

## TO THE EDGE OF NOWHERE?

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### U.S.-Icelandic Defense Relations during and after the Cold War

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**I**n May 1951, the United States and Iceland signed an agreement on the permanent presence of American forces on the island. The arrangement was in many ways momentous. For the first time in its history, the United States had made a bilateral defense pact with another state.<sup>1</sup> Also, troops were stationed in Iceland in peacetime for the first time since the settlement of the island over 1,100 years ago. When the first contingent arrived, a Bank of England official who dealt with Icelandic matters in London summed up the significance of its appearance by saying that from now on the Icelanders, having survived for so long without permanent military forces, would live in “the shadow of the Superfortress.”<sup>2</sup>

Mutual interests seemed to lie behind the making of this new defense relationship. Spurred on by the tension between East and West, the authorities in Reykjavík felt that the Icelanders, without a military of their own, needed effective protection from the Soviet Union. At the same time, the United States wanted to establish a base in Iceland, both to aid offensive operations in a possible war and to watch Soviet movements in the North Atlantic. Nonetheless, the

bond was often strained. The relationship was obviously a marriage of convenience. The Icelanders were a “reluctant ally,” resentful over the need to have foreign troops on their soil but apparently determined to make the most of it, materially and politically.<sup>3</sup> For their part, the Americans sometimes disliked the hostility and opportunism that they claimed to encounter in Iceland.

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Unsurprisingly, the end of the Cold War upset the balance of interests in the U.S.-Icelandic union. Throughout the 1990s, forces in Iceland were reduced, most notably by the withdrawal of a number of F-15 fighter jets; in May 2003, the American ambassador in Reykjavik notified the Icelandic government that within a month all the remaining aircraft would be removed. The Icelanders adamantly protested and argued that the defense of the island would not be credible without the planes. The American authorities agreed to postpone and reconsider the proposed departure of the F-15s, but the Icelandic bargaining position had clearly deteriorated since the Cold War era. Thus, it had to be asked why the United States should maintain its forces there. The whole basis for that presence seemed to have disappeared.

#### THE ARRIVAL, DEPARTURE, AND RETURN OF U.S. TROOPS, 1941–1951

In May 1940, British forces occupied Iceland, then a sovereign state within the Kingdom of Denmark. The following summer (a good six months before Pearl Harbor), the United States, anxious to assist Britain in the Battle of the Atlantic, took over the protection of Iceland.<sup>4</sup> In a matter of a few years, Icelandic society

#### ARMY AIR CORPS P-40s IN ICELAND, 1941



Iceland Defense Photograph

was transformed. Before the war, Iceland had been among the poorest countries of Europe, isolated and struggling with the effects of the Great Depression. But suddenly unemployment vanished and the Icelanders prospered, more or less protected from the horrors of war. Icelandic seamen suffered most, as they sailed in the submarine-infested North Atlantic, carrying fish to Britain for Lend-Lease dollars and bringing goods from

the United States on favorable terms. Runaway inflation was an unfortunate side effect; furthermore, the Icelanders found it hard to accept the new arrivals on the island. More than fifty thousand troops were stationed among its 130,000 inhabitants, and although relations with the locals were on the whole

satisfactory, the foreigners realized that they were not welcome. Charles S. Minter, a U.S. Navy pilot in Iceland during the war who was to end a distinguished career as a vice admiral, later recalled that Icelanders “were very standoffish. As a matter of fact, more than standoffish. I think they really resented our presence there, and that’s not too difficult to understand. We were a sizeable military presence.”<sup>5</sup>

As the war progressed, the strategic importance of Iceland was confirmed, and American statesmen came to the conclusion that after the end of hostilities and the departure of U.S. forces, the United States would still need facilities on the island. In 1945–46, Washington rather clumsily insisted on a long-term lease of bases, which the authorities in Reykjavík rejected. Iceland had declared full independence from Denmark in 1944, and the general public would almost certainly have condemned a pact of that kind. Instead, the two sides made the compromise that U.S. civilian contractors would run Keflavík Airfield, the main base during the war and a vital stepping-stone for airplanes flying across the Atlantic. This agreement, it has been said, “amounted only to a minimal concession, but under the circumstances the United States could be grateful for having maintained any foothold in Iceland, albeit a tenuous one, which could hopefully serve as a ‘point of departure’ for a later solution.”<sup>6</sup>

The deficiencies in this arrangement were quickly visible. To begin with, security at Keflavík was utterly inadequate. Pilfering and black marketeering upset the Americans.<sup>7</sup> More ominously, however, a hostile power could obviously capture the airport. In early 1948, when the communist coup in Prague caused great anxiety in Western capitals, the foreign ministers of the Scandinavian countries told their Icelandic colleague Bjarni Benediktsson “how fortunate Iceland was to be situated out in the Atlantic.” But the open sea was no longer a sure protection, as indeed the recent war had demonstrated. “I would be much happier if Colonel Snyder [that is, U.S. forces] were still here,” the American chargé d’affaires in Reykjavík remarked when Benediktsson told him of the conversation.<sup>8</sup>

At the same time, the United States strove to strengthen Iceland’s ties with the Western camp by giving the country a generous share of Marshall Plan aid.<sup>9</sup> Most Icelanders were aware as well of the irrevocable split between East and West and the strategic significance of Iceland. In 1949 the country became a founding member of NATO, the North Atlantic alliance. Still, Icelanders considered alignment in the struggle between the superpowers a necessary evil, not a welcome change. The pro-Moscow Socialists, who regularly polled up to a fifth in elections, worked against any military cooperation with the West.<sup>10</sup> Thus, the reappearance of American forces, which the authorities in Washington considered highly desirable, if not vital, would hardly be accepted in Iceland.<sup>11</sup> However, the outbreak of the Korean War in 1950 proved to be a catalyst, as had the

Czech coup. All political parties in Iceland, with the obvious exception of the Socialists, grudgingly concluded that the island could no longer remain defenseless.

