



HÁSKÓLINN Á BIFRÖST
BIFRÖST UNIVERSITY

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Will Iceland make it to the EU?

Dr. Eiríkur Bergmann

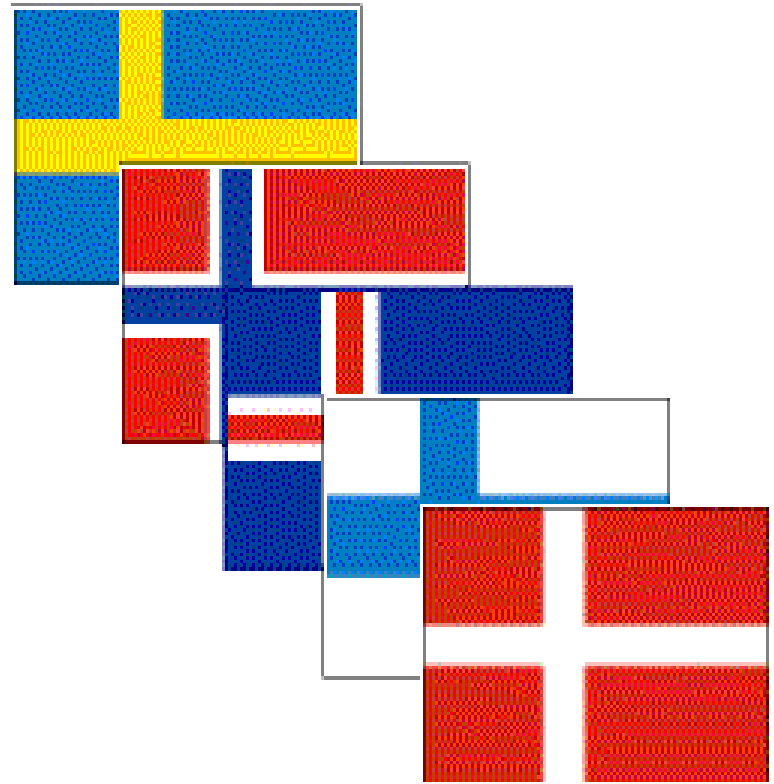
Associate professor

eirikur@bifrost.is



The Nordics

- Differing paths of integration
 - All reluctant, but willing participants
- EU
 - Denmark 1973 (no to euro)
 - Sweden 1995 (no to euro)
 - Finland 1995 (with euro)
- EEA
 - Norway (no to EU in 1973 and 1994)
 - **Iceland** (only applied in 2009)



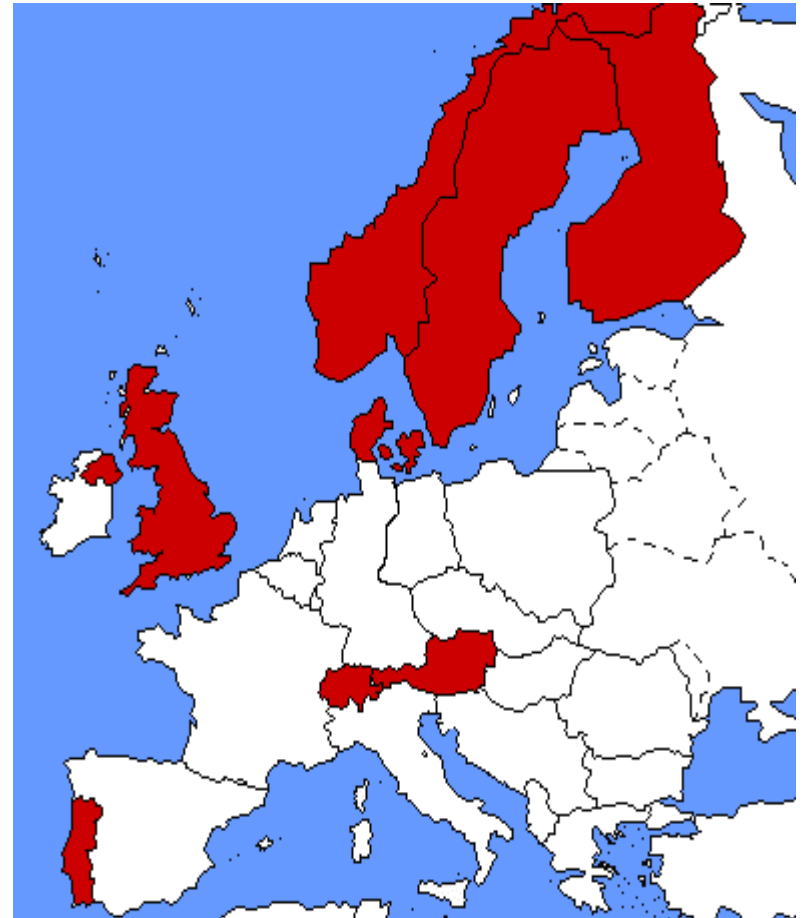
Foreign policy in 3. circles

- The European circle
 - The Nordic cooperation and heritage
 - EFTA, EEA, Schengen
 - Relationship with the UK
 - Council of Europe
- The atlantic circle
 - Special relationship with USA
 - NATO
 - Defence agreement with the US
- Rest of the world
 - United nations
 - WTO and free trade



