. But, despite this development, the heritage of the independence struggle in Iceland has, as previously described, meant that Icelanders have put more emphasis on the sovereignty of the nation as a whole rather than on individual rights within the state. The struggle was for sovereignty of the nation, not sovereignty of the individual. Accordingly, Icelandic politicians also tended to put emphasis on the part of the sovereignty concept that has to do with the right for self-rule within its own borders rather than on the right to participate in international institutions.

Here, however, we need to note that Iceland already takes part in multiple forums for international co-operation that put limits on the scope of action of the state internally. As of now, Iceland is a member of more than fifty international organisations. Iceland is, for example, a member of NATO, the Nordic Council, Council of Europe, EFTA, OECD, UN, WTO, OSE and many more. Iceland therefore already has in real terms to abide by international rules and regulations negotiated within those institutions. Furthermore, the Icelandic state is, like all other open democracies, further limited by common international values and cannot, for example, violate the fundamental rights of its citizens without expecting interference from abroad. In this light it is even more interesting that Iceland has decided not to practise its sovereignty within the institutions of the European Union.

### The debate on Europe

This paper asks if the previously-described special understanding of the Icelandic nation can be used to explain Iceland's hesitance in the European integration process. Analysis of the discourse of the three rounds of debate (EFTA-round 1968-1969; EEA-round 1989-1993; and EU-round 2000-2003) shows clearly that the idea of the Icelandic nation and the importance of formal sovereignty have been central to the debate on Europe and suggest that the national factor influences the policies on Europe.<sup>2</sup> In all three rounds of debate the discourse of the independence struggle was clearly used by politicians when talking about Europe. In fact, the sovereignty question has been central in all discussions on Iceland and the outside world. The underlying research provides an extensive analysis of the parliamentary

2 For further case study analysis see Eiríkur Bergmann (2009). „*Hið buglæga fullveldi þjóðarinnar*“ – ábrif þjóðernisbugmynda á Evrópustefnu Íslenskra stjórnvalda.

discussion, but the length of this paper is limited so here we can only offer few examples from the domestic debate.

Iceland's participation in the European project has been discussed in Icelandic politics since the late 1950s. In the three rounds of debate especially studied in the underlying research, politicians used arguments based both on economic interests and on the nation and sovereignty of the state. The economic arguments were mostly about the effect participation would have on the fisheries industry and trade agreements regarding fisheries products. One of Iceland's main interests in European co-operation has been to reach a favourable trade agreement on fish products but at the same time many have worried that the EU Common Fisheries Policy would be unfavourable for Iceland, and therefore Iceland could not join the EU.

Other economic arguments were also used, for example, the effect on farming in Iceland, customs and trade, cost of membership and increasing emphasis on the EMU and the euro. Arguments based on the importance of the Icelandic nation and its sovereignty fluctuated somewhat. The importance of the nation and its sovereignty came to the forefront in the debate on the EEA (1989-1993) and continued through the debate round in the EU (2000-2003). The debate on EFTA (1968-1969) was, however, mostly based on economic arguments. Here we need to note that membership of EFTA, EEA and EU has of course very different effects on state sovereignty. EFTA is simply an intergovernmental forum for economic co-operation while the EU is based on supra-national institutions.

### The EFTA round

Even though arguments in the EFTA-debate were mostly based on the economy, the discourse on the independence struggle and the conservative ideas about the nation and its sovereignty were, also quite clear and formed a kind of a base for the economic arguments. Many parliamentarians referred, for example, to the undisputed distinctiveness of the Icelandic nation and there was a clear consensus in the parliamentary discussions that the Icelandic nation was unique in the world and had to be protected when it came to international co-operation. One parliamentarian, Tómas Árnason, who admitted the economic benefits that might accompany EFTA, also voiced concerns that membership could fit uneasily with his special nation. "The Icelandic nation has undisputed distinctiveness among nations and even among those already members in EFTA. It is only natural that our relationship with EFTA will be marked by that distinctiveness." (Árnason 1968.) This uniqueness and distinctiveness of the Icelandic nation was then used as an argument for the multiple opt-outs and special solutions which Iceland brought to the negotiating table. Those arguing against further participation in the European integration process feared that the small Icelandic nation might lose its identity in such a close relationship with the big nations of Europe. Many parliamentarians referred, for example, to the Old treaty of 1262, when Iceland came under the

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Norwegian king, and the introduction of Absolutism in Denmark in 1662, in their argument against integration with other nations.