#### “FISH HEADS” AND “*HERRENVOLK*,” 1951–1956

When the U.S. forces returned in 1951, they were admitted only under a set of stringent conditions. The Icelanders, remembering the negative aspects of the wartime presence, insisted on restricting freedom of movement for military personnel, especially the lowest-ranking soldiers. A sad sign of the times and of Iceland’s insular apprehensions about everything foreign was the insistence that “no colored troops” be sent to the island.<sup>12</sup> In general, apart from a staunchly pro-Western minority, American diplomats and officers in Iceland got the impression that the population was not sympathetic to the U.S. presence.<sup>13</sup> The Americans were even referred to behind their backs as “*Herrenvolk*,” wrote a British official after a visit to Reykjavík in 1952.<sup>14</sup>

As in the war, however, the military base became an important part of the Icelandic economy, quickly accounting for almost 10 percent of the national income and 20 percent of foreign currency receipts. The inflationary consequences of construction and well paid jobs at the base were easily offset by these economic benefits.<sup>15</sup> Moreover, the strategic importance of the island aided the Icelanders in their dispute with Britain over their extension in 1952 of fishing limits from three to four nautical miles. British fishermen, driven from their favorite fishing grounds, retaliated by imposing a ban on the landings of fresh fish from Iceland. The ban was bound to hurt, because fish accounted for more than 90 percent of the country’s exports. At this juncture, the Kremlin sensed a way to play on fissures in NATO and offered Iceland a lucrative oil-for-fish agreement. Suddenly, the Soviet Union became one of the country’s largest trading partners.<sup>16</sup>

American officials were unhappy that the Icelanders had decided to trade to such a degree with the enemy. Nevertheless, they understood the situation and managed to increase Icelandic exports of fish to the United States—by, for instance, refusing to impose countervailing duties for which the New England fishing industry was calling. In 1955, President Eisenhower even asked why the United States did not “buy up the entire export of Icelandic fish.”<sup>17</sup> While this breathtaking idea was never seriously considered, American officials put increasing pressure on Britain to have the embargo lifted. By 1956, the British authorities were at last prepared to accept defeat in the fishing limits dispute. As the cabinet in London concluded, its prolongation would “increase the economic dependence of Iceland on the Soviet bloc; it would also strengthen the hands of the communists in Iceland, whose aim is to deny the United States the

use of the vital air base at Keflavík and to bring about the withdrawal of Iceland from the North Atlantic Treaty Organisation.”<sup>18</sup>

The end of the fishing conflict was, of course, welcomed in Washington. An important friend had been kept in the allied camp. On the other hand, displeasure with Icelandic attitudes remained intact. American soldiers at Keflavík referred to the locals as “fish heads,” and a fair number saw their hosts as only “a bunch of Commies and hostile nationalists who never show the slightest cordiality toward an American.”<sup>19</sup> The British minister in Reykjavík complained of the “arrogant and discourteous way in which [the Icelanders] treat the Americans here.”<sup>20</sup> The hostility may have been exaggerated, and in any case it was probably based to a certain degree on a minority complex, deep-rooted isolationism, and resentment over the need to be reliant on foreign forces. Nevertheless, it begged the question, as the commander of the Iceland Defense Force pointed out in early 1956, of whether the United States could “afford to continue to face and to endure passively an unfavorable public opinion toward its Defense Force in Iceland.”<sup>21</sup> Around the same time, the Operations Coordinating Board, an agency that reported to the National Security Council, wondered whether it might be better to leave before being asked to go. The board asked the Joint Chiefs of Staff “to reexamine the military necessity of the base versus the political considerations of its continued operation.”<sup>22</sup>

### THE CRISIS OF 1956

In early 1956, the Social Democrats and the Progressive Party, both situated near the center of the political spectrum in Iceland, decided that the world situation had improved to such a degree that U.S. forces could safely leave Iceland. The country would remain a member of NATO, but the Icelanders would run Keflavík airport. In Parliament, the Socialists were only too pleased to support a resolution of this kind. The ruling coalition of the Progressives and the right-wing, pro-Western Independence Party came to an end, and elections were scheduled for the summer.<sup>23</sup>

Predictably, this turn of events caused a fair degree of anxiety in Western circles. American officials concluded that having Icelandic civilians in charge of the base was wholly unrealistic. Within NATO, the Icelanders were told that Soviet capabilities for a surprise attack were much greater than they had been a few years before, when no troops were in the country.<sup>24</sup> In Washington, the Joint Chiefs of Staff insisted that a departure from Iceland would be “unacceptable.”<sup>25</sup> Clearly, the island’s military importance had, if anything, increased over the years.

The Americans were deeply disappointed, therefore, when the elections in Iceland led to the formation of a left-wing coalition of the Progressive, Social Democrat, and Socialist parties. Before the elections, the Operations

Coordinating Board had tentatively recommended that if the results were unfavorable, the U.S. administration turn from the friend of Iceland to foe and work for a “prompt cutoff of earnings from base . . . and possible expulsion from NATO.”<sup>26</sup> When the outcome was clear, the United States urged other Western allies to offer the new government no support, “whether moral or economic.”<sup>27</sup> The coercion would, it was apparently hoped, “force through a change of government in Iceland.”<sup>28</sup>

The Icelanders seemed to be facing the full fury of the United States. However, U.S. officials soon realized that in spite of the preelection pledges, the Progressives and the Social Democrats might be willing to reconsider their stand, provided that Iceland would receive much-needed economic assistance. U.S.-Icelandic negotiations began and were proceeding satisfactorily when the Soviet invasion of Hungary secured the continued operation of the Keflavík base. Simultaneously, the Icelanders received a generous loan from the United States. Although historians disagree as to the extent to which financial inducement affected the turn of events, all accept that it played some role.<sup>29</sup> In Washington the impression was certainly created that (as expressed in 1971) “we preserved the military agreement status quo by agreeing to provide Iceland with \$9 million in loans.”<sup>30</sup>

