ICELANDIC VENTURES

Lecture
by the President of Iceland
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The phenomenon of successful overseas ventures by Icelanders in recent years has drawn a variety of responses. Some people refer to it as a familiar and established fact; others show surprise and scepticism and ask whether it will last, whether it is not built on sand, an irresponsible gamble that will cost us all dearly, being financed with borrowed money that will all have to be paid back before long.

However it is viewed, the phenomenon of overseas expansion stands as a striking achievement and a promise of a more powerful period of growth and development than we have seen to date, not only in commerce and finance but also in science and the arts: areas where thought and culture, tradition and innovation, are the prerequisites for progress.

The spate of Icelandic successes overseas has been based on individual talent and ability, training and maturity, and also on the ability to work together, which has long been one of the strongest points in the Icelandic character. In the subsistence farming and fishing communities in Iceland in ages past it was essential for people to work together without stint to bring hey indoors while the weather held dry and to gut the fish catches as soon as they were landed.

It is interesting to consider the question of how elements in our culture and history have played a part in our overseas ventures, how qualities we have inherited from our ancestors give us, perhaps, an advantage in the international arena and how perceptions and habits that for centuries set their stamp on our society have proved valuable assets for today's achievers on the international stage.

In fact, we can even argue that in a certain way, the Age of Settlement was the beginning of this whole process, with the Icelandic Commonwealth providing us with models that stimulated our appetite for achievement.

The first Icelanders were certainly imbued with a bold and adventurous spirit; so much so, in fact, that the achievements of our successful figures of today pale in comparison. The first settlers abandoned their ancestral homes and set out into an uncertain future. They transformed empty valleys into productive farmland; they laid down the foundations of a society based on law which, a thousand years later, still attracts admiration from all over the world, and which in fact became the basis of our independence movement; nor must we forget the literary monuments that record the lives and destinies of those great achievers.

Iceland's pioneer settlers were an offshoot of the culture of the Vikings, the people who in the period between about 800 and 1000 AD were the world's greatest travellers, who did not hesitate to undertake long journeys in search of fame and fortune. They travelled throughout Europe, up the great rivers of Russia and all the way east to Constantinople, south to the Mediterranean and west to settle in Iceland and Greenland, and even, for a time, in America.

Although history, as it was written at the time of our independence movement, regarded the pioneer settlers as Icelanders practically from the time they arrived here, the fact is that those people were an offshoot of a civilisation that sought new materials to work on in distant countries, embarking on long voyages in search of better opportunities and guided by the same sort of yearning for achievement that has shaped our successes in recent years.

It may strike some people as far-fetched to bring the pioneer settlers of Iceland into a discussion of our modern thrust for opportunities and success abroad, but the fact is that a culture has deep roots, and our heritage, as interpreted by the modern age, is something that exerts an influence on us all. Our self-awareness as Icelanders is moulded by the stories of the people who first came to this country, and our independence movement conferred a deeper significance on the events of that time. The age of the Old Icelandic Commonwealth, with its culture, literature and laws, was at the centre of the historical justification of Iceland's demand to be recognised on the same footing as other nations.

During the centuries that elapsed between the Age of the Commonwealth and the establishment of the modern Republic, Iceland in fact had more contact with other countries than is often recognised, and the isolation of the country was not as absolute as it is sometimes said to

have been. Emigration to the New World in the nineteenth century also had a great effect, especially after Iceland received its own constitution and changes began to be introduced in agriculture and fishing. Icelandic immigrants in Canada and America encountered a new world with progress and technology of a type that was unknown in the old country. In their letters home they described these new experiences; they published pamphlets and newspapers that found their way to Iceland and played a part in the drive for innovation and progress. The establishment of the steamship company Eimskipafélag Íslands, in which they played a part, was a key factor in the development of overseas trade and travel which yielded the country benefits of many kinds in the first decades of the last century.

These experiences are our common heritage. They influence our outlook and thinking in various ways and enable us to respond quickly to the opportunities that we meet in the new world order and turn them to our advantage.

