



**New Year's Address  
by the President of Iceland  
Ólafur Ragnar Grímsson  
1 January 2012**

My Fellow Countrymen,

My wife Dorrit and I wish you all a Happy New Year and success in all your undertakings. We hope that the future will bring you joy and good fortune.

On this day, we look for pointers to the way ahead; we let our minds run back over the past year, mull over our experience and draw lessons from it. The year to which we bade farewell last night was certainly eventful, both here in Iceland and in the world at large; a turning point in our journeys.

Volcanos beneath the glaciers once again brought our country international attention. The wonders of our natural environment draw ever more and more tourists, and soon we can expect a million visitors from abroad each year.

The eruptions, with their ashfalls, made life difficult for farmers and other people in the areas affected, but the nation joined together in giving assistance. By the time the newly-sprouted grass had turned the ash-grey fields green once more, the fires deep in the earth had brought us valuable publicity abroad. 'Now everyone in China knows about Iceland,' the Chinese premier, Wen Jiabao, told me at one of our meetings.

Progress was made in the rebuilding of our economy, and the representatives of the International Monetary Fund returned to Washington having completed their mission. Now we must rely on our own strength, judgement and will; we must bear in mind the lessons we have learned from adversity.

For a second time, the nation pronounced its judgement in the dispute over the debts of a bank in other countries. There is no doubt that the two referendums gave the people of Iceland confidence, pointing the way

towards increased democracy; they aroused attention and even admiration in other countries. The financial crisis still holds many nations in its terrible grip, and more and more people want to find out how Iceland chose another path, allowing the democratic right of the people to prevail.

The revolutions that have been called the Arab Spring are also signs of a new age and show that ordinary people have the power to determine the fate of their nations. No longer can any ruler be made secure by tradition, armed force, wealth or media control. The core of the democratic vision of all ages – the will of the people – is now the driving force of history.

It was therefore highly appropriate that Time magazine should choose The Protester as its Person of the Year. Events here in Iceland after the collapse of the banks also lend their weight to this choice. Never before had actions by people in the street had such a decisive effect on the history of our country. It is vital that the voice of the people should continue to be heard, since the lessons that daily experience teaches the common man are always relevant and focussed. This I have learned from my many discussions with protesters here in the library at Bessastaðir.

It has been a difficult time for other nations. Manifestations of this can be seen in the profound and complex problems affecting the currency structure, finances and economy of Europe. They also reflect the new distribution of power in the global economic system. At summit meetings, it was asked whether India, China, Russia or Brazil should come to Europe's aid. Those who formerly ruled as masters on other continents are now turning to them for help.

At this moment, no one knows how the struggle to secure Europe's future will end. No full solution seems to be in sight. Shortly before Christmas, the German Chancellor said many years would pass before the storm blows over.

In such times of uncertainty, it is good to know that Iceland is, in a sense, out of danger. It can rely on its extensive resources, draw advantage from the growing importance of the Arctic and benefit from firm and good relations with states that are, or will become, pillars of global trade.

Though many individuals here still face adversity, loss of income and nagging uncertainty about their housing, and though the poor have to rely on gifts of food – the queues for assistance before Christmas are still a disgrace to our society – nevertheless, as a nation, we are in a better position than most other countries.

Economic growth in Iceland is now at one of the highest rates recorded in the OECD member countries; unemployment is far lower than in most countries in Europe and many companies and sectors are declaring good results. Profit at the airline Icelandair, for example, reached a record level last year, and the tourist industry, as a whole, continues to grow. Fifteen airlines, and possibly even more, are planning to bring passengers to Iceland next summer.

Successes were achieved in other sectors too. Many companies based on technology, know-how, research and development forged ahead with great energy, and a good number of them have increased their labour force.

The fishing and fish-processing industries are in good shape, and it was a stimulating experience for me earlier this winter to visit Snæfellsbær, Ísafjörður and Selfoss and see the growth in economic activity in many regions.

The Alcan aluminium smelter in Straumsvík is currently spending tens of billions of Icelandic krónur on expanding production; this is foreign investment on a colossal scale. With the coming of new submarine cables, data-storage centres will bring us a host of new opportunities.

Thus, we can look forward to growing prosperity and continue to develop a society which serves all. But we will need to play our cards aright, mindful of the mistakes that proved so costly; we must have the courage and sincerity to tread new paths in a responsible manner.

We must all – individuals, business enterprises and the state – learn to apply firmer discipline: we must stop relying on taking loans without thinking of their repayment dates in the future. We must decide not to embark on new ventures without first having built up funds by our own savings.

The past few decades have seen substantial expansion in the government sector. The ministries, and most of the administrative agencies, have engaged more and more employees. This is natural up to a point, if Iceland is to keep up with the states with which it mainly collaborates, but all the same, it is possible to apply moderation and make one's contribution in another way.

Though many people have thought the Presidency perhaps too active in recent years, the fact is that no additions have been made to the staff of the Presidential Office for over twenty years. The office still has a staff of only four, the same number as in about 1990.

If the Presidency can manage, for decades, to tackle an increasing workload without expanding its staff, why do other branches of the state

have to grow constantly? Has not the time come to make a reassessment of the size of the governmental system that the nation is expected to bear, and to do this without being blinkered by outdated theories? A review and restructuring of this system could make valuable resources available to fund increased welfare and prosperity and stimulate our economy, educational system and culture.

The centenary of the University of Iceland and the two hundredth anniversary of the birth of the independence leader Jón Sigurðsson last year were healthy reminders of the guiding principles that have served our nation best: the time-tested virtues of moderation and discipline, solidarity and sincerity. These anniversaries were an encouragement to continue to stand guard over our most important foundations: our language, our natural environment and our culture.

