



**New Year Address
by the President of Iceland
Ólafur Ragnar Grímsson
1 January 2009**

My Fellow Countrymen,

My wife Dorrit and I wish you all a Happy New Year and hope that it will prove a more prosperous time for us all, individually and as a nation, than 2008.

The festivities of Christmas and New Year have reminded us of the importance of solid values; our families and friends, of standing together in times of affliction and setbacks. Religious services, celebrations with friends, nearness and peace, whether in church or at home, give us inner strength and stamina to tackle the challenges of a changed landscape and make a new start.

Thousands of families are now facing the realities of unemployment, loss of their wages and even of their property. Every day they face the torment of uncertainty about income or housing and the pain of having to deny their children or loved ones many things that used to be taken for granted.

Along with other countries, we have been sucked into the maelstrom that has hit the world economy, but we have sustained greater damage than most others, partly because of mistakes and neglect here at home, but also because the foundations of the financial system that had been honoured in the West for decades turned out to be rotten: it was powered by the quest for quick profit and short-term advantage, while restraint, thrift, caution and the common good were pushed aside all too often.

In a situation like this, many people are seized by justifiable anger; the public demands a settling of accounts; mass meetings are held to make protests heard and a broad movement is calling for radical change. Lively discussion is taking place on street corners, at public meetings, in the media and on the Internet, calling for a new moral order, a reform of the

system based on transparency and accountability, trust, honesty and plain dealing.

This wave of democratic feeling that has arisen in Iceland is an urgently-needed force pointing the way towards the new Iceland that people are calling for, both at public meetings and also in private conversations and in their hearts. It is a necessary stage preceding the work of reconstruction, and it shows that our people have the strength to move ahead, the determination to find their bearings again, to reach a consensus on a just society and lay the foundations of a sound economy and long-term welfare in the years to come.

Many people have made mistakes, both large and small, in these past years, and it is vital that each and every one of us examine them, admit them and learn our lessons from them. I have attempted to do this, making an honest assessment of how I went too far in supporting and promoting the activities of Icelandic banks and finance companies abroad; I have realised how necessary it is to pay more attention to critical voices and the grassroot point of view; that an element of scepticism must always be present, especially when there is a danger of rushing ahead without due heed, and that it is important to remember that real value is more reliable than figures on paper.

I hope that self-examination of this type will put me and others in a better position to shoulder our responsibilities in the future and to serve our nation in the spirit of the trust that the people put in us. I should point out, however, that the duties of the President have increasingly taken the form of advancing Icelandic interests, scientific and artistic endeavours in the world at large, giving support in a wide range of fields. This was a factor in my candidacy and in the mandate that the nation has given me in each of the presidential elections.

Our government ministers and members of parliament must also look back over the course they have taken and subject various decisions, laws and regulations to a critical examination. This applies also to the leaders of financial and supervisory institutions, and the managerial teams of banks and enterprises who forgot caution in a voyage that sometimes threatened to go out of control.

Integrity, modesty and humility must be the guiding lights for all of us who in these past years have borne responsibility. Those whom the nation has chosen to lead it must show a sincere will to discuss the lessons that are to be learned from their mistakes. No one who has been entrusted with responsibility can shy away from this challenge.

People are asking for information and a statement of account, and for open and candid discussions. If these demands are ignored, it will be difficult to create the basis for a new era.

On the other hand, it has been gratifying, at the many meetings I have been at in schools, workplaces, welfare institutions and regional areas, to find that despite the great sense of shock, people are generally imbued with a fighting spirit, a desire to move on, even a sense of excitement and expectation towards the huge task that faces us. “Now my generation has been given a role to play in history,” a young man said to me in Akureyri. What he saw in our difficulties was an opportunity to create a new future for our people, to take part in decisions on a better and more just society.

The well-educated young generation that came to the fore over the past decade drew on the knowledge and experience of other countries. These people are an invaluable resource for Iceland, and it is vital that they should choose to stay in Iceland and not to emigrate, as has happened in so many cases in Central and Eastern Europe.