In 1957, only a year after the crisis over the Keflavík base, the Icelandic government again secured Western loans, this time at least partly by pointing out that assistance would otherwise have to be sought in the East.<sup>31</sup> The need for goodwill was clear, but resentment certainly arose over the Icelandic negotiating tactics. “Is Iceland blackmailing us?” asked an exasperated National Security Council official in August 1957.<sup>32</sup> Canadian and British diplomats asked the same question, and the British ambassador in Reykjavík heartily asserted that “blackmail” was the right word for Iceland’s relations with the West.<sup>33</sup> He also summed up the country’s relations with the United States like this:

- We want your money
- You can have our base
- We do not want the American way of life.<sup>34</sup>

In fact, however, “blackmail” is too strong a word to describe Icelandic attitudes toward the base. When it came to the crunch, a majority of Icelanders sincerely felt that they needed the American presence. Nonetheless, they consciously (ab)used the relatively strong popularity of the political left in Iceland, as well as the island’s strategic importance, to secure economic assistance and political goodwill in the fight for widened fishing limits, a vital Icelandic interest.

### COD WAR AND FIGHTER JETS, 1958–1962

In the following years, British statesmen and officials felt that it was their turn to be the objects of Icelandic intimidation. In the spring of 1958, Iceland announced that it was going to extend its fishing limits to twelve miles, thereby further excluding British trawlers from rich fishing grounds. Britain condemned the move. At a meeting of NATO foreign ministers, both the British and Icelandic representatives stressed that they could not budge an inch (not to mention a mile) from their respective positions. During the Icelandic minister's speech, Selwyn Lloyd, the British foreign secretary, passed a slip of paper to John Foster Dulles, the American secretary of state, saying that in the past Britain would simply have broken off diplomatic relations and sent a battleship. "Now they dare not break relations and have no battleship," Dulles thought to himself. Apparently, Britain did not dare in any case; the Icelandic foreign minister claimed in private that unless his government took some such action as it was taking, "the Communists will take over."<sup>35</sup> The pro-Western parties in Iceland were unhesitatingly using—and exaggerating—communist power to insist that their hands were tied on the issue of fishing limits.

In Washington, President Dwight D. Eisenhower, after a brief look at reports from the NATO summit, was reminded of Bismarck's expression, "the tyranny of weakness."<sup>36</sup> **The Icelanders were so feeble that they could not be fought, for that would be bullying, and their allegiance was strategically vital.** Nonetheless, when the extension took effect Britain decided to contest this "encroachment" on the high seas, by sending the Royal Navy to the disputed waters to protect British trawlers from harassment by Icelandic gunboats. Thus began the so-called Cod War. Immediately, Icelandic statesmen and diplomats declared that both Iceland's membership in NATO and the American presence on the island had come under threat. In private, Paul-Henri Spaak, NATO's secretary general, was so angry at such announcements that he insisted that "whatever Iceland's strategic value to the Alliance, it would be a grave mistake to give way before such blatant blackmail on the part of small countries."<sup>37</sup>

Still, Iceland's gamesmanship was successful. In 1961, London had to accept the twelve-mile limit. In the words of Sir Patrick Reilly, one of the British diplomats who negotiated the settlement, **"We were dealing with skillful and at times unscrupulous negotiators, who made good use of what was in fact political blackmail.** . . . If we resumed naval protection, this [Icelandic] government would call for American support, which would be refused. They would then turn to the Russians, would leave NATO, denounce their Defence Agreement with the U.S. and demand the removal of the American Base, all of which would be a very severe setback for the West, which Khrushchev would exploit gleefully."<sup>38</sup>

Thus, as before, Reykjavík turned Iceland's strategic importance into a political asset. Also as before, American officials argued that the United States must always be prepared to face the possibility of "having the roles and missions now carried out at the base performed elsewhere."<sup>39</sup> The image of a hostile and arrogant population also remained fairly strong in Washington.<sup>40</sup> Ultimately, however, all examinations of the value of facilities in Iceland led to the same outcome—that the island remained absolutely vital for U.S. and Western defenses.

Even so, by the late 1950s and early 1960s American military thinkers felt that the threat to Iceland itself had diminished. From 1951, U.S. Army, Navy, and Air Force units had been stationed at Keflavík, but in 1957 the Pentagon recommended that the ground troops (around 1,200) be withdrawn, due to decreased danger and increased budget limitations.<sup>41</sup> The authorities in Reykjavík might have been expected to welcome the willingness in Washington to reduce the military presence at Keflavík, but some politicians warned that the defense of Iceland had to be credible.<sup>42</sup> In other words, the soldiers should not be allowed to leave the base very often, but they had to be there in adequate numbers to protect the Icelandic people. Such considerations delayed the departure of the Army units until 1959.

In these years, the strategic need for facilities in Iceland was also changing. The need increased in connection with the establishment of submarine surveillance along the GIUK line (from Greenland, via Iceland, to the United Kingdom); in addition, Iceland became a key link in the North American Early Warning System.<sup>43</sup> Simultaneously, however, technological advances made a "stepping-stone" in the mid-Atlantic no longer as vital for the U.S. Air Force as it had been. In 1961, the Air Force relinquished the Keflavík base to the Navy. Further, however, because not only had technology advanced but the threat of a Soviet attack on Iceland had apparently lessened, the Air Force leadership called for the withdrawal of the 57th Fighter Interceptor Squadron from the island. The episode that resulted is especially interesting in light of the most recent developments.

