
Birth of a Nation

Iceland is currently celebrating the centenary of its sovereignty. But, in a sense, it actually marked two independence days during the last century.



IT WAS 1918, A PARTICULARLY momentous one in modern history. The First World War came to an end, Russia's Tsar Nicholas II and his family were executed by the Bolsheviks, and an unprecedented global flu epidemic claimed the lives of more than 20 million, more than were killed during the four years of the war. Small wonder, then, that such events overshadowed what was happening on a then remote island along the southern fringes of the Arctic Circle.

Iceland is the youngest and least populated country in Europe and has a very brief history. The earliest settlers did not set foot on it until near the end of the first millennium. Throughout the Viking times and days of the sagas and eddas the country changed hands, so to speak, many times and Iceland was largely a subservient land. By the mid 1800s, however, an independence movement started rising, and by 1874 Denmark granted Iceland a constitution and home rule.

But it wasn't until December 1, 1918, that Iceland signed an agreement with Denmark called the Act of Union, which recognized Iceland as a fully sovereign state—the Kingdom of Iceland—in a personal union with the Danish king. Under the Act, Iceland established its own flag but Denmark was to handle Iceland's foreign affairs and defense. And Denmark was to give notice to the world that it was permanently neutral. The Act was to be up for revision in 1940 and could be revoked in three years if agreement could not be reached. By the 1930s, the consensus in Iceland was to seek complete independence.

Then came World War II, during which Iceland was part of neutral

Denmark. One day after Germany occupied Denmark, the Icelandic parliament passed resolutions granting Iceland full powers, especially those over foreign policy. Britain courted Iceland to join the Allied cause, but Iceland refused to alter its neutral stand, even though it sympathized with the Allies. Fearing the Germans might try to occupy Iceland, the British invaded the country in May of 1940. Iceland protested but acquiesced.

By 1941, there were 25,000 British troops stationed in Iceland and Britain urged Iceland to agree to allow American troops to be allowed into the country, thus freeing British troops to serve elsewhere. Eventually, there were 40,000 U.S. troops in Iceland, which was about one third of the native population.

On June 17, 1944, after the expiration of the Act of Union of 1918, Iceland declared formal independence as a new republic, with no allegiance to the Danish monarch, and continued to nominally observe neutrality in the war. The Danish king congratulated the Icelandic people. Allied occupation troops did not depart Iceland until 1946.

The occupation of Iceland by British and American forces during World War II proved to be an economic boom for the host country. The occupiers injected money into the Icelandic economy and launched a number of projects, which eradicated unemployment and raised wages considerably. It should be added that Iceland amassed considerable currency reserves in foreign banks during the war, and that the country received the most Marshall Plan aid per-capita than any European country during the immediate postwar years.