

EU-28 WATCH



No. 10
July 2014

ISSN 1610-6458

www.EU-28Watch.org

EU-28 Watch

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On the project

Euroscepticism and the European Parliament elections in 2014, the EU's Neighbourhood in light of the Ukraine crisis and power relations in the EU: The EU-28 Watch project is mapping out discourses on these issues in European policies all over Europe. Research institutes from all 28 member states as well as Iceland, Macedonia, Montenegro, Serbia and Turkey give overviews on the discourses in their respective countries.

This survey was conducted on the basis of a questionnaire that has been elaborated in March 2014. Most of the 33 reports were delivered in June 2014. This issue and all previous issues are available on the EU-28 Watch website: www.EU-28Watch.org.

The EU-28 Watch No. 10 receives significant funding from the **Otto Wolff-Foundation, Cologne**, in the framework of the *"Dialog Europa der Otto Wolff-Stiftung"*, and financial support from the **European Commission**. The European Commission is not responsible for any use that may be made of the information contained therein.

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Iceland

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1. Euroscepticism and European Parliament elections*Baldur Thorhallsson**Icelanders' first glance of the European Parliament elections*

For the first time, the European Parliament elections received noticeable attention in Iceland. This had to do with Iceland's status as an applicant state (Iceland applied for membership of the European Union in the summer of 2009) and the possibility of a victory for the right-wing extremist parties in the lead up to the elections. The media gave the elections more coverage than before – both in its news and editorials. The coverage was somewhat informative but lacked extensive and deep analysis in order to give the population a more thorough knowledge of the political parties and the role of the European Parliament in the decision-making processes of the EU.

The possible victory of the right-wing extremist parties was the most discussed topic, especially the conceivable success of the United Kingdom Independence Party (UKIP). Also, the right-wing media in Iceland portrayed a picture of the European Parliament as a powerless institution and claimed that Icelandic MEPs would have no influence within it. Prominent figures from the Yes- and No-movements took some part in the discussions, mainly by writing blogs and articles and used the opportunity to advocate their cause.

Accordingly, a part of the general public – albeit tiny – participated for the first time in public discussions about the elections to the European Parliament. The campaign between the European People's Party and the Party of the European Socialists – especially their bid to nominate a new President of the European Commission – received some attention. However, the coverage was too limited for the public to grasp the policy platforms of the parties, their similarities and differences, and their positions towards the candidates named to succeed José Manuel Barroso.

The Icelandic nationalist rhetoric on European affairs

Due to Iceland's status as a candidate country, euroscepticism plays a big role in the political debate within the country. Discussions about possible EU membership have been dominated by nationalistic rhetoric, i.e. about the negative consequences of transferring autonomy and sovereignty from Reykjavík to Brussels. Also, talks about what consequences EU membership may have for the Icelandic fishing industry and farming are prominent in the debate. Membership of the Common Fisheries Policy (CFP) and the Common Agricultural Policy (CAP) are seen by many to be highly damaging for the primary industries. Furthermore, opponents of EU membership frequently mention that Iceland is at an advantage as a free and independent country able to make bilateral beneficial deals with countries around the globe – as can be seen in the newly signed free trade agreement with China – and has a unique opportunity to make the most out of the opening of the Arctic.

The new coalition government (which took office in 2013), consisting of the centre-agrarian Progressive Party and the conservative Independence Party, firmly opposed the accession process

and membership of the EU based on the arguments presented above. The 2008 economic crash did not lead to a reformulation and adaptation of Iceland's political parties long-term European policy goals. Their European policies remained remarkably stable *despite* an EU membership application nine months after the crash. The Social Democratic Alliance (SDA) continues to be the only traditional party to support EU membership unanimously just as it did before the crisis.

The No-movement (*Heimssýn*), managed to dominate the EU debate during the accession process until 2013. On the other side, the Yes-movement (*Já Ísland*) has gained momentum since the EU negotiations were put on hold (spring of 2013), especially after the government backtracked with its unexpected resolution for the national parliament to quit the EU accession process altogether in the spring of 2014. The most prominent leaders of the No-movement and the conservative and influential newspaper, *Morgunblaðið*, do not hesitate to portray the EU as a club of large states – which is nevertheless about to develop into a federal state – and that small states, such as Iceland, will not be able to assert their influence in the decision-making processes. Hence, Iceland would lose its independence and sovereignty by joining the EU. *Morgunblaðið* is running a fierce campaign against EU membership. For instance, it does not hesitate to describe the European Parliament as a totally powerless body and hint that prominent pro-European advocates in Iceland are 'traitors'.

Disputes between Iceland and the European Union have strengthened euroscepticism in the country since the No-movement has managed to portray the Union as a large bully that does not respect the view of a small independent state. Hence, Iceland would not stand a chance to have a say within the decision-making processes of the EU. This was the case with the domestically controversial Icesave deals with Britain and the Netherlands (where the EU was blamed for standing by its members) and in the dispute over mackerel quotas with the EU.

