Structural, Environmental, and Political Conditions for Security Policy in the High North Atlantic

The Faroe Islands, Greenland, and Iceland

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Introduction

Security policy in the Faroe Islands, Greenland, and Iceland has historically taken place in a nexus of structural, environmental, and political conditions which pose particular challenges for such policy—a situation that continues and which will continue to take place. This article examines these conditions for broad security policy-making and implementation in the region in a historical, current and future perspective. It shows how these three societies have historically addressed and currently address security policy, where the experience of Iceland as the only fully independent state is enlightening. On this basis, the article discusses how these societies can address future developments with regard to climate change and increased self-government in the case of the Faroe Islands and Greenland, which is a central, but often overlooked, political development in the region. Security policy here is conceived broadly as covering the exercise of sovereignty, participation in international security orders such as NATO, well-grounded and researched debate and policy-making, law enforcement, intelligence, civil defense, marine resource management, environmental protection, provision of search and rescue, air and sea surveillance, among other issues.

This article identifies structural, environmental, and political conditions as well as public administration and finance challenges for security policy in section two Conditions and Challenges for Security Policy in the Faroe Islands, Greenland, and Iceland. The conditions are: microstates with very limited absolute capabilities, but responsibilities over vast strategically important air and sea spaces; Arctic and Subarctic climatic and geographic conditions, including climate change which affects political and economic conditions and in turn increases strategic interest and pressure on the region; the geopolitical role of the region, including short-term political changes such as the U.S. withdrawal from the Keflavik base and long-term political changes, such as increasing Faroese and Greenlandic self-government and possible eventual independence from the Kingdom of Denmark.

There is, presently, one independent microstate, or very small state, Iceland, and two micro-societies, the Faroe Islands and Greenland, that are overseas autonomies of a small state, the Kingdom of Denmark. Despite their current absence of sovereignty, the Faroe Islands and Greenland are called microstates in this article in light of their historical movement toward greater self-government and possible full independence from the Kingdom of Denmark. The author defines microstates as less than 1 million inhabitants.[1] Such a capabilities-centered
definition is valid for the purposes of this article. The term ‘Kingdom of Denmark’ is used for what in Danish is called “Rigsfællesskabet,” the unity of Denmark, the Faroe Islands and Greenland under the crown. “Denmark” refers to the Continental European part of the kingdom.

Based on the above-mentioned conditions, public finance and administration as well as security policy challenges are identified (section two: Conditions and Challenges for Security Policy in the Faroe Islands, Greenland, and Iceland continued): these microstates have very narrow tax and personnel bases for supplying the means of security policy. Therefore, how can these microstates exercise effective sovereignty over vast, strategically important air and sea spaces, contribute to international security order, conduct well-grounded and researched debate and policy-making, protect society against terrorism, organized crime and illegal trafficking, supply environmental protection and civil defense, provide search and rescue services, etc?

Iceland responds to these challenges through its security policy, and with expanding self-government and possible independence, the Faroe Islands and Greenland will have to design policies to do likewise (section three: Overview of Historic, Current and Future Icelandic, Faroese and Greenlandic Security Policies). These case studies show how Iceland successfully has overcome the challenges to security policy-making through a combination of domestic capabilities and external partnerships, which is part of its successful independence. The Icelandic experience indicates ways for the Faroe Islands and Greenland to handle their security policy under changing conditions of both climate change and increasing self-government.

**Conditions and Challenges for Security Policy in the Faroe Islands, Greenland, and Iceland**

This article identifies a number of central structural, environmental, and political conditions for formulating and exercising security policy in the region of Greenland, Iceland, and the Faroe Islands. Based on these conditions, this article highlights intertwined public finance and administration as well as security policy challenges for the Faroe Islands, Greenland and Iceland.

**Structural Conditions: Highly Developed, Strategically Located Microstates in the High North**

The structural conditions are the combination of the small population sizes and the policy demands made on these highly developed microstates in the High North with vast, strategically important air and sea spaces with Arctic and Subarctic climatic and geographic conditions.