The key to the successes that we have won in our ventures abroad has been our culture itself, the heritage that each new generation has received from the old; our society, tempered by the struggle for survival in ages past; the attitudes and habits that lie at the core of Icelandic civilisation.

Our thrust into overseas markets in recent years is deeply rooted in our history. It is a reflection of our common national consciousness, though admittedly changes in the world as a whole have also played a crucial role.

The end of the cold war opened new doors to everyone; it released countless forces, creating bridges in many directions, enabling us to enter countries that had been for the most part closed and to find firm and powerful allies there.

Globalisation has turned the world into a single market region and eradicated many of the obstacles that used to exist. It has given companies that have started up in small countries the opportunity to grow large in a short time, even to establish themselves as leaders in their field. Nevertheless, due to poverty, disease, lack of education and other hindrances, a large part of mankind is still barred from enjoying the advantages that these changes have brought with them.

The digital revolution introduced new technology that has enabled us to open up contacts between individuals and workplaces in any part of the world. Everyone can now enjoy the same access to information; this applies equally to ten individuals and to a billion, though poverty and

hindrances imposed by some governments still prevent hundreds of millions of people from sharing these benefits. Each one of us can now make our thoughts and intentions known to others in any part of the world without difficulty. No such opportunities for creating co-operative wholes have ever existed before; even the effects of Gutenberg's invention pale in comparison.

Thomas Friedman has given an account of this phenomenon in his excellent book *The World is Flat*, which was chosen by the Financial Times as the best book published last year. Friedman, a journalist with the New York Times who has won many awards for his writings, describes in his book how the combination of the digital revolution and globalisation has destroyed the power that used to be exercised by the overgrown beaurocratic structures of large states and by manufacturing moguls. Now anyone, whether he is a teenager in an Indian village or an innovator in rural Iceland, can make the same contribution to new development as people who are formally regarded as figures of authority and power, whether in business or international politics. Initiatives can now come from any quarter.

This same thought has often occurred to me over the past few years and I have discussed it with foreign guests who have asked me to explain what they call "the Icelandic phenomenon". I have also tried to describe it in speeches and addresses I have given in various countries. Probably the first time I did this in any detail was in a lecture I gave at Harvard University nearly four years ago, with the title "*Opportunities for Small States in the Age of Globalisation: The Icelandic Experience*".

Actually, the roots of this idea of mine go back to the inaugural address I gave when I accepted the office of President on 1 August 1996. This included the following words:

"When we examine our chances as a nation in the immediate future, we should be optimistic. In many ways, trends in world events, science and technology are favourable for us. A new world is opening up that is characterised by open communication instead of closed power structures. Competence and know-how are now of greater importance than size and strength. Often, small entities prove to have the quickness and agility that are no less effective than the might of a giant when it comes to exploiting the opportunities of modern technology.

"We in Iceland therefore have unique opportunities. We are welcomed as partners by newly-liberated nations and developing countries. No one need fear us because of our size or the likelihood that we will use contact as a means to gain dominance over them. The isolation we once suffered in terms of distances and obstacles to travel

and communication are now largely a thing of the past, and opportunities await us in all corners of the world."

It is gratifying now to be able to look back and see that this vision of the future has become a dynamic reality, a turbulent and creative forward-moving process that has brought a new bloom to business, science and the arts in Iceland.

In my lecture at Harvard I drew attention to the fact that while the Industrial Revolution ushered in a growth period for the world's larger nations, with mass production as the main means of development, by contrast, the digital revolution and globalisation had changed the field and made it possible for innovations to arise anywhere: individual initiative and creativity could make it possible for companies in any part of the world to become influential forces on the world market in a short time. Intellectual products, specialised services and information systems originating in small states can become profitable goods on the world market. Companies no longer come up against the same limits to their growth as before. Thanks to globalisation, they can become giants very rapidly. The new century has given the small nations of the world their turn to flower, and never before have they had such opportunities for prosperity and progress.