The Icelanders were to be told that the safety of Iceland would not be jeopardized by the move, since the United States had substantial forces elsewhere that could be deployed "in a matter of hours." Furthermore, U.S. officials argued that the removal of the fighter jets would "re-emphasise to the Soviets our intention not to use Iceland as an air offensive base, thereby reducing the probability of Soviet attack upon Iceland in case of open hostilities."<sup>44</sup> At the height of the Cold War, that argument was not especially convincing. The U.S. Navy, for one, was not won over. A Soviet surprise attack could never be totally discounted, the Commander in Chief, Atlantic insisted when the idea was first suggested. The

proposal having come so soon after the Army's departure, he argued, "it will appear that we are using the island purely as a forward outpost for ASW [antisubmarine warfare] and for early warning for defense of the North American continent."<sup>45</sup> Indeed, Icelandic statesmen used that argument to protest the suggested change: "A single plane could without hindrance penetrate into Icelandic territory and drop saboteurs or even bomb Reykjavík."<sup>46</sup>

In 1962 the decision makers in Washington resolved to put in abeyance all plans for the removal of the fighter jets. Political reasons outweighed either economic considerations or a realistic assessment of the direct threat to Iceland. The jets remained at Keflavík primarily to "insure continuation of U.S. base rights in Iceland," as Curtis LeMay, chief of staff of the U.S. Air Force, put it.<sup>47</sup>

#### "A COUNTRY SO DEPENDENT ON FOREIGNERS"

U.S.-Icelandic relations entered a more stable phase after the end of the Cod War and the decision to continue the presence of the fighter squadron. The comparatively strict restrictions on movements outside the base still caused some resentment in American circles, however, and the Icelandic segregation policy proved embarrassing at times. The authorities in Reykjavík maintained their objections to nonwhite personnel, only reluctantly agreeing to the arrival of "three or four" Americans of color, provided they were "carefully selected" family men. Yet when this policy of discrimination became public knowledge in the United States, the Icelanders refused to admit that they were responsible for it.<sup>48</sup>

A shortage of housing on the base, which meant that a considerable number of military personnel had to be accommodated in nearby towns, continued to cause bitterness on the Icelandic side. The resentment toward American influence also manifested itself in quite fierce objections to the television station at the base. Until 1966, Iceland did not have its own TV station, and thousands of Icelanders received broadcasts from the base. Prominent intellectuals condemned this "Americanization," however, and found support for that view in government circles. The problem was solved only in 1974, when the U.S. forces began to operate a cable broadcasting system.<sup>49</sup>

At that stage, a crisis in U.S.-Icelandic relations, similar to the events of 1956, had just come to an end. In 1971, a new left-wing coalition came to power in Reykjavík, supposedly determined to get rid of the American forces in Iceland. Although American officials had the impression that a satisfactory compromise could be reached, they realized that it would come with a price. For instance, Icelandic Airlines was given concessions that enabled the company to offer cheap transatlantic flights via Iceland. Other airlines regularly voiced displeasure over this preferential treatment, but as the State Department concluded in late 1972, "at this point, the last thing the U.S. should consider doing is altering Icelandic Airline's

current, favored status. This would be an incredibly severe blow to Iceland, a step guaranteed to damage bilateral relations and to terminate U.S. base rights.”<sup>50</sup>

Once again, the issue of fishing limits now became entangled with military matters. The new government extended Iceland’s fisheries jurisdiction to fifty miles, triggering another Cod War with Britain. The rulers in Reykjavík declared that an agreement on the future of the Keflavík base was inconceivable as long as British warships were in the disputed waters.<sup>51</sup> By May 1973 tension had become quite high, and the Icelanders were threatening to fight Britain to the end. Henry Kissinger, national security adviser in the Richard Nixon administration, visited Reykjavík, where he found that he could not but admire the “turbulent tiny country threatening to make war against a nation 250 times its size and to leave NATO (without which it would be defenseless).” The audacity, wrote Kissinger later, “said volumes about the contemporary world and of the tyranny that the weak can impose on it.”<sup>52</sup> Others agreed. Charles Minter (who had flown in Iceland during the Second World War), now an admiral and deputy of the Military Committee in NATO, later said of the Icelanders, “They didn’t really blackmail NATO, but it came awful close to it.”<sup>53</sup>

In late 1973, this fishing conflict ended in a compromise, heavily favorable to Iceland. Although the British side was always fighting a losing battle, the general feeling in Britain was that the authorities in London had given way “in exchange for a NATO base,” as one member of Parliament would later remark.<sup>54</sup> Once more the Icelanders had reaped benefits from their island’s importance in the struggle between East and West. As before, U.S. officials complained about the tendency in Reykjavík to exploit this state of affairs. In late 1973, when the Cod War was over but the future of the Keflavík base was still to be decided, Frederick Irving, the energetic and capable U.S. ambassador in Iceland, sought to impress on the country’s leaders that their behavior represented “an arrogance which does not fit a country so dependent on foreigners for its livelihood.”<sup>55</sup> Irving also argued that while “both countries need each other, . . . in the long run Iceland needs the U.S. more.”<sup>56</sup> In other words, he felt that the Icelanders, at least those who claimed to be pro-Western, should start acting like a true ally and friend.

In Iceland, conversely, the United States had come under considerable criticism for not having done more to aid the country in the Cod War. In their view it was the United States that should be showing solidarity. Ólafur Jóhannesson, the Progressive Party prime minister, had insisted that “as [a] great power, one crook of USG’s [the U.S. government’s] little finger could bring [the] U.K. around.”<sup>57</sup> Staunch supporters of NATO and the United States therefore had a difficult time in Iceland during the Cod War. Increasingly, the Americans were denounced as poor friends in time of need; unless they intervened on Iceland’s behalf in the Cod War, they should just pack up and leave.<sup>58</sup>

In private, however, Icelandic statesmen and officials would usually acknowledge the economic benefits of the American presence in Iceland: it represented a safe source of foreign income and employment on the base, as well as a free international airport. The nonsocialist members in the Icelandic coalition also accepted that the country could not be without Western defenses of some