### The EEA round

In the discussion on EEA membership, which was the most extensive of the three rounds of debate studied here, emphasis on the sovereignty argument had moved to the forefront of the debate. Those arguing for membership put their main emphasis on economic gain but they also tried to use the independence discourse in their argumentation. They put similar emphasis on progress and modernity in their argumentation for the EEA that was used in the independence struggle for sovereignty from Denmark. They argued that the EEA would be Iceland's passport in to the future and the key to economic prosperity within Iceland.

To support the claim that the EEA was in some way a continuation of the independence struggle, many parliamentarians referred to Jón Sigurðsson, the hero of the Icelandic independence struggle, and used his vision to argue that Iceland should stand proud and equal among other nations and not be afraid to participate fully in European co-operation. Iceland was to be equal to other independent states and fully-functioning in international society. Foreign minister, Jón Baldvin Hannibalsson, the main campaigner for the EEA in Iceland, referred to Jón Sigurðsson in his argumentation that the EEA would bring Iceland further in to modernity. He said that membership in the EEA would bring opportunities for a "new era of progress. Membership in the European Economic Area will bring opportunities for our nation, her cleverness and action. [...] This agreement also tests our abilities and confidence to stand equally among other nations." (Ingebritsen 1998)

Parliamentarians who argued against the EEA used the sovereignty argument more systematically than the ones arguing for the agreement. The nation and its sovereignty were the central argument in the No camp and were supplemented by economic arguments that came only secondary. The No side put their main focus on maintaining that the EEA threatened Iceland's sovereignty, which would be shifted to undemocratic EU institutions in Brussels.

A few parliamentarians in the No camp even went so far as to accuse the Yes side of being unpatriotic, and drew direct links with the independence struggle. They said that Iceland's independence would be lost if it joined the EEA. One member of parliament, Páll Pétursson, even went so far as to predict that membership in the EEA would end the Icelandic nation. "Our nation is different from other EFTA-states. [...] If we submit [to the EEA] we would of course instantly lose our language, culture and independence in a very short time period." (Pétursson 1989.)

### The EU round

In the debate on the EU a few years later, the importance of sovereignty was still on the table and the No side put their emphasis on Iceland's national heritage and

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unique culture and argued that Icelanders should continue to develop a good society and strong economy on their own. They claimed that it would be a retrograde step of great consequence if Iceland were to lose its self-rule through membership of the EU. With membership of the EU, they argued, Iceland would be locked inside an unproductive trade block and trapped in an undemocratic bureaucracy. Then prime minister, Davíð Oddsson, described the EU as one of the most „undemocratic bureaucratic monstrem man has ever created.“ (Friðriksson 2002).

Study of the debate makes it clear that the No side believed that the sovereignty argument and the discourse of the independence struggle could be quite useful for them when discussing the European project. Steingrímur J. Sigfússon, leader of the Left Green party in Iceland put his emphasis on the sovereignty issue when arguing against membership in the EU. „For the first, membership would mean diminished independence and sovereignty, loss of distinctiveness ...“ (Sigfússon 2000). His colleague Ögmundur Jónasson said it was “undisputed that membership in the EU would undermine Iceland’s self rule.“ (Jónasson 2000). Some parliamentarians arguing against the EEA said that even though it could be argued that the agreement might bring economic benefits, it should be rejected solely on the ground that it violated Iceland’s sovereignty. The same was true in the EU debate round. More weight was here put on the formal sovereignty of the nation rather than on the economy or any real meaning of the sovereignty concept. One of the parliamentarians arguing against the EEA, Jóhann Ársælsson, said it should be rejected on the grounds that it violated Icelanders’ “sense of sovereignty.” (Ársælsson 1992.)

The Yes side also used the independence discourse for their argumentations and again referred to Jón Siguðrsson, the hero of the independence struggle, to advance their argument. A few parliamentarians even tried to suggest membership of the EU as a way to protect and even strengthen Iceland’s sovereignty rather than a step away from independence. In arguing for EU membership Bryndís Hlöðversdóttir described the current situation in the EEA as undemocratic. “We have no influence in shaping the acts that we are obligated to adopt on its [the EEA’s] ground and the formal veto right Althingi should have is not usable.” (Hlöðversdóttir 1992.)