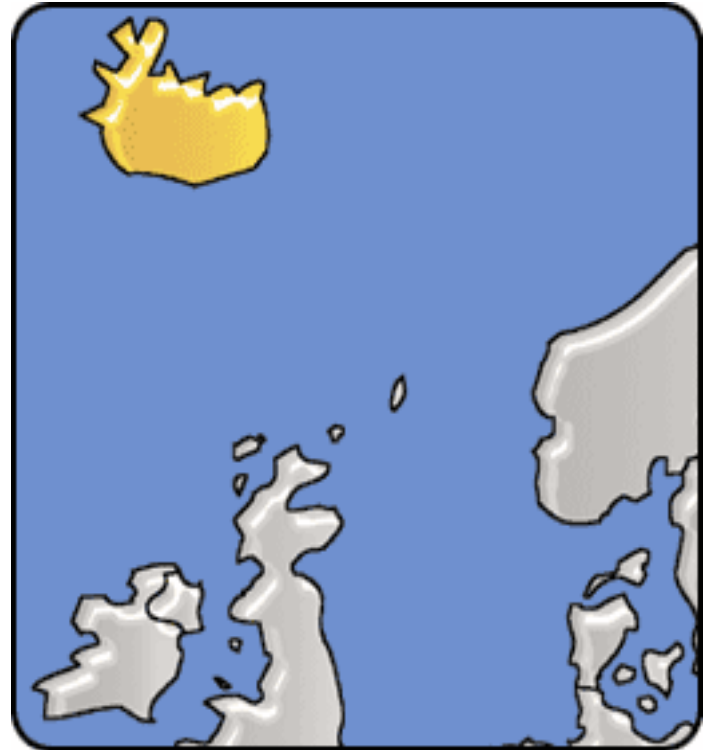
Main steps on the way to Europe

- *(Independence in 1944)*
- Europe first on the agenda in the '60's
- EFTA since 1970
- Free trade agreement 1973
- EEA in 1994
- Schengen 2001
- EU membership debate since 2001
- Separate debate on the euro since 2008
- EU application in 2009



Reluctant participant in the European project

- Why does Iceland accept real transfer of decision making to Brussels through the EEA but not formal and full membership in the EU?



What keeps Iceland out?

- Interests
 - The fish factor: EU fisheries policy unacceptable?
 - Cost of membership?
- Ideas
 - Importance of the Icelandic nation state?
 - Discourse of the independence struggle?
 - Understanding of the Icelandic nation?
- Other factors
 - The atlantic link?, cod wars?, geographical isolation?, smallness?, composition of the political elite?, electoral system?



Importance of sovereignty

- Special understanding of the Icelandic nation and its sovereignty
- Conservative nationalism, not liberal
- Sovereignty of the nation, not the individual
- Arguments drawn back to the colden age



Ever lasting struggle

- Sovereignty Vs. Fisheries
 - Fish becomes representative of Iceland's sovereignty
- What does Iceland's sovereignty really mean?
 - Self rule
 - Yes, very much so
 - Right to take part in international organizations
 - Not as important



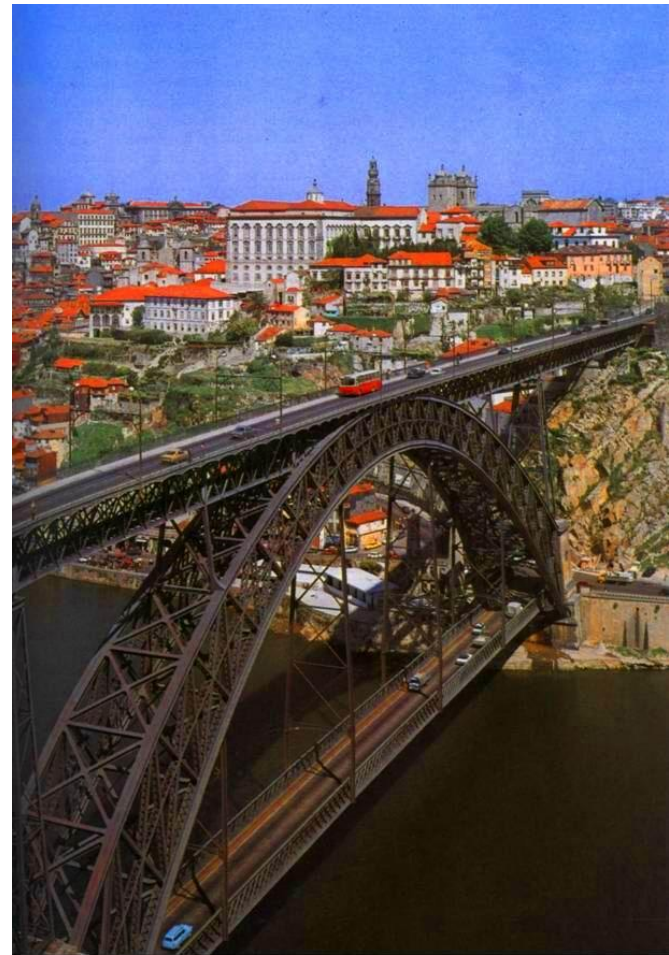
Forces at play

- The spillover effect
 - Pressure to take part
 - (EFTA, EEA, Schengen, etc.)
 - Industries calling for the euro
 - Bilateral agreement or even unilateral euroization
- Importance of sovereignty
 - Importance of formal sovereignty created in the independence struggle has hindered Iceland from joining any supra-national organization



Informal participation

- Gap between formal and informal integration
- EU: Formal transfer of sovereignty
 - Does **not** fit within the framework of the political discourse
- EEA: No formal transfer of sovereignty, but still real transfer of decision making
 - **Does** fit within the framework of the political discourse



EU membership?

- The political delemma:
 - Euro sceptic right (independence party mostly against)
 - Very Euro sceptic left (Left greens also mostly against)
 - Pro European centre (Social democrats for, progressives undecided)



The financial crisis

- Open financial market with EEA since 1994
- Privatisation of banks
- Financial sector 14 times larger than the economy
- ISK too small
 - Backed up by only 300.000 people
- The half way solution does not work
- EU application in July 2009





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