The Defense of Iceland Agreement: How A Small, Pacifist Nation Defeated the US

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The United States entered the Cold War as the world’s preeminent superpower - it had survived World War II intact with a well-equipped military and a thriving economy, challenged only by the war-ravaged Soviet Union. Esoteric CIA affairs, American military operations, and floods of funding from the Marshall Plan and Truman Doctrine reshaped entire nations. Iceland seemed slated as one of these nations when it joined NATO in 1949 and signed the Defense of Iceland Agreement in 1951. Yet, during the Cod Wars, a series of interstate disputes between Iceland and the United Kingdom over lucrative fishing waters, American power would be challenged and then defeated by Iceland - a highly unusual phenomenon that helped shape Iceland into the nation it is today.

**Historical Background**

Icelandic-American relations first began in earnest due to the threat of Nazism during World War II. The six-hour German invasion of Denmark in 1940 during Operation Weserübung generated fear amongst American and British leadership. The loss of Denmark posed a strategic threat to the Allied cause as it boosted the local naval influence of the Kriegsmarine, and threatened the immediate status of Iceland. As Winston Churchill put it, “Whoever possesses Iceland holds a pistol firmly pointed at England, America, and Canada.”¹ A German-occupied Iceland could not only serve as a rallying point for an invasion of the three Allied nations, but it could also disrupt vital shipping lanes delivering goods from North America to Europe. Realizing this, British and Canadian forces were sent to invade Iceland in 1940, establishing garrisons to halt a potential Nazi invasion.² However, British logistical strain and an ever-growing fear of Germany would cause Icelanders to desire American aid, hoping that non-belligerent soldiers could defend the nation under the Monroe Doctrine without inviting

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German retaliation. On July 7th, 1941, President Franklin D. Roosevelt would raise concerns over North Atlantic shipping to Congress, ordering American troops to defend Iceland until the end of the war.

Iceland’s geographical importance would persist into the Cold War. Located in the Greenland-Iceland-United Kingdom Gap, the nation found new Cold War importance as an airbase, possible offensive staging ground, and most importantly, a submarine monitoring station. Iceland’s location was perfect for gathering early-warning intelligence on outbound Soviet submarines, who would have to pass the nation to reach the West for any kind of strike. It was also another nation for the United States to protect in order to contain Communism. Iceland, conscious of its lack of a military amidst growing Soviet aggression, would form the Defense of Iceland Agreement in 1951 with the US. Iceland would be used as an airbase and submarine monitoring station in exchange for the stationing of American defense force troops. This mutualistic relationship would soon grow under threat. Stocks in fish, Iceland’s key economic export, experienced a decline throughout the Cold War, causing the nation’s leaders to unilaterally extend its territorial fishing limits - against the wishes of British trawlermen. The intense stubbornness of British and Icelandic leaders to yield would threaten the stability of NATO, and America’s defense system.

**American Involvement During the Cold War**

In the immediate postwar period following World War II, the American presence in Iceland was diminished from 50,000 soldiers to a smaller number of US civilian contractors to

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3 Ibid., 74-75.
4 Franklin D. Roosevelt, “Message of President Roosevelt to the Congress,” transcript of speech delivered at the White House, Washington, DC, July 7, 1941.
Icelanders, proud of their nation’s pacifism and recent independence in 1944, were averse to a foreign presence in Iceland, especially with the ceasing of hostilities - prompting them to reject US government requests for long-term military bases, put forth in October of 1945. However, this perspective would quickly change. Officials in Reykjavik, the Icelandic capital, would accept economic aid from the Marshall Plan on July 3rd, 1948 after an initial refusal, undoubtedly motivated by a period of economic recession from 1947 to 1948. Iceland would enjoy particularly significant funding - it received the highest per capita funding out of all Marshall Aid recipients at a total of roughly 38.5 million dollars for its population of 130,000.

Icelanders would also quickly seek out increased military protection in recognition of the recent coup d’état in Czechoslovakia and the blockade in Berlin. Desires for military support would crystallize in 1949, as Iceland became a founding member of the North Atlantic Treaty Organization. This action did not enjoy total support, as Iceland’s Socialist Unity Party was constantly at odds with any support of the West; during the parliamentary vote on NATO membership, socialists voted against the measure and rioted, throwing eggs, stones, and mud at the Parliament House. Icelandic desires for protection would mount with the advent of the

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7 Jóhannesson, TO THE EDGE OF NOWHERE?: U.S.-Icelandic Defense Relations During and After the Cold War, 116-117.
12 Gissurarson, Communism in Iceland, 1918-1998, 70.
Korean War in 1950. Suspicious of a nearby Soviet fishing fleet, Icelanders began to desire fast response, domestically-provided protection. Their parliament temporarily requested the presence of US naval destroyers to immediately counter the Soviet fleet, and shortly after that, signed the Defense of Iceland Agreement in 1951 with the United States to provide the American-run Iceland Defense Force. This was a complete abandonment of previous Icelandic policy - as a prerequisite for Icelandic membership in NATO, leaders had staunchly refused the idea of accommodating foreign troops during peacetime. Growing overseas violence had convinced Icelandic leaders however that isolationism and pacifism were no longer an adequate defense mechanism against Communism.

