



New Year Address
by
the President of Iceland,
Ólafur Ragnar Grímsson,
1 January 2010

My fellow countrymen,

This first day of the new year awakens in us the hope of brighter times ahead, the hope that the lessons we have learned from bitter experience will stand us in good stead in the future and that we will succeed in preserving our sense of solidarity and our determination to move forward.

Dorrit and I wish you all a Happy New Year and health and prosperity in the days ahead. We send our special greetings to the many among you, individuals and whole families, who are grappling with unemployment and straitened circumstances, with uncertainty regarding the future and worries about those close to you.

As the Festive Season drew near, many people found themselves forced to turn to others for assistance, and the Single Mothers' Support Committees, the Family Assistance Centre, the Church, the Red Cross, the Salvation Army and various other bodies showed that demonstrating concern for one's fellow man in a practical way is still an important part of the Icelandic national character. I wish to convey to all these organizations the sincere gratitude of the whole nation.

The collapse of the banks, with the ensuing financial and economic crisis, marked the end of an era, and for a long time many people feared for the welfare and future of our nation. It was even predicted that there would be a mass exodus comparable with the migrations from our country to North America in the late nineteenth century, when Iceland lost almost one fifth of its population.

Now, as the new year begins, we can at least celebrate the fact that these dismal predictions have proved unfounded, and that our unemployment rate is below the average for Europe; even Sweden and

Finland, which were largely unaffected by the international credit crisis, have higher jobless rates than we have in Iceland.

Our young people still believe in their country and choose to pursue their studies and careers in Iceland. Emigration on the scale that has plagued the countries of Central and Eastern Europe has not taken place here.

On my travels round the country during the past year and my visits to schools and workplaces, I sensed again and again a determination to forge ahead, a resolution not to let shocks and setbacks break our spirit. Older people with longer memories often referred back to earlier decades when our people faced daunting challenges but emerged victorious.

We know now that many of our economic sectors have proved to be far stronger than anyone ventured to hope, and the foundations on which they rest allow us to be reasonably optimistic now as this year begins.

Our fisheries, power production, tourism, manufacturing industry, informatics technology, food production, culture and the arts and other economic sectors have gone on earning foreign currency, offsetting the effects of the collapse of the banks and providing employment for many who have sought it.

When I opened parliament last autumn, I called on the Althingi and the nation to join together and aim to have the economy start moving again by the middle of the coming year. This was an exhortation, a call to arms. A realistic assessment now reveals that economic recovery is within sight. We can make this new year the beginning of a new period. But this will require an effort from us all.

In this it is a help to us that the world at large is slowly making a recovery. The strength of the Indian and Chinese economies, together with the measures taken by the USA and countries in Europe, has drawn the fangs out of the recession. In many places, the wheels of the economy are starting to turn again, and this will make it easier for us to regain our former strength.

We must embark on our recovery with full force, turning our backs on one-sided and destructive talk, the 'devil of divisiveness' as it is often called, but carry with us what we have learned from our mistakes and follow the guidance it can give us.

The consensus that is coming into being regarding a new structure of society, informed by the values identified as priorities by the unique National Convention – honesty, justice, democracy, accountability and mutual trust – is a great source of strength.

It will also be vital to follow through in full sincerity the report from the Parliamentary Committee of Investigation and the actions by the Office of the Special Prosecutor; those who serve in these positions are charged with ensuring that justice will be done. This is a precondition for a national reconciliation in the years to come.

It will take time to bring all the criminal proceedings to a conclusion; the mechanism of a state based on the rule of law demands that this be done according to meticulous standards, with the final judgments well-founded, just and unequivocal. It may well be that Eva Joly was right when she said last autumn that the whole process could take five years.

It will be vital to ensure that such a long wait neither saps our determination to forge ahead nor undermines our unanimity regarding reconstruction and using the opportunities that beckon us on every hand.

We are in a better position than most of the countries that are now tackling comparable difficulties: fortunately, Iceland has rich natural resources.

We are in the front rank among the nations of the world in the use of clean energy reserves, both geothermal and hydro power. The world needs to achieve results comparable with those that we have achieved here over the past few decades. The message from the recent Conference on Climate Change in Copenhagen is that the transformation of energy systems and land reclamation of various types will be the order of the day in the years ahead. This will make Icelandic research, knowledge and experience of even greater value to others.

Also, when sustainability in the fishing industry has become a vital necessity, it is our good fortune to have protected our marine resources and to have control over them; for many nations the opportunity to do this has long since been lost.

We live in a beautiful country where the diversity of nature, the expanses of open land and the gorgeous interplay of colours attract and fascinate the millions of people who visit us every decade.

At a time when the world fears a growing shortage of water, we have one of the greatest reservoirs of fresh water in Europe: an asset that will become of greater and greater value as time passes.

We can draw inspiration and creative power from our colourful history and culture, moulded both by its ancient heritage and the vigorous flowering of the arts in our own time. We have a rich language,

an unbroken link back through the ages to the scholars of the past and the bards of the first centuries of human settlement in Iceland.