Our literature, ancient and modern, has always been a driving force in this area, and we had evidence of this last year in Iceland's splendid contribution to the Frankfurt Book Fair. New translations of the sagas, together with a large number of modern works in German versions, highlighted the continuity of our history and the position of writers and poets in our national consciousness.

The opening of the concert-hall Harpa was another statement of Iceland's cultural achievements and aspirations, an act of gratitude to the thousands who make music and who delight in it, to our choirs and orchestras. The young generation has there gained a future venue, and Björk's memorable concert gave our youth inspiration, a living example of how it is possible to achieve world fame while at the same time being true to one's origins and campaign for a better world. And then Mugison headed to the capital and, in a gesture of typical Ísafjörður generosity, invited the whole nation to a musical celebration in Harpa.

Yes, we have rich stores of talent and materials, and if we make the right moves we can look forward to a bright future. We have the advantage of being in shelter while Europe is battered by financial storms; we can draw strength from the growing importance of the Arctic region and the stable relations with our neighbours and the friendly states that are in the lead in shaping the future.

It has been my privilege, in collaboration with universities and scholars, leaders in many fields, innovators and institutions, to forge strong new bonds with those who share with us the wonders of the high north. Iceland's geographical location will give it a key position as new sea routes open up and the exploitation of the natural resources of the Arctic gets under way.

What many people now refer to as the New North is already featuring largely in our dealings with Russia and Canada. It reinforces our long-standing relationship with the United States, and gives extra dimensions to Nordic collaboration; it brings us interesting challenges that call for closer cooperation with our neighbours to the west and east, Norway and Greenland.

These new horizons have appeared clearly in my discussions with President Medvedev and Prime Minister Putin in Russia, and at a recent meeting between our foreign ministers. The fact that Hillary Clinton and other US officials attended a meeting of the Arctic Council in Nuuk is further evidence of the growing importance of this region.

With the cold war behind us and the closing of the American base a few years ago, at a time of long-term uncertainty in Europe, it is Iceland's good fortune that developments in the circumpolar region have made collaboration between all who live here an important part of the new world order and brought a new status to our country.

Our friendship with India and China will also prove a blessing to us and open up more and more opportunities. These, the most populous nations in the world, will play a crucial role in determining the future of mankind in the years and decades to come, making increasingly greater contributions in technology, the sciences, commerce and other areas of progress. The one has long-established democratic traditions; the other is seeking ways of meeting the demands which its young people are making regarding greater freedom and new lifestyles.

Notwithstanding the setbacks that have hit us, Iceland is in a good position, particularly as regards the future. Our natural resources – our fish stocks, our energy reserves, our water and our natural environment – are constantly growing in value; our people, with their education and talents, continue to forge ahead with creative power in the arts, culture and new lines of economic activity.

Of course we face obstacles of various types, but these can be overcome through solidarity and careful deliberation, and by applying a broad-minded approach and mutual trust. All those who are elected to positions of responsibility must have this as their guiding principle and strive to combine our strengths to produce good results instead of fostering dissension.

The President of Iceland is the only elected representative who is chosen by the whole nation and is independent of political parties or other narrow interests. The nation must be able to trust the President not to let it

down at times of crisis. This is one of the most important cornerstones of Iceland's constitutional structure and of democracy in our country.

During times of change and upheaval, the nation has entrusted me with the responsibilities of the Presidency, and I have sought to discharge them in accordance with my conscience and to the best of my ability. While I have sometimes been faced with difficult decisions, it has also brought me great joy to play a role in events in many fields, to help and to build, together with others, new pillars of support to secure Iceland's position in the world and ensure a living for people in all parts of our country.

Though these years have passed with amazing speed, it is in fact a long time since I first addressed you from this hall, and it is therefore only natural that Dorrit and I, and in fact the whole family, have begun to look forward to having a freer life. Last year Dorrit and I also purchased a beautiful house in a grove of trees beside a small river, a haven of peace for the future.

Many people, on the other hand, are of the view that the present time is one of great uncertainty; in particular, they mention the standing of various institutions and associations in public life, the fact that the Constitution is in the crucible of review, that Iceland's sovereignty is under debate in view of negotiations with the European states and how vital it is to have Iceland's case presented clearly in international discussion.

With reference to these considerations, a strong appeal is made to my sense of duty as President and the confidence that the people of our country have shown me.

I have certainly over these winter days given this point of view careful consideration.

My conclusion may sound like a paradox; it is, nevertheless, that the situation in Iceland is now such that I can be of greater assistance if my choice of action is subject only to my own will, free of the restraints which the office of the Presidency always imposes on speech and action.

Without the duties of a head of state on my shoulders, I shall have more scope to devote energy to cherished goals and causes that have long been dear to me; I shall be able to make a contribution of a different kind towards progress and prosperity, science, research and economic activity. New avenues will open up for me to support the battle against climate change and to promote the use of green energy, to develop collaboration in the circumpolar region and foster our relations with leading nations in

other parts of the world, and to expand the opportunities open to our young people and support democracy in our society.

Thus, my decision does not mean a farewell, but rather the beginning of another journey, a new phase of service to the ideals that have long guided me; at greater liberty to act and enriched by the experience which service as President brings to every individual chosen by the nation.

Whoever occupies Bessastaðir is reminded constantly of the dreams of the pioneers who won Iceland its independence, of the spirit that gave our culture and our language new life, of the hopes and longings of the nation.

Here is the heritage entrusted to us. Its preservation is the President's highest duty.

I wish to thank you, my countrymen, sincerely for the trust you have shown me, Dorrit and Guðrún Katrín for so long, and I wish each and every one of you prosperity in the future.