Iceland has a population of around 313,000, the Faroe Islands 48,000, and Greenland 56,000. All these societies are highly developed, thus, with large capabilities relative to their populations, but very limited capabilities in absolute terms. Highly developed states face largely similar policy tasks, which the less populated states have to face with less absolute resources and smaller organizations and, thus, possibilities for specialization. A fascinating aspect of Icelandic government and society is how tasks are solved at very high levels of proficiency by very small public, private, and civil society organizations with limited internal possibilities for
specialization. The level of proficiency is evident from Iceland’s very high level of human development, ranking third globally in 2009.[2]

The term *microstate* is an important analytical category and should be used here, although it is sometimes substituted in political discourse by *small state*: the Faroe Islands, Greenland and Iceland face different conditions than, for instance, Sweden with its population of around 9,045,000, which is a small state with a large territory including Arctic and Subarctic regions.

**Environmental Conditions: Constant and Changing Climate with Social Consequences**

The *environmental conditions* for North Atlantic security policy are both permanent and changing. Permanent environmental conditions include difficult Arctic and Subarctic climatic conditions as well as great distances over sea and ice (especially in the case of Greenland), which make all kinds of communication, transportation, projection of capabilities much more difficult and thus expensive. These conditions and the sheer distance of the region from areas of conflict kept the region out of European conflicts for centuries. Technological advances, especially in long-range flying during World War II and to even greater extent during the Cold War, as well as in nuclear submarines, cancelled those distances and integrated the region into global politics and conflict. This development led to an unprecedented militarization, which has, however, been replaced by greater cooperation after the Cold War.[3]

Other environmental conditions include abundant resources. Marine resources have caused conflict in the 1950s-1970s—most notably between Iceland and Britain, resolved through the international law of the sea. The region’s rich renewable geothermal and hydroelectric energy resources and possibly hydrocarbons are drawing increasing attention and investment. Although difficult to export, the renewable energy resources are sought after as a response to greenhouse gases. This fact is clear from technology export and recent and proposed investments in power generation and energy-intensive aluminum and other industries in Iceland and Greenland. High, although volatile, oil prices also focus attention on possible hydrocarbon resources in the region, where, for instance, the United States Geological Survey predicts with varying probability around 51.8 billion barrels of oil and oil-equivalent natural gas around Greenland.[4]

The environmental conditions are also changing due to climate change, which is particularly pronounced in the High North. Global warming is affecting, for instance, the sea ice in the Arctic Ocean and is “very likely“ to improve access to energy exploration and shipping.[5] Improved marine access may place these societies much more centrally in global energy and transportation systems than hitherto possible through oil and gas exploration in their economic exclusion zones or on their continental shelves, as well as through new trans-Arctic shipping lanes linking the North Atlantic and the North Pacific.[6]

Such changes will have profound social, political, and economic impacts. New economic opportunities fostered by climate change may contribute to increased Faroese and Greenlandic self-government and possible independence through reducing fiscal dependence on Denmark.
Energy exploration and important shipping lanes for the global economy will also further increased outside strategic interest and pressure on the region.

**Political Conditions: Superpower Interests and Constitutional Ties to Denmark**

As mentioned, technological developments have firmly integrated the North Atlantic and the Arctic in European, trans-Atlantic and trans-Arctic geopolitics. Because of the location, the area cannot keep out of any conflict in Europe involving trans-Atlantic connections (as evident in WWII and the Cold War) or between North America and Eurasia (as the Cold War or future strategic competition between the United States and China, where the Arctic is the shortest route).

The areas concerned in this article are either overseas autonomies (the Faroe Islands and Greenland) of a small state (Kingdom of Denmark) or an independent microstate (Iceland). They all depend on the military protection of larger powers and alliances. This fact is reflected in the NATO membership of both the Kingdom of Denmark and Iceland and the U.S. bases in Greenland and, until 2006, Iceland.