**FRIGATE HMS YARMOUTH AFTER A COLLISION WITH AN ICELANDIC COAST GUARD VESSEL, 1976**



kind. For instance, Prime Minister Jóhannesson told Irving that he felt it “unrealistic to have an unarmed airport because of terrorism and because of the ease with which unfriendly elements could seize the airport.”<sup>59</sup>

Thus, while Jóhannesson certainly wanted to see a reduction in the American presence at Keflavík (if only to keep his coalition together), he did not like one of the ways that Washington suggested meeting that demand—that is, the old idea of

withdrawing the 57th Fighter Interceptor Squadron.<sup>60</sup> Similarly, the leader of the right-wing Independence Party reminded Ambassador Irving in no uncertain terms that the party supported the stationing of U.S. forces only insofar as they provided a “direct defense of Iceland.”<sup>61</sup>

In 1974, a center-right coalition assumed power in Reykjavík, and in the fall of that year the United States and Iceland reached an agreement on the continuation of the Defense Agreement of 1951. Military personnel at Keflavík would be reduced, and replaced in certain areas by Icelandic citizens. More members of the U.S. forces were also to be housed on the base itself, and the United States pledged to finance an expensive upgrade of the airfield at Keflavík.<sup>62</sup> The fighter squadron, of course, remained intact.

**THE FINAL COD WAR, 1975–1976**

The U.S.-Icelandic defense relationship seemed set for the foreseeable future. Once more, however, fish upset everything. In 1975, the new government in Reykjavík declared an exclusive economic zone of two hundred miles, and

Britain responded yet again by sending in the Royal Navy. Cod War III was a nasty affair, with a number of serious collisions between British warships and Icelandic coast guard vessels. By early 1976 the Icelanders had become so infuriated that they broke off diplomatic relations with London (the only such instance between two NATO states to date). Iceland's membership in the alliance appeared to be in jeopardy, and so was the American presence on the island. Icelandic citizens blocked roads to U.S. radar stations and even looked ready to blow up radar masts unless the "aggression" by Britain, a "supposed" ally in NATO, immediately ceased.<sup>63</sup> Likewise, Ólafur Jóhannesson, by now minister of justice, told Ambassador Irving that the United States must take on "an active and visible defense of Iceland against the British." He realized perfectly well that the U.S. forces at Keflavík would never fight British frigates; he was primarily conveying the message that unless the United States put pressure on Britain to withdraw its warships, Icelandic support for NATO and the base would disappear.<sup>64</sup>

Irving spoke with equal firmness: "I told Jóhannesson . . . that it appeared Iceland was trying to flex muscles it really does not have, and reminded him that USG [the U.S. government] does not succumb to 'blackmail.' I also suggested that he not delude himself that the IDF [the U.S. Iceland Defense Force] is not vital to the security of Iceland, and I cautioned him not to jeopardize that security." Furthermore, while stressing that his words were not to be taken as "threats or predictions," Irving, as he later reported, underlined to Jóhannesson in a long monologue the economic benefits that the Icelanders would lose if they expelled the U.S. forces:

- a. All construction at IDF would naturally stop, hitting Iceland the hardest at a time when Iceland expects unemployment to develop. . . .
- b. Iceland earns approximately \$26 million a year in foreign exchange from IDF operations which just happens to be the amount of its reserves in good times and which this year has been of indescribable advantage. It is a cushion Iceland denies it needs but is always glad to have.
- c. If IDF is forced to withdraw, Iceland's security would be so endangered that its financial credibility with foreign lenders could be shakier than it is now.
- d. Icelandic Airlines currently enjoys an attractive concession from USG. There would be serious question whether this concession should be continued. . . .
- e. If Iceland . . . left NATO, and forced out the IDF, there was no reason to believe Iceland would be better off on the fishing grounds than now. In my opinion, most likely worse.
- f. Iceland's largest customer of fish is U.S. If Americans became angry enough over Iceland's action, we could conceivably look elsewhere for suppliers. If USSR offered to fill the gap and take Iceland's fish [as in the 1950s], it will not be without disadvantages to Iceland.<sup>65</sup>

According to Irving, the United States would—if necessary—be prepared to call Iceland’s bluff on the Keflavík base. American officials had grown tired of the constant threat that unless they acceded to Icelandic demands, whether on fishing limits or economic assistance, the Iceland Defense Force might have to leave the island. In May 1976, State Department officials warned that the day might come when “the price tag gets beyond our means.”<sup>66</sup> Consequently, President Gerald R. Ford decided that a study should be undertaken of “the political, military, and intelligence importance of Iceland to the U.S. and NATO.” The study would, for instance, consider the military significance of the Keflavík facilities, the options and costs of relocation, the trade-offs in political and economic cost, legal obligations that might have been incurred in past agreements with Iceland requiring the provision of assistance, and the need for, types, and costs of possible assistance to Iceland, including appropriate legislative authority and sources of U.S. or allied funding of any such assistance.<sup>67</sup>

In June 1976, the Cod War ended, with an Icelandic victory. Britain had been struggling against the tide. The law of the sea was undergoing rapid changes, and later in the year the European Community (including Britain itself) adopted a two-hundred-mile exclusive economic zone. Furthermore, a victory in the disputed waters could only be achieved by capturing or sinking Icelandic coast guard vessels, and that option was always ruled out for political and strategic reasons.

The tension in Iceland’s relations with its Western allies eased, and considerations in Washington about having to leave the island no longer seemed as pressing. In any case, it was widely accepted that the “price tag” for doing so would be high. In public, NATO’s secretary general, Joseph Luns, calculated that it would be hugely expensive to establish the necessary observation facilities elsewhere, “and still this new system would not be as secure and perfect.”<sup>68</sup> Throughout the decade the perceived need for solid surveillance and reconnaissance in the North Atlantic had increased as the Soviet naval buildup continued and the USSR made regular flights over and submarine passages through the waters off Iceland.<sup>69</sup> Hence, as long as Icelandic demands for political or economic support did not become absolutely intolerable, the need for a base on the island outweighed the difficulties of dealing with the “reluctant ally.”

