



**A Speech
by
the President of Iceland
Ólafur Ragnar Grímsson
at the
MIT Global Startup Workshop
Reykjavík
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Distinguished professors
Students. Innovators
Ladies and gentlemen,

It is a great pleasure to welcome you to the Global Startup Workshop, and especially our friends from MIT, who have crossed the ocean to venture into understanding this strange nation, the descendants of discoverers who visited America, the vast continent in the West, a thousand years ago, five centuries before Christopher Columbus; they did not tell many about this, but wrote the story on calfskin in a language we preserved for ourselves.

It has always been a feature of our culture that we are preoccupied by our own fate and history. Perhaps this is because island people, contained by the surrounding ocean, tend to create a world that is self-sufficient.

The attention Iceland has been shown in recent times was thus out of sync with the experience of previous centuries but now woven by many strands, some a blessing, others a curse; and all of a nature which no one could have imagined even just a few decades ago.

How has a nation of just over 300,000 people become so frequently referred to in the current global financial crisis?

How has a country which, in my youth, was more than 80% dependent on fossil fuel — oil and coal — become the leading clean energy nation in the world, with 100% of our electricity production and space heating being based on sustainable resources?

How could the saga of the collapsing banks be followed a year later with the news that Iceland was No. 1 on the Global Innovation Index?

Yes, indeed, how, in the early months of 2010, could a country which faces formidable financial challenges, celebrate coming first, on two global league tables which rank countries on the basis of those elements of crucial importance to economic success in the 21st century: innovation and environmental excellence?

Not only did Iceland come first on the Global Innovation Index last month, out of more than 130 countries, but also the authors of the Environment Performance Index – the universities of Yale and Columbia, if I may mention those in distinguished MIT company – announced in January that they too placed Iceland at the top of all the countries they examined. The United States was ranked No. 11 and No. 39 respectively on these same two indices.

All the questions I have just been asking are indeed challenging, especially in the light of how recently modern economic and technological development began in our country; how the collapse of the banking system has created an urgent need for re-examination of the policy framework, led to the creation of a special investigatory commission and the strengthening of the prosecutors office in order to

ensure that justice is done, while at the same time the economy is brought back to the road of recovery.

For centuries, Iceland was among the poorest countries in Europe, if not the very poorest, a nation of about 50,000 people, scattered over the island, living in isolated fjords and valleys, with a few villages of perhaps 200-300 people. In the early decades of the 19th century there was only one formal school in the entire country, with an enrollment of 20-30 boys or young men.

The population lacked elementary political and economic rights; the country was a colony of the Danish Crown. The independence struggle, initiated by students from that single school, lasted one hundred years, culminating in the establishment of the Republic in 1944.

In the post-war years, although independent, the nation was still economically weak and even in the early 1970s Iceland was classified by the UNDP as a developing country of farmers and fishermen.

Now, nearly four decades later, Iceland is at the top of those international league tables, and despite the recent serious financial setbacks, it is still among the most prosperous countries in the world, providing all its citizens with healthcare and education, operating seven universities and sending students for further training to Europe and America, even to China, Japan and elsewhere.

How did an island nation, isolated for centuries, far away in the North Atlantic, become so advanced in such a short time?

How did it succeed in excelling in innovation and green energy use, compared to most other countries?

These are challenging questions – highly relevant for our discussion. One explanation of this conundrum is sometimes mentioned in light-hearted discussion among my fellow-Icelanders; that the magic formula lay in the genes of the Norwegian vikings who, more than a thousand years ago, refused to become King Harald's obedient subjects and emigrated, picking up beautiful and poetic Irish women on their way to Iceland – but perhaps this will not be of relevance in your forum. The key is more likely to be found in the social and economic frameworks created during the past few decades, in the wisdom of giving each and every person a fair chance, making education a universal right, providing everyone with the opportunity to develop the talents within them.

Perhaps smallness has also something to do with it. At least it is noteworthy that the ten countries which top the Global Innovation Index are all rather small: Iceland, Sweden, Hong Kong, Switzerland, Denmark, Finland, Singapore, the Netherlands, New Zealand and Norway.