In my lecture I also pointed out that in the new world economic order, small countries could in many ways be an attractive venue for new creative development. In a small country it is easier to see interrelationships, gain access to information and find solutions to difficult problems; collaboration between unrelated entities can be arranged without a lot of effort or complicated negotiations.

I argued that small states could serve as a sort of laboratory, particularly in the areas that were most likely to prove crucial in human development in the years ahead, in fields where thought and talent, initiative and innovative ability were fundamental. Things that prove their value on their home ground may have a great potential on the world market. I argued that the new world order could usher in a new growth period for small states, and that current trends were in many ways more favourable for small states than for the old-established world powers.

In my closing words I mentioned that there were many indications that in future, culture would become a vital element in determining the competitive position of nations, and that creative energy would be the decisive factor rather than financial strength or production capacity: these are easily accessible. There is plenty of capital in the world, but original and creative thought is not in such abundant supply. This, I argued, was another way in which small states could gain a key position, because

history shows us that creativity and important developments in civilisation can emerge very clearly in small communities. Florence and Venice as they were in the Renaissance, and Athens and Rome as they were in Classical times, would be rate among the smallest states in the world today.

All of what I have mentioned is relevant when discussing the current spate of overseas ventures and successes that Icelanders are scoring. Again and again, when trying to explain it, I have stressed the vital role played by culture and tradition; I mentioned it recently in speeches I made in London and New York, and a while ago in Copenhagen. I often find myself asked how it is that Icelandic businessmen have managed to beat others to the finishing line, scoring successes that have aroused attention in the media, and this in fields where Iceland had not been particularly prominent in the past: for example in pharmaceuticals, finance and international banking, fashion and retailing, prosthetics and telecommunications, to name a few examples, not to mention airlines and the marketing of food products, where we had already shown what a small nation could do.

In talks I have given on both sides of the Atlantic, I have sometimes enumerated ten qualities that have contributed to Iceland's success story abroad. Most of them are rooted in our culture, our society and heritage.

Firstly, there is the capacity and tendency to work hard, which is probably a legacy from life in a community where everyone had to pull their weight, both as farmers and fishermen, and no one counted the hours when the very basis of their survival was at stake.

Secondly, we tend to focus on the result rather than the decision-making process necessary to achieve it, to go straight to the task and do the job in the shortest possible time; to ask when it can be done rather than how, and not to be disheartened even though the deadline is short.

Thirdly, we find it easy to take risks, to dare where others hesitate. Perhaps this is because an element of danger is always present in the life of the fisherman, and setting out on new ventures abroad is rather like rowing out onto new fishing grounds. We also know that if the venture fails, we can always go back to Iceland and still enjoy a good life, since the security network of our welfare system guarantees us all the same right to education and health care, irrespective of our financial standing. Businessmen in some countries, by contrast, often have to stake their families' welfare on the success of their ventures.

The fourth element is that Icelanders have never been shackled by complicated bureaucracy. We are used to dealing directly with

individuals. Perhaps the smallness of the nation has prevented high walls of bureaucratic structures from rising up to divide and obstruct us: we simply haven't had enough people to build them.

Fifth, we attach great importance to personal trust. In a small community where formal agreements are seldom called for, keeping one's word is very much regarded as a virtue. This makes it possible to work together and achieve results more quickly than those who are accustomed to having a complex written framework in place before they actually start working.

The sixth element is how easy it is to form small groups who work together towards the same goal, forming a living chain of colleagues who take decisions. This makes it possible to get ahead faster than people can when they work within large companies where their hands are tied by complicated and slow-moving systems.

The seventh point is that it is a characteristic of Icelandic businesses that the leader himself stands in the front line, like the skipper of a ship at the wheel, sharing the risks and hardships with the rest of the crew. Companies are moulded by the character of the leader: his or her personality becomes a decisive force and this stimulates the leader to feel more direct responsibility and exercise more decisive leadership than is the case in companies where the leader is less directly exposed.