#### TABLES TURNED? THE POST–COLD WAR ERA, 1989–2003

From the late 1970s to the end of the Cold War, U.S.-Icelandic relations were more stable and amicable than ever before, or since. The American presence in Keflavík ceased to be of primary importance in Iceland’s domestic politics. The fear of foreign influence and “Americanization” greatly subsided, and no further fishing disputes occurred. While the United States called for increased “burden

sharing” by European allies, it remained willing to carry the cost of various improvements at Keflavík airport. After all, as the Icelanders were still apt to point out, the location that Iceland offered was extremely valuable to the United States.

Then the Cold War came to an end. The communist threat disappeared, and the need for military facilities in Iceland dropped dramatically. As Colin Powell, then chairman of the Joint Chiefs of Staffs, later recounted:

On one occasion, I suggested to the Admiral in charge of the Atlantic Command that we remove our AWACS [Airborne Warning and Control System] planes from Iceland and send them to look for drug-running aircraft in the Caribbean. He fought me tooth and nail. I pointed out that the only Soviet bombers now approaching the United States from the direction of Iceland were those on their way to an open house at their new “sister” unit at Barksdale Air Force Base in Louisiana. He was unpersuaded, so I just took the planes away without further argument and reassigned them to the drug beat.<sup>70</sup>

### E-3A AWACS AIRCRAFT AND F-15 ESCORT OVER ICELAND



Iceland Defense Photograph

Bigger changes lay ahead. In early 1993, the State Department notified the authorities in Reykjavík that the United States wished to reduce the forces in Iceland by a third, to around two thousand military personnel. The 57th Fighter Interceptor Squadron—now equipped with F-15s—was also to be withdrawn from Iceland, along with a helicopter rescue squadron and a group of tanker aircraft.<sup>71</sup>

By this stage the number of fighters at Keflavík had already been reduced to twelve and the U.S. Air Force concurred with the planned removal of the whole squadron. Just as in the early 1960s, however, the Navy felt that the defense of Iceland would not be credible without some fighter presence.

The State Department also came round to that view, especially after the Icelanders had commented on the proposed measures.<sup>72</sup> The original message from

Washington about the removal of the fighter jets had caused Icelandic decision makers to “shiver and shake,” as one journalist put it.<sup>73</sup> Since 1991, the Independence Party has been in coalition governments in Iceland, with the Social Democrats to 1995 and from then on with the Progressive Party. In the minds of the government’s leaders in 1993, the end of the Cold War had not changed the fundamental fact that the defense of Iceland was not credible without some aerial element. If the United States was to fulfill its obligations under the Defense Agreement of 1951, the fighters would have to stay. The definition of Iceland’s needs could not be solely an American matter, influenced to a large degree by financial pressures in Washington.<sup>74</sup> Moreover, the rescue helicopters had often proved vital during nonmilitary search and rescue missions; also, severe cut-backs at the base would result in a significant number of job losses in the neighboring towns. Icelandic officials did not use such arguments directly in talks with the U.S. side, but the facts almost inevitably influenced their position.

In 1994, a compromise was reached. The number of jets on station in Iceland dropped to between four and six, and other cost-cutting measures were implemented as well. The following year, the 57th Fighter Interceptor Squadron was relieved of its mission in Iceland and replaced on a rotational basis by aircraft from units in the United States.<sup>75</sup> In 1996, the understanding from 1994 was reaffirmed in an Agreed Minute, which was to last for five years.<sup>76</sup> On the one hand, the Icelandic authorities had achieved what they wanted—the continued presence of the fighter jets. On the other hand, the United States had carried through its intention to reduce costs at Keflavík.

The year 2001, when the 1996 understanding was due to expire, was the fiftieth anniversary of the U.S.-Icelandic Defense Agreement. Colin Powell, now secretary of state, used the occasion to affirm that the administration still felt that the Keflavík base and other facilities in Iceland were needed for the defense of the United States, as well as of Iceland.<sup>77</sup> Icelandic statesmen spoke in similar terms. They also warned, however, against the increasing desire in Washington to cut back the air defenses of Iceland. Prime Minister Davíð Oddsson declared, “There should be no military base here if it only serves as an observation and advance warning post for the United States and it does not serve what we define as the defense of Iceland. If the Americans reach the conclusion that they are unwilling to run a base which serves the interests of both parties, then it will simply be shut down. The situation is as simple as that and there is no threat involved in these words.”<sup>78</sup>

Discussions on an extension of the 1996 Agreed Minute and on other aspects of the U.S.-Icelandic defense relationship had not reached a conclusion when the events of 11 September 2001 occurred. According to a news report in Iceland, the U.S. administration requested a few months later that the fighter jets at

Keflavík be relieved temporarily so that they could take part in the protection of American cities. The request was promptly turned down, the same report stated.<sup>79</sup> Both the request and the rejection pointed to a clear divide in U.S.-Icelandic defense relations. In Washington, basing the fighters in isolated Iceland seemed an expensive waste of scarce sources; in Reykjavík the jets were deemed a vital deterrence in the new, unpredictable world.