The European Union plays a growing role in broader societal security questions and will take a greater interest in North Atlantic and Arctic affairs following increased energy exploration and shipping in the region. The relationship between Iceland, the Faroe Islands, and Greenland and the EU is, however, complicated. Iceland has stayed out of the union (while joining the Internal Market through the European Economic Area). The Faroe Islands did not follow Denmark into the European Community in 1973 and Greenland left the EC in 1985. The prospects of Icelandic EU membership is discussed below.

Short term political changes have, for instance, included the U.S. withdrawal from the Keflavik Base in Iceland in September 2006. This action removed the capabilities of a superpower from the region leaving it in the hands of microstates (Faroe Islands, Greenland and Iceland) and a small state (Kingdom of Denmark). Iceland was forced to rethink its security policy in light of this loss of, for instance, search and rescue as well as air policing capabilities in the region, which led to innovative policy-making covering the entire spectrum of security policy that is further discussed below.

An overlooked, but an equally very important long-term political change in the region is increasing Faroese and Greenlandic self-government and possible independence from the Kingdom of Denmark. This development gradually transfers responsibility to these microstates and would ultimately remove the small state, the Kingdom of Denmark, with its naval and other capabilities from the region. Part of the success of independent Iceland has been to formulate and execute a successful security policy, and the Faroe Islands and Greenland must do the same in taking on greater and perhaps eventually full responsibility.
Public Finance and Administration Challenges: Few Taxpayers and Small Organizations

First of all, the complexity of the structural, climatic, and geographic conditions of microstates in the North Atlantic with vast strategically important air and sea spaces lead to the following public finance and administration dilemma: There is a narrow tax basis for large capital investments and expenditures to implement security policy, for example, ocean-going patrol vessels, surveillance aircraft, search and rescue helicopters, etc., not to mention any kind of combat forces.

Likewise, organizations are very small with limitations to their internal specialization, for instance, military assessments, law enforcement, and intelligence work. As an example, the reader can note that the Defense Department in the Icelandic Ministry of Foreign Affairs has a staff of now five, previously three, and in the aftermath of the U.S. withdrawal from Keflavik the U.S. negotiation team counted 26, while the inter-ministerial Icelandic team counted nine.[7] The Foreign Ministry of the Faroe Islands has a staff of 26 also covering trade and tourism promotion.[8] The Directorate of Foreign Affairs of the Greenland Home Rule has a staff of 9 covering Arctic cooperation, EU, indigenous cooperation, the bilateral relations with the United States, foreign trade and promotion, and foreign and security policy.[9]

Because of the small absolute size of organizations, there are few opportunities to reap returns to scale. There are high average costs in operating patrol vessels, search and rescue helicopters, surveillance aircraft, which in larger organizations can be spread over more units (a problem which becomes more serious from the narrow tax basis). These microstates must therefore design policies to counter these public finance and administration challenges.

At the ideational level, values and preferences also condition the security policy-making of the societies in this article. All three societies have, on one hand, neutralist traditions and, on the other hand, no military traditions, which together works against the establishment of domestic military forces (for instance, in the Icelandic case after the U.S. exit from Keflavik in 2006 in the view of Alyson Bailes).

Security Policy Challenge: Limited Absolute Resources and Large Responsibilities

These public finance and administration challenges are the basis of a pivotal security policy challenge: how microstates with very limited absolute capabilities, but responsibility over vast, strategically important air and sea spaces, can pursue an effective security policy and thereby exercise effective sovereignty over this space, contribute to the international security order, such as NATO, conduct well-grounded and researched debate and policy-making, provide efficient law enforcement and intelligence against terrorism, organized crime and trafficking, and provide environmental protection, search and rescue services?