In this connection, we must remember that the great surge of overseas ventures by Icelandic businesses was not just the work of a few bank managers and tycoons. Thousands of young Icelanders played an active role in it. These were highly-trained people in all sorts of fields: scientists and specialists, designers and artists. The success of these activities abroad had a significant effect on new ventures at home as well, and on the growth of our university sector and our cultural life. This cross-fertilisation was of great benefit and the experience gained will stand us in good stead in the years to come.

Even though international banking has run into difficulties, many Icelandic companies still have sound business operations in various locations abroad; this applies particularly to those that are based on know-how, experience and research. On a day-to-day basis, they generate wealth and manufacture products, software and equipment that are in demand all over the world.

History shows us that an island nation in the North Atlantic must be active in the international arena if it is to secure prosperity for its children. Life has been at its best in Iceland when the country has engaged in open and rewarding dealings with the rest of the world; isolation has always resulted in long-term poverty.

The fruits of our independence campaign were secured when motorized vessels and trawler fishing became the foundation for international marketing companies. Our seafood sales associations and the

successes scored by Icelandic Airlines Loftleidir in intercontinental passenger flights then formed the economic pillars of the young republic.

Those were the overseas business ventures of their day, and they were of vital importance for Iceland. Young people were the leaders then, just as they have been in recent years. The broad experience, knowledge and skills acquired by thousands of our people must now be utilised in the same way in an effort of responsible reconstruction; it is essential to protect and cultivate that which has been done well.

Human capital will be a key element in rebuilding Iceland; harnessing our talents and energies will be the pre-requisite for achieving prosperity and well-being for everyone. Thus, we must make it a priority to secure full employment as soon as possible and to explore every available means of helping those who are temporarily out of work. It is no shame to anyone to be laid off work, and least of all at a time of international economic crisis which has hit us with full force. Even though this crisis means a lower standard of living in the short term, history shows us that a recession can also bring great energies into play, and may offer new openings, as the Chinese, drawing on the wisdom of the ages, have expressed in their ideogram designating the concept of crisis, which yokes together the symbols of danger and opportunity.

It is vital not to lose sight of our rich natural resources, the treasures that put us in a better position than many other nations.

The energy in the ground beneath our feet and our skills in harnessing geothermal and hydroelectric power are in demand now when the challenge of climate change calls for a radical restructuring of the world's energy economy. The question is already being asked in the United States of America – and will be asked more urgently when the new President assumes office – and also in China, India, Europe and in certain nations in Africa and Central and South America: “How can we engage in partnership with Iceland and benefit from its rich experience in this field?” This was highlighted by the world-famous magazine Time a few weeks ago, in an article in which our achievements in this area were praised warmly.

Our fish stocks, which we have managed and conserved better than most other countries, will continue to be the basis of our fishing and food-processing industries. So too will agriculture, a sector that gives us a firm foundation to build on and guarantees us a secure food supply in times of uncertainty. We do not have to spend foreign currency on imports of fuel and food to anything like the same degree as many other nations.

The natural environment of Iceland, with its wildernesses, wonders and wide and beautiful vistas, attracts hundreds of thousands of visitors each year, and opportunities in the tourist industry will continue to multiply and grow. Iceland is also one of the greatest reservoirs of fresh drinking water in the Western world; this will be a valuable resource, since water shortages are likely to become a global problem in the near future.

All these are great resources, real reserves of wealth which, together with the talents and energies of the people, should enable us to overcome our difficulties quickly and effectively.

In order to make use of these many and varied opportunities so as to provide everyone with creative employment and ensure our families an acceptable standard of living, we in Iceland must, at the first opportunity, reach a consensus on the renewal of our society, a more just and more democratic community, a covenant hammered out in discussions and dialogues in which the people have expressed their concerns.