The five Nordic countries constitute half of that group, indicating that the Nordic model of education and healthcare for all, combined with competitive markets, is a suitable formula for excellence in innovation.

The effects of smallness can however best be observed here in Iceland, since the other nine countries all have populations that run to millions. A small nation has an inherent need to use the limited pool of talents it commands.

Smallness frequently brings with it constructive encounters with others. It nurtures influences from many directions, and makes it difficult to dwell for long within the walls of narrow specialisation. Under favourable conditions, the community becomes a kind of renaissance society, where artists and engineers, writers and scientists, film-makers and entrepreneurs, musicians and computer specialists, come together in

various settings. The workforce may lack highly specialized employees in many areas, but it compensates for this by having a broad repertoire of skills.

Smallness can also make people reach out, go elsewhere for new experiences and become discoverers in the world of learning.

In a fascinating conversation I had with Larry Summers when he was President of Harvard, he asked how many Icelandic students were abroad in addition to those who attended the universities back home. I told him around three thousand, and then he asked how many returned. I said the figure was less certain, but based on experience, I would estimate that within five to ten years, 85-90% would have come back. Then he multiplied by a thousand to get a comparable figure for the United States. He became fascinated by the thought that every year there would be three million US students all over the world seeking further education, exploring the global universe of research, science and the arts and most of them returning to the United States – what an impact that would have on America, and indeed the world!

It was an act of wisdom by the leaders of my country more than half a century ago to establish the Student Loan Fund, which enables motivated Icelandic students to go anywhere in the world to study any subject, financing their studies by loans they can pay back over 30-40 years at a very low rate of interest.

This single decision was perhaps the most important of all for the creation of our modern innovative economy. Irrespective of income level, class or social status, young Icelanders have, for decades now, been able to seek the fulfilment of their talents and dreams anywhere in the world.

Education. Education. Education. This is the key. Education for all – the best investment any society can make.

Education gave Iceland the engineers, scientists, geologists and technicians who developed the green energy economy out of our geothermal and hydro resources.

Education gave us glaciologists and ocean scientists to explore how climate change can best be monitored from our country.

Education enabled us to modernize the fishing industry and manage our fish stocks in a sustainable way through scientific research.

Education gave us the capability to build an advanced modern healthcare system which supplements primary services with high-tech hospitals in order to serve each and every citizen equally in times of need.

Education gave us a thriving cultural scene with theatres, films, music, painting and more book titles published and purchased per person than in any other country in the world.

Education enables us to run seven universities and a multitude of research centres, contributing to global advancement in science and learning.

We do indeed live in challenging and fascinating times, an era when an idea can, within a few years, become a monumental force for progress, when the power of our minds can outperform all other resources, when there are no longer any boundaries to restrict the spread of innovations.

The story of Iceland is thus a tale of how new the times have become, how, despite failure, we can still excel, how financial crises come and go whereas the fruits of ceaseless innovation will be enjoyed forever.

This is why I welcome your gathering here today. I welcome cooperation with MIT, recalling the many conversations I had in my younger years with Jerry Wiesner, the great President of MIT who had been President Kennedy's Scientific Advisor.

Jerry never lost his belief in science and technological progress and how they could lead us towards a better world. Even when the international relations were so deeply frozen in the Cold War that nuclear annihilation was felt to be looming on the horizon, he ventured to the Soviet Union to seek solutions and cooperation and encouraged young people to follow suit.

A few months ago, I was also privileged to join your current President, Susan Hockfield, in Abu Dhabi to prepare for the World Future Energy Summit and select the winners of the World Future Energy Prize; thus we shared in the vision of how, through innovation and discovery, we can create what Jerry Wiesner liked to call simply a better world – a future of creative cooperation where the fruits of our endeavours will be shared by all.

It is in such a spirit that I welcome you here today and hope that the lessons of Iceland will help to strengthen that vision.