We have built up higher education, with universities and institutions devoted to research in many fields; we have an impressive body of scholars and scientists who are respected throughout the world, with a rising young generation that has acquired qualifications and skills on both sides of the Atlantic.

All this constitutes the basis for a new thrust forward in the years to come, the foundation for reconstruction that could yield results more quickly here than in various other countries which also face difficulties.

But it will also be necessary to base our economy and society on moderation and foresight, consigning greed to the condemnation of history and evaluating our progress in terms of real value instead of letting ourselves be blinded by the lure of quick profits.

It is gratifying to know that the old values are still with us. The National Convention earlier this year, when people from all walks of life came together, named priorities that echo the mottoes of the generations that won Iceland its independence and laid the foundation of the prosperity that has put us among nations of the first rank.

Democracy is precisely the system that Iceland adopted. At first it was defined rather narrowly; since then the definition has become constantly broader. The idea of direct democracy, in which the people themselves are able to determine more issues, is now enjoying a growing following.

It should be borne in mind that the will of the people is the cornerstone on which the constitutional structure of our Republic is based. The changes that were made to the constitution in 1944 and approved by over 90% of the electorate in a referendum provided for the powers that rested with the Althingi and the King to be transferred to the people. It was moreover entrusted to the President of the Republic to guarantee this right, taking into account the circumstances and the implications of decisions in any given case.

On the whole, the Constitution has served us well; nonetheless, there is an urgent need for improvement in many respects, to implement reforms in various areas and prevent situations in future in which the whims of those in power can undermine the institutions that are intended to monitor and guarantee the progress of justice.

Probably the weakest link in Iceland's governmental structure is the fact that the independence of the judiciary, both the Supreme Court and

the district courts, is not guaranteed in the Constitution. For decades, ministers have decided alone who are to become judges and directors in the field of law enforcement and legal procedure, without any independent, professional and transparent assessment being made of their competence. As everyone familiar with our history knows, it has often been the case that loyalty to the minister's party has been the decisive factor; for almost the whole of the twentieth century, this was what determined the appointment of district commissioners.

The executive – the government ministries and the supervisory authorities – has also suffered from party-political considerations in appointments; this sickness in the system has weakened the capacity of these bodies to exercise control. In many instances, party cards were more important than professional ability; bonds of friendship or relationship with the minister were what really mattered. Again and again, the duty always to speak truth to power was brushed aside.

These flaws in our governmental system are nothing new. They have been with us ever since the first years of Home Rule; they have been part and parcel of the political process since the foundation of the Republic.

It could perhaps be said that this party-based system of government served its immediate purposes in the days when life was simpler and Iceland's relations with the rest of the world were less developed and involved, but in an age of globalization and open and sophisticated contacts with most other nations, it is a hazardous liability, and there is no doubt that it was partly responsible for depth of the crisis in which we found ourselves. The institutions that were supposed to give impartial and professional advice proved to be too weak when their services were most needed.

To strengthen the governmental system, with unequivocal independence of the judiciary and institutions responsible for legal procedure and monitoring – these are priorities in Iceland's reconstruction.

The changes we make must take account of the best practice in this area in the democratic countries of the western world. Educational qualifications, experience and professional ability should be the guiding principles when appointments are made to positions of responsibility; each and every person should be able to express his opinion and adopt a position on difficult questions without fearing the arbitrary exercise of power by those in authority. A small nation cannot afford to ignore its most capable individuals and waste its human resources in this way.

A fundamental transformation in public administration and legal procedure from party control to professional independence is the key to a prosperous future and the precondition for averting further disasters.

This new beginning will not be secured by legislation alone. It will also call for – and this will perhaps be the more important element – a change of mentality, with the introduction of a moral dimension into politics, with a determination to lay aside once and for all the malpractices that have been with us for decades.

As academic analysis of the strengths and weaknesses of political systems developed over the past century, it soon became clear that the elements collectively referred to as ‘political culture’ were generally a more effective determinant of the quality of the governmental system than were the provisions of the constitution alone.

These are the elements that we must pursue; we must realize that the adoption of a moral code in our governmental system is needed just as urgently, if not more urgently, than a review of our Constitution, though there is also room for improvement in many details there.

This introduction of a moral dimension is certainly not a simple matter, but it will be easier to achieve it if there is a firm will on the part of the whole nation to do so.

We can learn a lot from other nations in this respect and make use of the friendship towards us that we feel from many quarters. The collapse of our banks sparked off discussion that was decidedly difficult for us, but it has been gratifying to find, in my meetings with heads of state, influential individuals, specialists and scientists all over the world, that Iceland still enjoys respect at large and that our achievements in many fields are highly regarded.

We have cultivated democracy and human rights; we have created a society characterized by welfare and equality, education and health; we have developed the utilization of clean energy and supported research and experiments that have added to global knowledge on the climate, the melting of the glaciers, ocean currents, land reclamation and the natural world.

We are participants in the cultural creativity of the new age; enjoy superb artists who enrich our lives and carry the good reputation of our nation far and wide abroad.

We have peace and security at a time when more and more people face threats and danger.

Yes, despite setbacks and difficulties, it is our good fortune, my fellow countrymen, to live in a beautiful country that is full of promise.