### THE CRISIS OF 2003

In 2003, matters were brought to a head. In early May, James I. Gadsden, the U.S. ambassador in Reykjavík, notified Prime Minister Oddsson that the remaining fighter jets at Keflavík would be withdrawn within a month. The timing was clumsy, to say the least—parliamentary elections were to be held in Iceland the following week. Oddsson, who remained in power, kept the request secret through the elections, but once they were over he made clear his displeasure with the U.S. decision. Apart from the timing, Oddsson resented having to respond to an ultimatum from Washington. Throughout the 1990s the Icelandic government had followed a pro-American policy within NATO and the United Nations. In March 2003, furthermore, Iceland had become a member of the “coalition of the willing” in the war against Iraq. To one American observer of U.S.-Icelandic relations it seemed that while the wars in Afghanistan and Iraq demonstrated that it does not pay to be an enemy of the United States, “our behavior in Iceland shows that maybe it does not pay either to be a friend of the United States.”<sup>80</sup>

In Iceland, concerns about the loss of employment were again raised. “It was bad to have the Russians around, but worse to lose them,” said a trade union leader in the town of Keflavík.<sup>81</sup> As one member of the U.S. forces commented, there was some irony in the fact that “Iceland’s been complaining for years about Big Brother America invading their soil, but now this has happened they suddenly don’t want us to go.”<sup>82</sup> Economic considerations would not be paramount, however. “Iceland, which enjoys one of the highest living standards in the world, can easily cope with the economic consequences,” wrote Valur Ingimundarson, an Icelandic expert on U.S.-Icelandic relations.<sup>83</sup> The intended withdrawal of the jets forced the Icelanders to consider taking on themselves the defense of their country. But Iceland’s smallness made such ideas almost laughable. A nation of less than three hundred thousand people could not be expected, it was widely asserted, to maintain an active and credible air force in the North Atlantic.

Could not, then, the Icelanders simply accept the American assessment that the fighters could safely be withdrawn from Iceland because the Soviet threat was gone? “Here’s an analogy,” a senior official in Reykjavík replied to that question. “Just because you have an excellent record in fire prevention, you don’t

suddenly abolish the fire force.”<sup>84</sup> If Icelandic ministers could worry about “a single plane” attacking Reykjavík in the 1960s, it was understandable that they would do so after 9/11. As a European analyst pointed out, terrorists might consider a NATO country like Iceland a “soft target” if it were completely without permanent aerial defenses.<sup>85</sup> Thus, the Icelandic position was unchanged—the visible defense of Iceland was an integral part of the Defense Agreement with the United States. “In my opinion,” Premier Oddsson reiterated, “if the Americans remove unilaterally the main substance of the Defense Agreement, then the Agreement itself goes as well.”<sup>86</sup> The United States could not then have radar stations or antisubmarine aircraft in Iceland. In this sense, the Icelanders were once more trying to get the United States to act against its will in return for the use of facilities.

American strategists, indeed, still valued the surveillance and advance warning role that the country offered. There was never any mention of a total withdrawal from Iceland. Thus, the sharp Icelandic response led to some reevaluation in Washington. In June 2003, the deadline for removing the jets was dropped and high-level negotiations began, including an exchange of letters between Oddsson and President George W. Bush. Icelandic ministers had complained that officials in Washington tended to look at U.S.-Icelandic defense relations from a “narrow, technical point of view.”<sup>87</sup> They now hoped that increased attention at the highest levels would lead to a satisfactory solution.

But could Iceland possibly have its way against the United States? The country was “strategically on the edge of nowhere,” as one NATO official rather doily asserted.<sup>88</sup> Undeniably, Iceland had lost much of its leverage. In any case, as a highly placed Icelandic official asked in June 2003, “Does any state have a leverage in relations with the United States these days?”<sup>89</sup> American officials had already argued that four, six, or twelve jets could not avert a terrorist air attack on Iceland, and Icelandic journalists could easily find people in the Pentagon “who just cannot understand the threat assessment of Icelandic statesmen.”<sup>90</sup> Moreover, the United States was committed to a general reduction in its overseas forces. The Icelandic government’s only hope of keeping even four interceptors on the island seemed to be that the United States might still deem its facilities in Iceland—as well as the country’s general support on the international scene—important enough to warrant their permanent “political” presence.

In August 2003, a provisional compromise was reached. The Bush administration declared that the F-15s at Keflavik would stay for the time being and that a final decision on their future would be made in connection with the general revision of U.S. forces in Europe.<sup>91</sup> Thus ended, at least for the time being, the greatest crisis in U.S.-Icelandic relations since the turbulent days of Cod War and Cold War.

### RESPECT FOR THE OPINION OF OTHERS

During the Cold War era, the U.S.-Icelandic defense relationship illustrated how a minor party can sometimes have its way against its much more powerful ally. Such a state of affairs seems to contradict the general emphasis on force and power in the realist theory of international relations. Then again, Hans J. Morgenthau, one of the best known realists, once cited the relationship between the United States and Iceland in support of the assertion that “it is possible that a weak nation possesses an asset that is of such great value for its strong ally as to be irreplaceable. Here the unique benefit the former is able to grant or withhold may give it within the alliance a status completely out of keeping with the actual distribution of material power.”<sup>92</sup>

Understandably, American officials and statesmen sometimes resented this skewed correlation of forces. The word “blackmail” could even be heard. But ultimately the United States always accepted that it was in its own interest to accommodate, not alienate, its prickly ally. As a distinguished historian of U.S.-European relations in general during the Cold War has said, “America’s strategic and economic ‘generosity,’ if one can call it that, was, of course, closely related to American interests.”<sup>93</sup> Furthermore, Icelandic policy makers undoubtedly made sacrifices in the name of Western cooperation during the Cold War. The U.S. presence in Iceland split the population and fueled charges about “Americanization” and warmongering. On the whole, however, a majority of Icelanders usually supported the Defense Agreement of 1951. The agreement would neither have been made nor have lasted for so long had both sides not been convinced of its advantages. Shared perceptions of the Soviet threat weighed more than unhappiness about certain aspects of the relationship.

The end of the Cold War reduced the strategic importance of Iceland; consequently, the United States decreased its presence in the country. The government in Iceland has been fairly content with that development, apart from the removal of the fighters from Keflavík. Icelandic governments have resisted this move ever since it was first mooted in the early 1960s, on the grounds that it would leave the island defenseless. Inside Washington, officials and statesmen have differing views on the question of the fighters. The Pentagon—particularly the Air Force—sees no strategic reason to have them in Iceland. The State Department, however—and probably the political leadership as well—are more aware of the political need for a visible defense of Iceland, notwithstanding cost-cutting measures abroad.