Covenants of this type were at the heart of the ideas that the philosophers of past ages made into the basis of Western democracy, a social vision that spun together the values that were to be observed as its guiding principles. Iceland's independence campaign was conducted for the most part by means of juridical arguments, the provisions of the constitution, the settling of accounts with Denmark, disputes about the Council of State and the Act of Union; meanwhile, discussion of the structure and basic values of our society was all too often pushed aside.

Now, in the wake of the bitter experience we have suffered, we must take the time to draw up a covenant on our society; we must debate its substance and emphasis at open meetings, in academia and in the business sector, in non-governmental organisations, in municipal councils, in the Althingi and in the media; we must draw on the experience of other nations and examine our own history and heritage and the ideas of the philosophers who laid the foundations of democracy.

In a debate of this type, everyone would have an unequivocal right to make his voice heard, and be entitled both to comment and to make proposals. If this were successful, the covenant could then be approved in a special referendum, since it would be the product of the power that rests with the people of our country, the nation itself.

In this way, the covenant would promote solidarity and mutual trust, embodying an agreement between the generations, upholding the values that neither moth nor rust corrupt: moderation, honesty, prudence and

discipline; it would give permanence and prominence to the ideal of mutual assistance that has always been observed in Iceland when disasters and natural catastrophes cause loss and damage; this was the principle behind the establishment of the local community units called *hreppar* in the days of the Medieval Icelandic Commonwealth.

In a covenant of this type we could give expression to the ideal of an open, transparent and democratic society in which the right to information is always respected in decision-making, in policy formulation and governance.

This covenant would be a signpost that everyone would be expected to comply with, a sort of sounding-board for the new image of our nation and a moral bulwark in the new Iceland to be created after the crisis has passed over.

The task of reconstruction, which faces us today and will continue to do so in the coming years, would proceed on a firm basis if it were grounded on a nationwide debate of this type, a common agreement on the fundamental values of the society. But reconstruction must also proceed from a determined national effort.

The natural resources I mentioned a moment ago, coupled with the talents and skills of our people, should make it possible for us to regain our former strength in just a few years. Our exports of food, technology and software have continued, and many start-up companies are bursting with creative new ideas. The operations of Marel and Össur, to name two examples, companies that are still making advances all over the world, originally grew from humble roots.

Perhaps we should do what has been done by some nations which had to face war: strive to make each and every workplace a unit in the drive ahead, involving all companies, welfare institutions, schools, associations; wherever we carry out our daily tasks.

We must forge ahead in every fjord, every valley; in communities both large and small, in the metropolitan regions and the rural areas and fishing villages; we must look ahead to new times and be alert to fresh opportunities – and there are plenty of those; use our gifts and ingenuity and consolidate that which has already proved its worth.

We must learn from our mistakes, but also remember that Iceland is endowed by nature with precisely those resources that are becoming ever more valuable in the new century; we must resolve to make a united effort in the spirit of the poet who said:

“Standing alone is but half the solution:
Together with others you’ll make more contribution.”

A national effort at reconstruction, covering, for example, the next two years, together with the covenant on a just society, could provide the basis that is needed and bring countless forces into play.

Much is at stake: the future and well-being of the nation. The meetings I have had over the past weeks with thousands of people all over Iceland have convinced me that our countrymen are prepared to turn adversity into victory.

Everyone must now play his or her part, and I have decided to do what I can. In the coming months I shall be visiting all parts of the country and as many towns and villages as I can to try to gather support for a national effort of this type.

Fortunately, much was done last year that can serve as our model and inspiration; many successes were scored by thousands of people, young and old.

Our national teams in women’s soccer and men’s handball brought Iceland to the notice of the world, and are fine models in connection with our present task. Their victories depended on team spirit and determination, discipline and training, stamina and enthusiasm. Each and every member of the team played his or her part, knowing that without the others, no goals would be scored.

Let us model ourselves on these excellent teams; let us look on their success as an encouragement to join hands and bring honour to Iceland for our children and the generations to come, now and for all time.