A practical example of how the means of exercising effective sovereignty can be beyond the capabilities of a country is that Iceland does not field interceptor fighter jets to police its air
space (and at the small state level, for instance, the Royal Danish Navy has abandoned submarines). Historically, Iceland has relied on the United States to supply air policing through the bilateral U.S.-Icelandic Defense Agreement of 1951 and fighters stationed at the Keflavik Base. Since the U.S. abandonment of the Keflavik Base, Iceland has relied on NATO allies rotating fighter jets through Keflavik to provide such policing. This NATO policy is also pursued in the case of other member states with very limited absolute capabilities as Estonia, Latvia, Lithuania, Luxembourg and Slovenia. These Icelandic and other historical and present arrangements are examples of how microstates must create policies around these challenges.

The microstates in this article have no military traditions, and because of their resource-base their military options are extremely limited. Therefore, they have to design policies to have civilian authorities carry out some military tasks and collaborate with foreign, military counterparts. Iceland has had to design specialized policies for its civilian authorities to work with allied military and intelligence authorities, which would otherwise be handled by a similar military or intelligence body.[10]

This security policy challenge of limited absolute resources and large responsibilities will be even greater for increasingly self-governing and perhaps eventually independent Faroe Islands and Greenland with their population bases of around 50,000 to 60,000 individuals or about one-sixth that of Iceland. This difference is sizeable, and the similarities between, on the one hand, the Faroe Islands and Greenland and, on the other hand, Iceland should not be overestimated either. Faroese and Greenlandic society today rely on the ships and helicopters of the 1st Squadron of the Royal Danish Navy, together with the overall security capabilities of the small state of the Kingdom of Denmark. Faroese and Greenlandic self-rule governments are becoming increasingly involved in security and defense policy. Increasingly self-governing and possibly fully independent Faroe Islands and Greenland will have to devise policies to replace those Danish assets and reach out to allies and partners in Europe, North America, and the North Atlantic.

**Overview of Historic, Current and Future Icelandic, Faroese and Greenlandic Security Policies**

The Faroe Islands, Greenland, and Iceland have all, throughout their history, had to address the security policy challenges outlined above and design policies around them. These historical, present, and possible future policy responses are outlined here. The Icelandic case is substantially longer than the Faroese or Greenlandic, since Iceland is the only one to have run the full course to independence. Therefore Iceland is the only community to have had to design and implement the full range of security policy.

**Iceland: Setting the Direction for North Atlantic Microstate Security Policy**

The history of the independence politics of Iceland and how its foreign and security affairs have been managed at various stages of self-rule is of value for discussing current and future Faroese
and Greenlandic self-rule and possible independence. The independence trajectory of Iceland has inspired Faroese independence politics in particular and is therefore important for understanding self-rule developments in the Faroe Islands and Greenland.

The Viking settlers of Iceland in the 800s and 900s AD formed an independent commonwealth, which in 1262 was absorbed by the Kingdom of Norway. In 1380 the Kingdom of Denmark and the Kingdom of Norway merged under a common king, which brought Iceland, Greenland, the Faroe Islands, Shetland and Orkney into this union. In 1814, Norway was forced into a union with Sweden at the Kiel peace after the Napoleonic wars, but left the Faroe Islands, Greenland and Iceland under the Danish crown. In 1845, the Viking age assembly, the Althingi, was reconstituted as a consultative assembly to the absolutist king of Denmark, and in 1874 it gained legislative, budgetary, and taxation powers over domestic affairs, leaving the executive under Danish administration. In 1904, Iceland gained home rule with an Icelandic executive under an Icelandic minister responsible to the Althingi.[11]

The Kingdom of Iceland emerged as a sovereign independent state in 1918 tied to the Kingdom of Denmark in a personal union of a common king. Denmark willingly agreed to this step to press rights of self-determination for Danes in North Schleswig under German rule in view of the World War I settlement. This acquiescence is an example how Denmark will give up sovereignty in the North Atlantic for interests closer to home. The Kingdom of Denmark executed the foreign affairs of the Kingdom of Iceland and represented it diplomatically, but the foreign policy was set by parliament in Reykjavik, which, for instance, chose not to enter the League of Nations for neutrality reasons. This personal union was mutually dissolvable after 25 years, and in 1944 Iceland dissolved the union and declared the republic. The Kingdom of Denmark played no role in the foreign or security affairs of Iceland after the German occupation of Denmark on 9 April 1940.[12]