American troops would again flow into Iceland and reassume control of the airport at Keflavik. Despite the nature of their deployment - to benefit Iceland - Icelanders reacted negatively to the American presence, at times referring to troops as “Herrenvolk,” German for master race, and placing restrictions on troop movement to keep interactions at a minimum. Aside from defense benefits, American involvement would quickly bring economic benefits as well - base related operations would account for 10% of Iceland’s national income. Yet, lukewarm relations between defense forces and local citizenry would persist as of 1951.

The first few years of American-Icelandic interactions in the postwar era were characterized by American appeasement and failures on the part of Icelanders to reciprocate any kind of aid or widespread public appreciation. The alliance that stood between the former allies nations was clearly strained, born purely out of strategic necessity. Iceland only signed pro-Western legislation due to new precedents that raised existential fears - and yet did so

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14 Jóhannesson, TO THE EDGE OF NOWHERE?: U.S.-Icelandic Defense Relations During and After the Cold War, 118.
15 Ibid.
reluctantly. The US provided mass aid to Iceland to incentivize land allocations for counter-Soviet infrastructure; in other words, for the express purpose of furthering American security.

**The Threat of Communism**

Throughout the Cold War, Icelandic Communists would put forth sizable opposition to Western interests through the Socialist Unity Party, founded in 1938, and the subsequent People’s Alliance, a coalition of several Icelandic political parties.\(^\text{16}\) Although their power would periodically decline after periods of Communist aggression - such as the aforementioned Czechoslovakian coup and Korean War - they constantly appealed to the dependably anti-foreign, nationalist virtues of the general populace to resist Western advancement in Iceland. A clear example of their efforts can be seen in the rejection of American long-term bases in 1946 - a Socialist Unity Party campaign had helped unite support for a unanimous rejection of the request.\(^\text{17}\) Icelandic Communists would also advocate for increased trade with the Soviet Union, and during the Cod Wars, push for increased fishing limits - strategic moves that would not only gain general public support but also aggravate NATO relations.

Soviet officials, like their American counterparts, were also conscious of Iceland’s strategic geographical location. As early as 1944, the Soviet Union had established an embassy in the capital, Reykjavik, and sent various representatives and agents to build relations and spy on the reopened 1951 Defense of Iceland base in Keflavik.\(^\text{18}\) The latter was evidenced by the discovery of old Soviet transmitting, listening, and recording devices in a lake near the capital in 1973, suggesting a history of Soviet espionage.\(^\text{19}\) The Soviet government was economically


\(^{17}\) Ibid., 60-61.

\(^{18}\) Ibid., 58.

\(^{19}\) Ibid., 109.
involved in Iceland as well. It had a history of providing funding for various Icelandic Communist groups, and appealed to Iceland as a whole through trade agreements, providing a steady flow of income in exchange for fish.

On March 19th, 1952, the Icelandic parliament unilaterally increased fishing limits from 3 to 4 nautical miles.\textsuperscript{20} The move was by no means spontaneous; Iceland had endured constant encroachment of its waters by foreign fishing vessels, threatening its primary national industry, and in recent years, international support for expanded territorial waters had grown. Iceland’s expansion received an immediate outcry from British trawlersmen, who also depended on the waters for their livelihoods. They organized a ban on all fresh fish from Iceland, which threatened the nation with economic devastation, as Britain was one of the largest importers of Icelandic fish. Sensing an opportunity, the Soviet Union established a trade agreement to make up for lost sales, supplying raw materials like oil and paying above average prices.\textsuperscript{21} Fearing an increase in Icelandic dependency on the Soviets, unhappy American officials attempted to counter the agreement by increasing fish purchases, going as far as ignoring domestic requests by New England fishermen for import quotas or higher fish tariffs.\textsuperscript{22} President Dwight D. Eisenhower even suggested a wholesale purchase of Iceland’s annual fish catches.\textsuperscript{23} Although the US never did go as far as to purchase all of Iceland’s fish, such a suggestion illustrates the dire nature of the situation. The US could not resist the Soviet-Icelandic trade agreement, aside from expressing discontent diplomatically, without risking abrogation of the Defense of Iceland agreement of 1951. With few options, the US was forced again to seek a policy of appeasement.