Radical protests without any policy shifts at the EU level

The outcome and turnout of the elections received considerable attention in Iceland. The turnout was evaluated as a defensive victory, though the eurosceptical media described the mentioning of 0.1 percent higher turnout as laughable. In general, the outcome was portrayed as a worrying trend due to the victory of right-wing extremist parties. A part of the conservative block and media in the country made a clear link between the successes of these parties and the complete failure of the European Union, in all respects.

In general, the outcome of the elections was seen as the electorate's response to the economic crisis and related austerity measures; opposition to the ongoing European integration process; lack of confidence in the ruling elites in the member states and at the EU level; opposition to immigration and free movement of people within the EU (and associated welfare benefits); and protest votes against the ruling class in some of the member states.

Furthermore, academics concluded that the results might lead to a tighter immigration policy (for people outside the EU itself); limited chances of further decisive steps towards a closer Union in the next few years; a greater role of national parliaments in EU policy making in the long run. On the other hand, there seemed to be a consensus among commentators and active participants in the discussions about the results that the elections would, in fact, not change much at the EU level and not lead to any major policy shifts in the next five years.

Links:

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2. The EU's Neighbourhood

More and less: An ambivalent relationship with Russia

Tómas Joensen

Iceland's relations with Russia were hotly debated in the run-up to the Sochi Olympic Games. The debate concerned whether Icelandic politicians should attend the Olympic Games or whether they should stay at home as a protest to the human-rights violations taking place in Russia – a stance many leaders of Western countries took. The politicians decided to attend; and this was the first time the President of Iceland attended the winter Olympic Games. The Minister of Education (and sports) also attended.

There are differing views within Iceland on how extensive Iceland's future relations with Russia should be and whether or not Russia is a desirable partner both politically and economically. The President of Iceland has spoken in favour of a foreign policy where the ties with Russia would be strengthened – also focusing on strengthening relations with China and India. The President has in recent years advocated a foreign policy emphasising relations with these states, viewing them as a counterweight to EU relations. Russia is in this context seen as an important strategic partner in the Arctic and an important political ally for the future. This view is somewhat supported by eurosceptics in Iceland and the right-wing media that maintain that entry into the EU would hinder political and economic relations with these states, and thus limit Iceland's choices of possible partners in the future. However, a large part of both the political elite and the general population does not wish to strengthen Iceland's ties with Russia because of its poorly functioning democratic system and recent track-record of human-rights violations. This opinion has been voiced on numerous occasions in the media and in public discourse.

The previous government applied for membership to the EU and saw the EU as the most logical partner in foreign policy. The current government, however, is a supporter of the President's policies and has also sought to fully withdraw Iceland's application to the EU. In this light it will be interesting to see whether the government will follow the President's lead in strengthening relations with Russia and rely on it as a strategic partner in economic and foreign policy in the future.

Criticizing the EU for its lack of action regarding events in Ukraine

Pia Hansson

Although events in Ukraine have not been discussed in the context of EU relations with Eastern Partnership countries in Iceland to any degree, the Foreign Minister stated in Parliament during the Crimea dispute that the EU was to blame for the atrocities taking place in the country. He was widely criticized for his remarks and backtracked somewhat the following day but still maintained, however, that the EU should have made a greater effort to protect Ukraine against Russia's aggression.

Shortly after, he visited Ukraine and unequivocally spoke in favour of the country's cause. There is widespread popular opposition to Russia's actions against Ukraine in Iceland and Russia is considered to be an occupying force violating the sovereignty of its neighbouring country. However, the impact of these events on EU relations with other Eastern Partnership countries have not entered the debate yet and are not expected to do so in the future as the EU-debate in Iceland rarely moves beyond issues concerning fisheries and sovereignty.

Turkey's possible membership would further diminish potential small state influence

Tómas Joensen

It is safe to say that the EU membership of Turkey has never entered the European debate in Iceland to any degree and that its potential membership is not something Icelanders have any real concerns about. The focus of the EU debate in Iceland is primarily on what domestic effects membership would have in Iceland – future prospects of the EU and potential future members are rarely discussed. In this respect the main focus of the debate is on the loss of sovereignty through entry into the EU and the difficulty Iceland would have in protecting its interests in an EU of over 500 million people. Turkey is of course seen as a large country and its entry into the EU would, according to this view, further diminish any potential influence Iceland could have on EU legislation. However, whether Turkey is a European country – geographically, culturally or religiously – and thus whether it belongs in a union of European countries has never been discussed to any degree.