The Danish-Norwegian navy had operated sporadically in the North Atlantic since the late 1500s exercising Danish-Norwegian sovereignty. With home rule in 1904, Denmark decided to build the first purpose-built inspection vessel, Islands Falk, completed in 1906. In 1913, the Althingi adopted the law on the Coast Guard Fund laying the financial ground for Icelandic coastguard activity. With the union treaty of 1918, coastguard duties were carried out by the Kingdom of Denmark until the Kingdom of Iceland would take them over, which was expected. The Royal Danish Navy continued some inspection duties around Iceland until 1940. In 1919, Althingi adopted legislation authorizing the leasing or buying of coastguard vessels. The Fisheries Association of the Westman Islands south of Iceland bought a used trawler in 1924 as a rescue and support vessel, Þór, which quickly became sponsored by the Icelandic state as a coastguard ship and armed in 1924. In 1924, the first purpose-built Icelandic coastguard vessel, Óðinn, was commissioned in Denmark and entered service in 1926. The Icelandic coastguard was particularly successful in enforcing Icelandic jurisdiction over territorial waters and the economic exclusion zone in the cod wars with the UK in 1958, 1972 and 1975.[13]
Michael Corgan in his overview of Icelandic security policy[14] since the settlement of the island in the late 800s shows the core security policy to have been the sheer distance from European conflicts. Internal Icelandic conflict, however, opened the door to Norwegian domination in 1262. This security through distance was fundamentally broken during World War II by technological advances in long-range flying, making Iceland a strategically vital location for control over North Atlantic air and sea space and the connection between North America and Europe. This development led to first British and shortly thereafter American occupation of Iceland during WWII.

Iceland's strategic importance increased further with the onset of the Cold War. Icelandic political leaders addressed this strategic pressure through continued partnership with the United States regarding the airfield at Keflavik, its founding membership in NATO, and the bilateral U.S.-Icelandic defense agreement from 1951 basing troops and aircraft at Keflavik. This policy firmly placed Iceland under the protection of the United States against covert or overt Soviet pressure. In addition, the base earned valuable foreign currency for Iceland, and the search and rescue helicopter assets were valuable additions to Icelandic emergency services.

The base was also an extremely contentious element in Icelandic politics and society, and by many seen as a threat to cultural and linguistic uniqueness. Corgan explains well to readers unfamiliar with Icelandic society and history the concern of this society to preserve its language and culture. This concern is a de facto security policy concern for Icelanders as well as other nations and groups with small populations. The development and preservation of the language and culture of a very small society is a particular challenge. The Icelandic nation has been particularly successful in this endeavor through a consistent linguistic policy of creating logical Icelandic words for new terms. This policy has the democratic advantage that a new word through its components ought to be understandable to any speaker of the language without the educational background to know the meaning of the ancient Greek or Latin words behind many words in other Western languages.

For Iceland, being a microstate with very small institutions (though very competent, proven by the nation's very high level of human development) and with no military heritage, hampers domestic debate and policy-making. Corgan shows the value of the development of indigenous security policy and research institutions for Icelandic debate and policy-making as well as for creating a native vocabulary in the field: the parliamentary Icelandic Commission on Security and International Affairs and the Department of Defense Affairs in the Ministry of Foreign Affairs since 1979. Creating a native security policy and strategic studies vocabulary was a particular challenge because of the lack of military tradition, small, less specialized organizations and the linguistic “defense” policy. Corgan shows the importance of such a native vocabulary and how, especially, the above mentioned parliamentary commission contributed to the development of this vocabulary and broader knowledge of these questions. Since the end of the Cold War and the U.S. withdrawal from Keflavik, the demand for renewed debate and analysis has reappeared. A security studies institute was agreed to by the Conservative-Social Democratic
government (2007-2009), which, however, did not materialize. The threat assessment commission established by the then foreign minister has been inactive and has not delivered any report.