The eighth element is the heritage I mentioned at the beginning of this lecture, the Settlement and the Viking Age, which give us our models, the deep-rooted view that those who venture out into unknown territory deserve our honour, that crossing the sea and settling in a new country brings one admiration and respect. The achievers of our own day are frequently judged by these standards, and we look upon them as the heirs to a tradition that goes all the way back to the time of the first pioneer settlers in Iceland.

The ninth point on my list is also one where the connection with the past is clear. The ancient Eddic poem *Hávamál* contains the much-quoted verse: "Wealth decays;/ kinsmen die;/ the self dies too./ But reputation never dies,/ good fame once it is earned." We know that our reputation is among the most precious things we have, and this thought is a more reliable guideline in the unknown paths of the global market than rules or complicated route maps that others have made. It would be of no advantage or credit to Icelanders to try to get ahead in other countries by resorting to dubious means, since an attempt of that type could ruin their reputation at home.

The tenth and final item on my list is an insistence on creativity. The respect traditionally shown to originality, and the honour that poets were shown in ancient times are still with us. The Icelandic word for an innovator or entrepreneur, "athafnaskáld" means literally "a poet of enterprise", and demonstrates clearly how this idea has been adapted for the modern age. Those who are creative in their thought and come up with an original text or a new interpretation of experience, carve themselves a niche or open up a new field of action – these people are treated with special respect.

Creativity and a delight in invention in various forms have always been one of the strengths of the Icelandic character, and they stand us in good stead in the modern age. Many analysts have argued that creativity will increasingly become the decisive factor in how nations perform, ranking above financial strength and production capacity.

But creativity is not something that can be taken for granted. It cannot be produced by a formula or drawn out of a bank account. It is the product of a culture, a society, a national memory and the interplay of traditions of many types. It is a gift that past years and centuries have given to the present, and it is the most valuable capital asset with which our ventures abroad are financed.

Visitors to Iceland are amazed at the creative energy that they find here, not only in commerce and the business developments guided by our entrepreneurs but also in the arts, science and research.

Never before has there been such a flourishing of the arts in Iceland, and there too, success abroad is the order of the day.

Icelandic music has become well known in the world at large; our composers, singers, bands such as Sigur Rós and the Iceland Symphony Orchestra have all received recognition abroad, and the attendance at the rock festival Iceland Airwaves is an indication of the level of productivity among young people.

Icelandic art has been arousing more and more attention from connoisseurs in many countries, and the successes scored by individual painters have opened up new paths to them. Never before have so many Icelandic writers had a faithful following among readers outside Iceland, and new literary productions in this country are now translated into foreign languages almost as soon as they appear. In the theatre, nothing has prevented our young generation of actors and directors from making breakthroughs in London, and the Icelandic Dance Theatre gives regular guest performances in many countries. Film-making is becoming more

and more international, and famous foreign actors are now appearing in Icelandic films.

The move into the international arena has also transformed the landscape in our universities, scientific institutes and research. A broad network of contacts with scholars and scientists in other parts of the world is the everyday workplace for today's academic community. Icelanders are making a substantial contribution to innovations in science and technology, and this applies in many fields. We had a clear illustration of this changed landscape last year, when the President of India asked for the programme of his State Visit to our country to be organised to focus on Icelandic achievements in science. Increasingly, our contact with India and China, and also with the USA and European countries, is becoming centred on the export of scientific skills and know-how that are needed by others to ensure progress on their home ground.

Activity directed towards the world around us and creative energy - these are two support pillars of the same structure, and neither can flourish without the other.

It is also notable – and perhaps this is the core of the matter when we look for an explanation of Iceland's recent international successes – that things here are in a state of creative ferment in all sorts of unrelated fields – in business, in science and in the arts – and growth and innovation in one area has an effect on the others. This interplay of mutual influences produces a dynamic whole. Owing to the smallness of our society, active players in all fields – commerce, the arts, science and research – are in closer contact than is generally the case elsewhere; they mix and exchange ideas on a number of levels and are in touch with the bustle of daily life. In other countries, distances, the size of the population and tradition constitute dividing walls, keeping people in separate categories, which may reduce this cross-fertilising effect.