\textsuperscript{20} Moosios, “House of Ice and Cod: The US-Icelandic Alliance Throughout the Cold War”, 35.
\textsuperscript{23} Moosios, “House of Ice and Cod: The US-Icelandic Alliance Throughout the Cold War”, 38.
and inaction, resulting in an unsupported British government giving in to Icelandic demands in
November of 1956. The importation ban was lifted and the government promised to not contest
the limit. 24 Persuasive loans provided by the US government during and after the crisis, along
with the Hungarian Revolution in 1956, which caused a protest at the Soviet Embassy in
Reykjavik, raising insecurities, aided the American cause as well. 25 The base at Keflavik was
saved, and Soviet interference in Iceland was kept to a minimum. Unfortunately, relieved
American officials, to their chagrin, would soon experience further Icelandic demands for
territorial expansion.

The Cod Wars

The first unilateral expansion in 1952, if anything, was an attempt by Iceland to test
reactions from their allies. Over the course of the First, Second, and Third Cod Wars, starting in
1958, 1972, and 1975, Iceland extended its territorial fishing limit to 200 miles. Throughout the
various conflicts, the US, diplomatically limited in its options to combat Icelandic demands,
elected to stay mostly neutral, at times petitioning the British to give in to end the crises.
Icelanders were not fundamentally averse to the American presence - the majority saw the
Defense of Iceland agreement as necessary to their nation’s survival, with the anti-West
Communists representing a national minority. 26 Yet the intersection of another key issue, the
promise of an economically prosperous future amidst a world of decreasing fish stocks, drove
Iceland to capitalize upon its situation and gain as many concessions it could when its allies
could scarcely fight back.

25 Moosios, “House of Ice and Cod: The US-Icelandic Alliance Throughout the Cold War”, 40; Gissurarson,
Communism in Iceland, 1918-1998, 85; Jóhannesson, TO THE EDGE OF NOWHERE?: U.S.-Icelandic Defense
Relations During and After the Cold War, 120.
26 Jóhannesson, TO THE EDGE OF NOWHERE?: U.S.-Icelandic Defense Relations During and After the Cold War, 120.
The First Cod illustrates some of the frustration of American leaders in their inability to retaliate. At the United Nations Conference on the Law of the Sea in Geneva, 1958, Icelandic delegates formally requested a fishing limit increase - a sentiment shared by several other nations - to 12 miles, citing its overwhelming economic dependency on fish. The request would ultimately not be met, which prompted the Socialist Unity Party in Iceland to announce a unilateral expansion yet again: a new 12-mile limit, to come into effect in September. In anticipation of such an effort, the British government had instructed the Royal Navy’s Fishery Protection Squadron to prepare ships for the protection of trawlers. After brief attempts in NATO to negotiate a solution failed, the First Cod War began. President Eisenhower would note to his Secretary of State, John F. Dulles that Iceland embodied the expression “tyranny of weakness.” “The Icelanders were so feeble that they could not be fought, for that would be bullying, and their allegiance was strategically vital.” Despite desires to resist the expansion, American officials could only neutrally sit idle until the British were forced to agree to the new regulation in 1961.

The First Cod War shares observable patterns common with the two other subsequent cod wars. In all three conflicts, the Royal Navy deployed ships to protect trawlers, raising tensions among Icelanders. This prompted politicians to threaten leaving NATO or invoking the termination agreement, Article VII, of the Defense of Iceland agreement. Each subsequent

32 Ibid.
conflict was no less frustrating for American officials. During the Second Cod War, Henry Kissinger, a key Nixon administration official, considered Iceland “the most arrogant little country [he had] ever encountered,” admiring that it was “threatening to make war against a nation 250 times its size.”

During the conflicts, American officials attempted economic coercion against Iceland - and failed. Eventually, the Soviet threat decreased significantly enough that strategists were comfortable with shrinking the US presence in Iceland. Yet the Defense of Iceland agreement required the United States to provide military defense for Iceland to retain base rights for still-essential submarine monitoring stations. Thus, until the end of the Cold War, American officials were forced by necessity to accommodate their troublesome ally. In both the Second and Third Cod War, American officials opted to pressure the British to accept Icelandic expansion, ending the disputes.