These lessons are extremely relevant for the Faroe Islands and Greenland, facing identical structural and historical conditions as microstates with little, if any, military heritage. They must develop such vocabularies in Faroese and Greenlandic together with domestic expertise. The Faroese can, because of close linguistic ties, benefit much from the Icelandic efforts. The Greenlandic efforts can hopefully contribute to Inuit empowerment around the North Pole.

The 2006 U.S. withdrawal from Keflavik was a shock to Icelandic security policy and forced Icelandic authorities to undertake a wide ranging review of security policy, organization, and capabilities, which is the topic of Gunnar Þór Bjarnason’s study.[15] When the U.S. government informed the Icelandic government on 15 March 2006 that it would withdraw its four fighters with search and rescue helicopter support from Keflavik before the end of September of that year, it was a major defeat for Icelandic policy. The conservative Independence Party-led governments since the end of the Cold War had averted U.S. disengagement from Keflavik and maintained the twin aim of avoiding unilateral U.S. decisions and maintaining U.S. air defense capabilities at Keflavik. The U.S. decision was a negation of both aims.

This new situation forced the Icelandic government and authorities to review organization, legislation, and capabilities with substantial development and innovation of Iceland's broad security policy, authorities, and capabilities. Initially, Minister of Justice and Ecclesiastical Affairs, Björn Bjarnason, seized the initiative in the policy response to the U.S. exit. Bjarnason was a central and internationally well-connected, security policy-maker for many years and a leading personality on these questions in the pro-U.S. and pro-NATO Independence Party. In the 2007-2009 Independence Party-Social Democratic coalition, the foreign minister was Ingibjörg Sólrún Gísladóttir from the pro-EU Socialdemocratic Alliance. These two individuals and their ministries were the main actors and competitors responding to the U.S. withdrawal and the response was divided between their organizations.[16]

Under the Ministry of Foreign Affairs, the Icelandic Defense Agency was established with the first defense policy act from April 2008. The agency's main task is operating the Icelandic Air Defense System with the NATO radar installations in the country. In addition, the agency maintains the security area at Keflavik reserved for visiting NATO forces, collaboration with NATO and other defense and security related tasks. This situation is an example of a civilian authority conducting the affairs of a military or a ministry of defense. In the absence of an Icelandic military, practical security and defense policy is divided between the Ministry of Foreign Affairs and the Ministry of Justice and Human Rights.

The domestic security functions under the then Ministry of Justice and Ecclesiastical Affairs, now the Ministry of Justice and Human Rights, were particularly developed. The police services and Icelandic Coast Guard fall under this ministry. A driving force here was that the search and
rescue capabilities of U.S. forces at Keflavik would no longer support the Icelandic Coast Guard and other emergency services.[17] Revised civil defense legislation established a Security and Civil Defense Council responsible for policy, composed by the prime minister (chair), the minister of justice and ecclesiastical affairs, minister of transportation, minister of environment, minister of health, minister of foreign affairs and minister of industry, together with relevant senior civil servants and heads of agencies. The legislation also established a new coordination and control center for all civil defense and search and rescue work, bringing together relevant authorities and emergency services supported by a new Tetra communications system.

The Coast Guard leased new helicopters, acquired a new DASH 8 Q300 surveillance aircraft, and commissioned a new ship. The national police have established an intelligence analysis unit. A North Atlantic Coast Guard Forum has been established inspired by its namesake in the North Pacific collaborating on security issues as illegal migration and drug trafficking, fisheries, environment and search and rescue. Icelandic Minister of Justice and Ecclesiastical Affairs, Björn Bjarnason, suggested developing this Forum into a standing multilateral coast guard force in the area. The domestic security functions have close cooperation and joint contingency plans and have established cooperation with their sister organizations in neighboring states, in particular Norway, Denmark, Britain and the United States.[18]