Whether such a debate will ever take place is impossible to foresee. It is however interesting that in the municipal elections this May a political party, the centre-agrarian Progressive Party, for the first time ran a campaign focusing on Islamophobia by questioning the right of the Muslim community to build a mosque in Reykjavík. This strategy gave the party a huge boost in the elections giving them 2 out of 15 seats in the City Council, contrary to no seats at all as polls taken a week prior to the elections suggested. Considering the high focus on sovereignty and Icelandic national identity in the EU debate in Iceland, there appears to be a fertile soil for a right-wing populist party in Iceland with a focus on immigrant issues and Islamophobia. Whether or not such a party has now emerged in Iceland remains to be seen. The strategy nevertheless worked well for the Progressive Party in the regional elections and it could well continue this political rhetoric in the next parliamentary elections in 2017.

The EU debate in Iceland is highly focused on the loss of sovereignty and Iceland's "special status" as a small island on the periphery of Europe. In light of the recent change in political rhetoric towards Muslims in Iceland it will be interesting to see whether Turkey's future membership of the EU – and its place in Europe – will enter that debate, as a part of the continuing EU debate in Iceland. However, for now Turkey remains outside this debate in Iceland.

3. Power relations in the EU

The small versus large debate – how Icelanders perceive power in the EU

Pia Hansson

In general, Icelanders have a very positive view of Germany and see Germany as a leader within the EU. But the viewpoint of the No-movement and the conservative and influential newspaper *Morgunblaðið* is clear: What applies to others does not necessarily apply to us. Iceland's situation is considered unique and different with the country's high reliance on fisheries and the perceived need to

uphold Iceland's "hard gained" independence. Hence, the rhetoric on the No-side is one of distrust towards foreign influence and involvement in what is considered Icelandic affairs.

Germany by any definition is a very large state compared to Iceland and its influence within the EU is uncontested which proves that the small cannot have a say within the EU, according to the No-movement. Furthermore, the small member states have no seat at the table of "real" decision-making. A more enlightened debate on how decision-making actually occurs within the EU rarely sees the light of day in Iceland. The picture portrayed is that of a slow moving train with the larger states dominating the speed and the direction and all other members having to follow.

'Lean austerity measures' to start with and the Left-Right divide

Baldur Thorhallsson

The "austerity versus growth" debate in Iceland has been fairly lively since the 2008 economic crash. Interestingly, governments in Iceland did not impose 'harsh austerity measures' until in the second year of the economic downturn. The IMF approved this policy in its rescue package for the country. The idea was to soften the blow despite a dramatic fall in the state's revenue and budget deficit. The drop in the state's revenue was financed by increased taxation, especially on the export industry (which had enormously benefitted from the fall of the Icelandic króna). This was mainly the work of the first ever left of centre government in the country which took office a few months after the crash in February 2009.

That being said, the grand coalition, consisting of the conservative Independence Party and the Social Democratic Alliance (SDA), which collapsed in early 2009, had adopted similar 'lean austerity measures'. However, in the spring of 2013, the new coalition government, under the leadership of the centre agrarian Progressive Party in collaboration with the Independence Party, cut taxes, especially on the export industry (fisheries) and tourism, in order to stimulate growth. Moreover, the government assisted mortgage holders of the period leading to the crash and after it with huge money transfers from the state's budget. The measures were severely criticised by the IMF. At the same time, the government somewhat hardened the austerity measures of the previous government for the 2014 budget, especially for education and research.

In general, the three Icelandic governments in office since the 2008 crash have tried to protect the welfare state and the education sector despite severe cuts in these fields. On the other hand, the Left and Right disagree on whether or not to raise taxes and prioritize differently when it comes to austerity measures. Iceland's preferred options at the European level differ according to this Right-Left divide and the Pro and Anti EU divide. Hence, the pro-Europeans are for EU intervention and greater power for supranational authorities while those who oppose Iceland's membership oppose such moves.

The possibility of a UK exit makes it harder for the pro-Europeans to advocate their cause

Baldur Thorhallsson

The media closely follows the EU debate in the UK. Discussions about the possible UK exit from the Union make it more difficult for the pro-European forces in Iceland to advocate their cause. The Icelandic No-movement is active in inviting speakers from the UK, who oppose EU membership, and advise Icelanders not to join the Union. They often receive considerable attention in the media partly due to their strong views towards the question of EU membership. The No-movement portrays the negative discussions about the EU and possible withdrawal of the UK from the Union as a triumph for their cause.

On the other hand, there is considerable misunderstanding among ministers, parliamentarians, journalists and the general public about the EU debate in the UK. For instance, many believe that the British Conservative Party is against membership of the EU and that its leaders are trying to find a way to leave the Union. Hence, the debate is not very informative. In fact, this is the case with the EU debate in Iceland, in general. Opponents of Iceland's status as a candidate country would welcome the UK's exit from the EU. Hence, they would welcome the re-entry of Britain into EFTA and its possible EEA membership. They regard Britain, as a non-member of the EU, as a potential Icelandic ally. If the UK were to leave the EU it would be even harder for the pro-Europeans to convince voters that it would be in the interest of Iceland to join the Union.

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