Conclusion

During the Cold War, small nations were frequently poised to decide the fate of the world. As crises deteriorated, nations like Korea threatened to drag along Western and Eastern nations into conflict with one another. Iceland appears as such a nation - however, the Cod Wars were truly unique in their impact and response by American officials. Britain and Iceland stubbornly fought over fishery limits despite the raging Cold War backdrop and their close alliance in NATO - bringing the organization the closest it ever has to shattering. The United States, which largely acted behind the scenes, was forced to choose sides amongst close allies,

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35 Jóhannesson, TO THE EDGE OF NOWHERE?: U.S.-Icelandic Defense Relations During and After the Cold War, 122.


brought to its knees by a nation several orders of magnitude smaller and weaker. American security goals were met wholly on the terms of Icelanders, who refused to heed most responses short of an acceptance of their demands. Officials were helpless but to watch, or hasten the defeat of an equally important ally, Britain. The intense challenges US foreign policy officials faced were not quelled by America’s usual suite of persuasion - immense economic, military, and diplomatic powers. In recent years, without the Cold War to necessitate defense forces, Iceland lost its last few American servicemen in 2006.\textsuperscript{38} The Cod Wars and the Defense of Iceland Agreement nonetheless leave a lasting legacy in history; the leaders of a small, pacifist nation were able to strongarm and bully the United States at its height of international power, guaranteeing the preservation and development of Iceland into a prosperous modern nation.

Appendix

This paper cites the personal thoughts of several relevant key figures and some legal documents. The Defense of Iceland Agreement of 1951 was the greatest source of conflict between the US and Iceland. A digitized copy is located below.

PREAMBLE

Having regard to the fact that the people of Iceland cannot themselves adequately secure their own defenses, and whereas experience has shown that a country's lack of defenses greatly endangers its security and that of its peaceful neighbors, the North Atlantic Treaty Organization has requested, because of the unsettled state of world affairs, that the United States and Iceland in view of the collective efforts of the parties to the North Atlantic Treaty to preserve peace and security in the North Atlantic Treaty area, make arrangements for the use of facilities in Iceland in defense of Iceland and thus also the North Atlantic Treaty area. In conformity with this proposal the following Agreement has been entered into.

ARTICLE I

The United States on behalf of the North Atlantic Treaty Organization and in accordance with its responsibilities under the North Atlantic Treaty will make arrangements regarding the defense of Iceland subject to the conditions set forth in this Agreement. For this purpose and in view of the defense of the North Atlantic Treaty area, Iceland will provide such facilities in Iceland as are mutually agreed to be necessary.

ARTICLE II

Iceland will make all acquisitions of land and other arrangements required to permit entry upon and use of facilities in accordance with this Agreement, and the United States shall not be obliged to compensate Iceland or any national of Iceland or other person for such entry or use.

ARTICLE III

The national composition of forces, and the conditions under which they may enter upon and make use of facilities in Iceland pursuant to this Agreement, shall be determined in agreement with Iceland.

ARTICLE IV

The number of personnel to be stationed in Iceland pursuant to this Agreement shall be subject to the approval of the Icelandic Government.

ARTICLE V

The United States in carrying out its responsibilities under this Agreement shall do so in a manner that contributes to the maximum safety of the Icelandic people, keeping always in mind that Iceland has a sparse population and has been unarmèd for centuries. Nothing in this Agreement shall be so construed as to impair the ultimate authority of Iceland with regard to Icelandic affairs.

ARTICLE VI

The Agreement of October 7, 1946, between the United States and Iceland for interim use of Keflavik Airport (2) shall terminate upon the coming into force of this Agreement whereupon Iceland will assume direction of and responsibility for civil aviation operations at Keflavik Airport. The United States and Iceland will negotiate appropriate arrangements concerning the organization of the Airport to coordinate the operation thereof with the defense of Iceland.

ARTICLE VII

Either Government may at any time, on notification to the other Government, request the Council of the North Atlantic Treaty Organization to review the continued necessity for the facilities and their utilization, and to make recommendations to the two Governments concerning the continuation of this Agreement. If no understanding between the two Governments is reached as a result of such request for review within a period of six months from the date of the original request, either Government may at any time thereafter give notice of its intention to terminate the Agreement, and the Agreement shall then cease to be in force twelve months from the date of such notice. Whenever the contingency provided for in Articles 5 and 6 of the North Atlantic Treaty shall occur, the facilities, which will be afforded in accordance with this Agreement, shall be available for the same use. While such facilities are not being used for military purposes, necessary maintenance work will be performed by Iceland or Iceland will authorize its performance by the United States.

ARTICLE VIII

After signature by the appropriate authorities of the United States and Iceland, this Agreement, of which the English and Icelandic texts are equally authentic, shall come into force on the date of receipt by the Government of the United States of America of a notification from the Government of Iceland of its ratification of the Agreement. DONE at Reykjavik, this fifth day of May, 1951.

(1) TIAS 2296; 2 UST 1195. An annex to this agreement was signed, May 8, 1951, regulating the status of United States personnel and property in Iceland under the defense agreement (TIAS 2295; 2 UST 1533). Back

(2) TIAS 1566; 61 Stat., pt. 3, p. 2426. Back
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