In all three rounds of debate on Europe, parliamentarians put a special emphasis on linking their arguments, for or against the further Europeanization of Iceland, with the importance of Iceland’s sovereignty, and all referred to the uniqueness of the Icelandic nation.

### How deep is your love?

The study shows that the sovereignty question has been an important factor in the debate on Europe in Iceland. Both camps, that is, those that argue for closer integration and those arguing against it, use the discourse developed in the independence struggle in their argumentation. The Yes side not only tried to link membership of the EU with the emphasis in the independence struggle on



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modernity and economic progress but also claimed that with full EU membership Iceland could reclaim the sovereignty that was partly lost with the EEA agreement. The sovereignty issue was more often used by the No camp, but in the debate on full membership, the Yes side made an effort to turn the argument around and use it for membership. Both camps knew that they would need to link their argument with the independence discourse. By claiming that Iceland's sovereignty had already been lost through the EEA and Schengen, the Yes side wanted to dismiss the sovereignty question from the debate on full membership in the EU. The No side, on the other hand, maintained that the EEA was simply a classical international agreement while the EU was a supra-national organisation with much more transfer of sovereignty to Brussels than was involved in the EEA. Iceland should therefore not join the EU, as full membership follows unacceptable loss of sovereignty.

This becomes evident in the ongoing discussion in Iceland on what the EEA agreement really means. There is no consensus among Icelandic politicians on how closely the EEA already links Iceland with the EU. One part of that debate is the dispute on the share of EU legislation which Iceland has to adopt through the EEA and Schengen. The Yes side claims that Iceland already has to adopt most of the EU laws and therefore not much would change with full membership. The No side, on the other hand, claims that Iceland would be overwhelmed by new rules and regulations if it became an EU member. For example: In 2003, the foreign minister at the time, Halldór Ásgrímsson, claimed that through the EEA and Schengen, Iceland already had to adopt over 80 per cent of the EU legislation. (Ásgrímsson 2003) Two years later, a new foreign minister, Davíð Oddsson, said that the share was only 6.5 per cent. (Oddsson 2005). The difference between these two percentages is, of course, too great to be explained by any changes in the operation of either the EU or the EEA. The only difference was that the two foreign ministers had a very different policy on EU membership.

Mr. Ásgrímsson was clearly sympathetic to Iceland's membership of the EU, while Mr. Oddsson was forcefully against. Both numbers give a skewed impression of the picture. The fact is that no member state adopts all legal decisions made in the EU and the variation of the scope covered by individual legal acts is huge. This statistical exercise performed by the two foreign ministers is meaningless when we see how involved Iceland already is in the European integration process. What is interesting here, however, is how the two foreign ministers used selected statistical information as propaganda in the EU debate in Iceland. Given the independence discourse, it simply fitted Oddsson's politics better to say that EU membership would mean a much greater transfer of sovereignty to Brussels than was already the case in the EEA.

### Sovereignty vs. fisheries

When debating Iceland's participation in the European integration process parliamentarians have mainly used two sets of arguments: economic effect for the

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fisheries industry on the one hand and how Europe fits with the idea of the Icelandic nation and Iceland's formal sovereignty on the other. In some cases we can also conclude, after studying the three main rounds of debate on Europe in the parliament, that the importance of keeping control over the fisheries resources around Iceland is, up to a point, also an integral part of the independence struggle. In the debate it somehow became part of the ongoing independence struggle to keep European vessels out of Iceland's fishing zone.

As already mentioned, the No side used the importance of sovereignty, as developed in the independence struggle, more directly in their discourse while the Yes side rather tried to link their economic argument with that part of the sovereignty discourse that has to do with modernity and economic progress. In the EEA round, for example, the Yes side tried to set up their argument in such a way that free trade with Icelandic fish in the EU market became an indirect continuation of the independence struggle. As the argument went, Icelanders should accept the EEA so as to secure economic sovereignty. The No side also linked control of the fishing grounds directly with Iceland's sovereignty. We can therefore conclude that the fish factor, as central as it has been in the European debate in Iceland, is not only an economic matter but also an integral part of the discourse on Iceland's sovereignty as developed in the independence struggle. The oft-used argument that Iceland cannot join the EU because of its Common Fisheries Policy is therefore not simply an economic argument but a vital part of Iceland's independence. Complete control over the fishing zone becomes in a way a symbol of the free and independent Icelandic nation.