It is impossible at this stage to predict the final outcome of the decision to tie the future of the jets to the overall revision of U.S. forces in Europe. In early 2004, Prime Minister Oddsson stated that discussions between American and Icelandic officials were still “difficult” and gave him no cause for optimism.<sup>94</sup> It

may be suggested, however, that a mutually acceptable resolution would be based on two premises. The first would be that the Icelanders take on a greater cost and even responsibility for their own defense. It would perhaps be about time, for as Bjarni Benediktsson, the statesman primarily responsible for Iceland's accession to NATO in 1949 and the 1951 Defense Agreement, argued in the early 1960s, "Iceland can never truly claim independence until it has at least a token defense force."<sup>95</sup> Iceland may be small, but it is one of the richest countries in the world.

Secondly, American policy makers will need to consider more than U.S. strategic and economic needs and wishes in the defense relationship with Iceland. They may be tempted to think that the Icelanders are bluffing in their warnings that there can be no U.S. presence at all in Iceland without the aircraft. But Icelandic statesmen seem totally sincere in their conviction that visible defenses on the island itself are an integral part of the U.S.-Icelandic Defense Agreement. Moreover, Iceland has been a political ally, albeit a small one, on the international scene. Respect for the feelings of such an ally could be worth four fighter jets. In short, in its relations with Iceland, the United States might have to heed the warning of an American scholar that "failure to pay proper respect to the opinion of others . . . will eventually come to hurt us. As our allies frequently remind us, even well-intentioned American champions of benign hegemony do not have all the answers."<sup>96</sup>

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#### NOTES

1. For this observation, see Michael T. Corgan, "Bandaríkjamenn og varnarsamningurinn" [The United States and the defense agreement], *Morgunblaðið* (an Icelandic daily), June 2003, pp. 32–33.
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4. See Michael T. Corgan, "Franklin D. Roosevelt and the American Occupation of Iceland," *Naval War College Review* 45, no. 4 (Autumn 1992), pp. 34–54.
5. Naval Historical Center, Washington, D.C. [hereafter NHC], *Reminiscences of Vice Admiral Charles S. Minter, Jr., USN (Ret.)* (Annapolis, Md.: Naval Institute Press, 1981), vol. 1, p. 74.
6. Thór Whitehead, *The Ally Who Came In from the Cold: A Survey of Icelandic Foreign Policy 1946–1956* (Reykjavík: Univ. of Iceland Press, 1998), p. 27.
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8. Trimble to Secretary of State, 4 March 1948, NARA, RG 59, 859A.20/12-2246.
9. Valur Ingimundarson, "Buttressing the West in the North: The Atlantic Alliance, Economic Warfare, and the Soviet Challenge in Iceland, 1956–1959," *International History Review* 21, no. 1 (1999), p. 102.

10. See Valur Ingimundarson, *The Struggle for Western Integration: Iceland, the United States, and NATO during the First Cold War* (Oslo: Norwegian Institute for Defence Studies, 1999), pp. 25–31.
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14. Wright report, 19 June 1952, BEA, OV35/6.
15. See Ingimundarson, *The Struggle for Western Integration*, pp. 44–47.
16. Hannes Jónsson, *Friends in Conflict: The Anglo-Icelandic Cod Wars and the Law of the Sea* (Hamden, Conn.: Archon Books, 1982), pp. 62–63.
17. 207th meeting, 22 July 1954, DDE, Ann Whitman File, NSC series, box 5.
18. Lloyd, Amory, and Stuart memorandum, 21 February 1956, TNA: PRO, CAB129/79, C(56)45.
19. For the former expression, see Junkermann memorandum for Enyart, 20 September 1954, DDE, White House Office, NSC Staff, Papers, 1948–61, OCB Central File series, box 34, OCB 091, Iceland (File 1)(5). For the latter, see Toner report, 25 February 1955, White House Office, National Security Council Staff, Papers, 1948–61, OCB Central File series, box 35, OCB 091, Iceland (File 1)(9).
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21. Cdr. White to Commander in Chief, Atlantic [hereafter CincLant], 7 February 1956, DDE, White House Office, NSC Staff, Papers, 1948–61, OCB Central File series, box 35, OCB 091, Iceland (File 3)(4).
22. Memorandum of meeting, 6 December 1955, DDE, White House Office, NSC Staff, Papers, 1948–61, OCB Central File series, box 35, OCB 091, Iceland (File 2)(7).
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24. North Atlantic Council meeting, 25 June 1956, NATO Archives, Brussels: C-R(56)34, IS-0006; and U.K. delegation to NATO to London, 20 July 1956, TNA: PRO, FO371/122491.
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27. Foreign Ministry to NATO delegation, 13 August 1956, Foreign Ministry Archives, Oslo [hereafter UD], 33.6/11/IV. See also Maenss memorandum, August 1, 1956, Federal Foreign Office Archives, Berlin, B23/20; and Pearson to NATO delegation, 24 July 1956, National Archives, Ottawa, RG 25/6113/50373-40-1.1.
28. Skylstad minute, 11 July 1956, UD, 33.6/11/III.
29. For the view that the offer of U.S. economic assistance had a relatively minor effect on the outcome, see Whitehead, *The Ally Who Came in from the Cold*, pp. 82–83. For the argument that it played a larger role, see Ingimundarson, *The Struggle for Western Integration*, pp. 50–51.
30. Sonnenfeldt to Kissinger, 12 July 1971, NARA, Nixon Presidential Materials Project [hereafter NLNS], box 693, NSC Files, Country Files, Europe, Iceland, vol. 1.
31. See Ingimundarson, “Buttressing the West in the North,” pp. 95–97.
32. Weber memorandum, 20 August 1957, DDE, White House Office, NSC Staff, Papers, 1948–61, Special Staff File series, box 3, Iceland.

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51. For example, Irving to Secretary of State, 19 April 1973, NARA, RG 59, POL ICE-US, box 1741.
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