In this respect, Iceland is like a Renaissance society, where flourishing growth is based equally on business, science and the arts, conducted by a community of people who excel in their various fields.

Experience has convinced me that the close contact that exists between business, science and culture in Iceland is an important factor to explain the successes we have scored overseas: the awareness of achievements and results in one field has a stimulating effect on the others, and creativity in each discipline is nourished by successes in the others. Without this process of collaboration and cross-fertilisation between business, science and art, our achievements on the international stage would not be what they are today.

However, the prime condition for the burgeoning that we have witnessed in all fields has been, first and foremost, the education that our young generation, the people who are now in their best years, received. Every effort has been made in Iceland to give everyone access to higher education, and in recent decades students have undergone further training in the best universities, colleges and academies abroad. It is by learning from others, seeing the opportunities available and bringing skills and experience back to Iceland that we have been able to build up the basis necessary for the next successful thrust in the evolution of our overseas ventures.

Never before in our history have Icelandic students pursued studies in so many countries or in so many different subjects, and the fortunate fact that the vast majority of them return to Iceland has resulted in a continual state of ferment, renewal and challenge to established knowledge. We enjoy the cream of what is being produced in the world's leading centres of knowledge and research, and our older experts have to stay on their toes to keep up with the new generation.

Here too, the smallness of our society works to our advantage. In larger countries, there is less tendency to go outside one's own back yard, but we are keenly aware that "Only he who travels widely / acquires knowledge", to quote from *Hávamál* once again. We are forced to travel, and then we bring our knowledge back home with us; this was the case in the golden age of literature and learning in the twelfth and thirteenth centuries, and it is still the case today. Iceland is the scene of continual renewal in the field of learning, and the ferment of activity and innovation has formed the basis of our recent successes abroad.

When we are faced with the question of the future outlook and whether the crop of overseas successes will be a one-off phenomenon or whether it is likely to continue, we must look to education, more than anywhere else, for the answer. Will our own universities, and the education we seek abroad, continue to meet the highest requirements? Will our educational policy go on being based on a standard of international excellence?

The answer about the longevity of our success abroad must also involve a consideration of the foundation on which it is based. A precondition is that the ambitious leaders who have forged ahead with such magnificent results must keep their sense of direction and not lose contact with their roots; that they continue to treat the community that fostered them with respect and fairness; not only to their fellow Icelanders but people of other nations too. They must not forget that their success has grown out of Icelandic history, culture and moral sense.

Our record of achievements of so many types abroad, which have powered new development in so many fields at home, can be continued on a still greater scale in the future. It can create the basis for prosperity and have a positive effect on everyone in our country, in all regions, towns and villages and in all occupations. Success abroad is not just the private concern of those who have led the way. It colours the whole of our society, opening our eyes to opportunities in many areas and fostering the qualities that enable us to advance and consolidate our position in the world. The new global order is favourable for us and more and more opportunities are presenting themselves.

An era of prosperity based on waves of successful ventures abroad – an era of flourishing and expansion in business, science and the arts – this is the future vision that may easily become a reality, and while it is always healthy to proceed with caution, to be sceptical about appearances and to stress how vital it is to make sure that the foundations continue to be sound, there seems to be every indication that the coming years will see constantly more and more achievements and expansion abroad which will enable all Icelanders to enjoy a better life.

Successes on foreign ground produce a range of effects on the life of our nation, including the lives of people whose first reaction is that the exploits of a few companies or individuals in distant places are no concern of theirs. The fact is that they have led to an improvement in our standard of living, even though many people still, unfortunately, have very limited means. If managed sensibly, foreign ventures could deliver greater economic prosperity for Iceland than we have thought possible up to now.

However, the greatest benefit from all this is that it shows our young generation that the best option is to combine Icelandic roots and international action; that the vigour that Iceland gives them is an excellent asset to rely on and that it is possible to be at one and the same time a creative Icelander and a successful citizen of the world.