Climate change presents Iceland with both challenges and opportunities. As a highly developed country, Iceland is seeking to reduce its greenhouse gas emissions. Climate change in the Arctic may affect Iceland profoundly, socially and environmentally for instance, through the reduction of sea ice cover giving access to increased energy exploration throughout the Arctic or to trans-Arctic shipping. Increased energy production in Siberia has resulted in greatly increased oil- and gas-tanker traffic through Icelandic waters to markets in North America. This traffic carries potentially great environmental hazards in case of accidents and oil-spills.[19]

The long-term opportunities for trans-Arctic shipping between the North Pacific and the North Atlantic have raised significant attention from the Icelandic government evidenced in the detailed 2005 report ‘Fyrir stafni haf: Tækifæri tengd siglingum á Norðurslóðum’ [Open sea ahead: Possibilities regarding navigation in the Arctic] and the 2007 international stakeholder conference ‘Ísinn brotinn: Þróun norðurskautssvæðisins og sjóflutningar’ [Breaking the ice: Arctic developments and maritime transportation]. The Icelandic authorities see a number of environmental and socio-economic drivers pushing for trans-Arctic international shipping in the future: The fundamental environmental driver for the socio-economic drivers is climate change, where the extent of sea ice cover in the Arctic Ocean over the summer is significantly reduced and predicted to be reduced much further and thickness of ice throughout the year as well.[20] The socio-economic drivers are the growth in world trade, which is mainly shipborne, and energy and mineral exploration in the Arctic. The world economy is dominated by the North Atlantic and North Pacific areas, where the Northern Sea Route along the Siberian coast and the Northwest Passage north of Canada are the shortest connecting routes. The present gateways through the Panama and the Suez canals are used close to capacity and limit the future use of
very large vessels, while there are no limitations in the Arctic Ocean. Significant advances in
ship building technology allow for ships to break through single year ice without icebreaker
support.[21]

These environmental and socio-economic drivers have converged in Iceland to the formulation
of a vision to make Iceland the North Atlantic transshipment facility at one end of the trans-
Arctic route. The vision is a shuttle service by Arctic purpose-built ships between Iceland and,
for instance, the Aleutian Islands which would be serviced by normal ships serving respectively
the North Atlantic and the North Pacific.[22]

The EU is playing a greater role in societal security. Iceland has, in the wake of the financial
crisis and the challenges of operating a very small independent currency, submitted a
membership application to the EU, and the formal negotiation process has begun. However, only
one party in the parliament, Althingi, the ruling Social Democratic Alliance, is wholeheartedly
behind the application. The public has turned increasingly and decisively against EU
membership since autumn 2008.[23] The main argument for EU membership was joining the
Euro, but the sharp depreciation of the Icelandic Króna helped much in turning around the
Icelandic trade deficit and improving competitiveness. There are two classic explanations for
Iceland remaining outside the EU which still apply: the material unacceptability of the Common
Fisheries Policy for a country basing its economy on fisheries, and the rhetorical unacceptability
of ceding sovereignty to a supranational body for a country which has gained independence after
centuries of foreign rule.[24] A recent and influential reason for voter rejection of the EU is the
Icesave conflict over deposit insurance of British and Dutch depositors in Landsbankinn, where
the United Kingdom and the Netherlands backed by the EU coerced Iceland into politically
taking on the Icesave obligations.[25]