In the independence struggle in the nineteenth century the peasant became a sign of the independent Icelandic nation, but with the increasing importance of fisheries, the seaman gradually took over as the representative of the sovereign Icelandic nation state. Icelanders fought the British in the so-called Cod Wars to gain control over their fishing resource around the country and since independence the fish industry has been the most important sector of the economy and has surely been the foundation of Iceland's economic independence. The nation and the seaman are then intertwined in fisherman's folksongs that represent the patriotic Icelander. The fish in the sea and the fisherman are in this respect a sign of the independent Icelandic nation.

### Conclusion

The vision of the Icelandic nation and the importance of its sovereignty have significantly affected the debate on Iceland's role and participation in the European project. The nationalistic emphasis developed in the independence struggle still influences discourse in Icelandic politics, especially when foreign policy and Iceland's place in the world are debated. This special, holistic and conservative understanding of the Icelandic nation and its sovereignty, as previously described, makes it more difficult for Icelandic politicians to argue for membership of a supra-

national organisation such as the EU. The idea of European integration falls in a way outside the framework of the idea of the sovereign and independent Icelandic nation-state. The research shows, for example, that parliamentarians have put more emphasis on arguments based on the nation and its sovereignty than on pure economic interests. By referring to the independence struggle in their discourse, the No side has hinted that increased participation in European integration can in a way threaten the idea of the sovereign Icelandic nation.

The political discourse of the independence struggle has, however, not completely hindered Iceland's involvement in the European project. On the contrary, Iceland is an active participant in European co-operation through EFTA, the EEA and Schengen. Even though Iceland is not formally part of the EU institutions, it is already deeply involved in the European project. Here we find an interesting rift between the real and practical participation on the one hand and the previously-described ideas of the free and sovereign Icelandic nation on the other. From this situation we can develop an explanation.

Like all other open democratic states in Europe, Iceland feels the same economic need and pressure to participate in the European project as described by neo-functionalism. Accordingly, Iceland has agreed to transfer decision-making in significant fields of the economy to the European level through its participation in the EEA and Schengen. We have also seen in the parliamentary discussion how the neo-functionalist spillover effect puts increasing pressure on Iceland for further participation. At the same time, however, we have other forces pulling in the opposite direction. The national political discourse, so deeply rooted in the independence struggle, has had the effect that Icelanders have been hesitant to agree to the formal transfer of sovereignty which so clearly follows full membership of the European Union. This dilemma can be used to explain why Iceland has been willing to participate actively in the European project through the EEA and Schengen but that on the traditional vision of the Icelandic nation and its sovereignty makes it difficult for Icelandic politicians to argue for full and formal participation in the EU.

The debate on adopting the euro is a good example of this dilemma. Pressure to adopt the euro to replace the small and volatile Icelandic krona has been growing and stems mostly from the business side. According to neo-functionalist theories, the EU internal market created a new need for a common currency and that puts pressure on European leaders to act. We can use the same effect to explain the increasing pressure in Iceland to adopt the common currency. After Iceland joined the EEA, and became part of the EU internal market, the automatic spillover effect has created pressure on Iceland to fulfil its economic potential by adopting the common currency. This we can easily use to explain the pressure and the urgency evident in the domestic debate on adopting the euro. But to explain the reluctance to join in, we, as before, have to look to the sovereignty discourse and the national vision created in the independence struggle. This dilemma becomes evident through the discussion that regularly surfaces in Iceland that perhaps the Icelandic

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government might unilaterally, or with a bi-lateral agreement, adopt the euro without membership of the EU. This idea crops up regularly in Iceland, even though EU officials have again and again dismissed the possibility (Bergmann & Sturluson 2008). This idea fits completely, however, with the current relationship Iceland has with the European integration process, namely participating actively but not being a formal part of the EU institutions with the apparent loss of formal sovereignty which that entails.

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