

Iceland



Area 103,000 sq.km, Population 348,580 Norse/Celts 94%, Foreign 6%
Languages: Icelandic, English, Nordic Languages, German
Evangelical Lutheran Church of Iceland 70%. Catholic 4%, Other 26%
Labor 198,700: Agriculture 4.8%, Industry 22.2%, Services 73%
GDP US\$18 billion, GDP Per capita \$52,100, Growth 5.5% (2017)
GDP by sector: Agriculture 5.8%, Industry 19.8%, Services 74.4%
Exports US\$4.6 billion: fish/fish products (42%), aluminum (38%),
agricultural products, medicines/medical products, ferro-silicon
Imports \$5.7 billion: commodities, machinery and equipment,
petroleum products, foodstuffs, textiles

The settlement of Iceland began in 874 when the Norwegian chieftain Ingólfr Amarnson became the first permanent resident on the island. In the following centuries, Norwegians and to a lesser extent other Scandinavians populated the island, bringing with them thralls (serfs) of Gaelic origin. The island was governed as an independent commonwealth under the Althing, one of the world's oldest legislative assemblies. Following a period of civil strife, Iceland acceded to Norwegian rule in the 13th century. The Kalmar Union in 1397 united the Kingdoms of Norway, Denmark and Sweden; Iceland thus followed Norway's integration to that union and came under Danish rule, after Sweden's secession from the union in 1523. King Christian of Denmark imposed Lutheranism on all his subjects and Iceland subsequently became officially Lutheran and has remained that way. In the 17th and 18th Centuries, Denmark imposed harsh trade restrictions on Iceland; this, together with volcanic eruptions and a major smallpox epidemic contributed to decreasing population. Throughout the 19th century, the country's climate grew colder, resulting in mass emigration to the New World. An Icelandic Independence movement took shape in the 1850's under the leadership of Jón Sigurðsson; in 1874 Denmark granted Iceland a constitution and limited home rule. The Danish-Icelandic Act of Union signed in 1918 and valid for 25 years recognized Iceland as a fully sovereign and independent state. During World War II, Iceland joined Denmark in asserting neutrality. After the German occupation of Denmark in April 1940, the Icelandic Government took over full implementation of its defense and foreign affairs; one month later the British armed forces invaded and occupied the country; The Government of Iceland invited the United States to take over its defense. On expiry of the Act of Union the Icelanders voted to end the Union and formally became a republic on June 17th 1944. The US troops were withdrawn in 1946, only to return in 1951 and remain throughout the cold war until September 2006.

Iceland prospered during the 2nd World War and the immediate postwar period was followed by substantial economic growth, driven by the industrialization of the fishing industry and the Marshall Plan, through which Icelanders received the most aid per capita of any European country. The 1970's were marked by the "Cod Wars" – several disputes with the UK over Iceland's extension of its fishing limits to 200 nautical miles offshore. In 1986 Iceland hosted the summit between Ronald Reagan and Mikhail Gorbachev during which they took significant steps toward nuclear disarmament. A few years later Iceland became the first country to recognize the independence of Estonia, Latvia, and Lithuania; throughout the 1990's the country expanded its international role and developed a foreign policy to humanitarian and peacekeeping causes. To that end Iceland provided aid and expertise to various NATO lead interventions in Bosnia, Kosovo, and Iraq.

Iceland joined the European Economic Union in 1994, after which the economy was greatly diversified, based largely on international investment banking; it was becoming one of the most prosperous countries in the world until hit by a financial crisis in 2007, leading to the crash of the country's three largest banks and political instability. After several years of austerity, the economy is now on an upward trajectory, fueled primarily by tourism and a construction boom. Literacy, longevity and social cohesion are first-rate by world standards.