The European Commission published a communication to the European Parliament and Council
on 20 November 2008 on The European Union and the Arctic Region in response to the
European Parliament Resolution of 9 October 2008 on Arctic governance.[26] This
communication addressed three areas of engagement in the Arctic for the EU: 1) protecting and
preserving the Arctic in unison with its population; 2) promoting sustainable use of resources;
and 3) contributing to enhanced multilateral Arctic governance. The utility of this EU strategy
for Iceland was subsequently set out in a ministry of foreign affairs note. Iceland noted the
interest of the European Commission in trans-Arctic shipping, where Iceland sees great prospects
for providing transshipment. The Icelandic ministry of foreign affairs concluded that Iceland as
an EU member would be the gateway of the EU toward the Arctic Ocean and expected increased
European investments in Iceland in Arctic research, energy exploration, and transportation in
connection with resource exploitation in the Arctic and new navigation routes. There is no trace
in the EU Commission communication of the EU taking on traditional security responsibilities,
which NATO currently covers. Concerning immigration and law-enforcement, Iceland has been
a member of the Schengen area since 2001 with access to common databases, etc.
Faroe Islands: Broad-spectrum Security Concept and Partnership with Denmark

The Faroe Islands were also settled by Viking settlers and eventually absorbed by the Kingdom of Norway around 1035, and thus eventually coming under the Danish-Norwegian crown. Independence-minded Faroese have always looked to Iceland and there were family ties between independence political families in the two societies around 1900 when Iceland gained home rule. The Faroe Islands were fully integrated as a county in Denmark, and the ancient assembly and court of law, the Løgting, was reconstituted in 1852 as a consultative and later county assembly. [27]

The Faroe Islands were equally drawn into European conflict during WWII and occupied by Britain because of their strategic location in the North Atlantic. After the war, the Faroe Islands remained in the Kingdom of Denmark gaining home rule in many domestic issues in 1948, 44 years after Iceland, with the Løgting as legislative assembly. The Faroese home rule act excludes the constitution of the Kingdom of Denmark, citizenship, monetary affairs, and foreign, defense and security policy. The act divides between A and B areas of legislation, where the Løgting could take over the A items at its own or Danish request, and which especially cover social policy, health care, business, education, and infrastructure. The B items, covering, of relevance here, police, radio, air traffic and natural resources, could be taken over by mutual agreement. This constitutional status left security policy, including law enforcement and intelligence matters, in the hands of government authorities in Copenhagen, and integrated the Faroe Islands together with the Kingdom of Denmark into NATO during the Cold War. [28]

In 2005, an expansion of the existing 1948 home rule legislation was adopted in equal partnership between the Kingdom of Denmark and the Faroe Islands, whereby the Faroe Islands can take over all issue areas except the constitution, citizenship, the Supreme Court, and foreign, security, and defense policy as well as currency and monetary policy. The only areas of relevance here which the Faroe Islands have not taken over are police and air traffic. At the same time, legislation was passed, which authorizes the Faroe Islands to enter into international agreements on issues it has taken over and opens the possibility for Faroese membership of international organizations in areas covered by self-rule. [29]

During WWII, Britain established a LORAN radio navigation station in the islands, which Britain, the United States and others were keen to maintain after the war. Copenhagen was keen to keep foreign forces out of the Faroe Islands, so the Royal Danish Navy took over the station despite great technical difficulty and established a previously unseen level of presence in the islands. As with Greenland and Iceland, the Faroe Islands were important for NATO to close the Greenland-Iceland-United Kingdom (GIUK) gap to keep the Soviet navy out of the North Atlantic and protect trans-Atlantic lines of communication. The Royal Danish Air Force operated a NATO radar facility at Sornfelli from 1963 to 2007. Today, the Royal Danish Navy usually has an inspection vessel of the Thetis class (112 m long) with helicopter in the area. The Faroese home rule government through Faroese Islands Fisheries Inspections operate the two patrol and
rescue vessels Brimil (60m long) and Tjaldrið (42m long), and the national carrier, Atlantic Airways, has a Bell 412 helicopter on 24/7 standby for search and rescue work.[30]

The Faroese parliament, Lögtingið, has on several occasions since 1940 expressed a stand emphasizing keeping the Faroe Islands out of international conflict and keeping military forces out of the islands. Danish and NATO military activities were only partially disclosed to Faroese authorities according to Jákup Thorsteinsson's 1999 report on the Faroe Islands during the Cold War. The Faroese self rule government does not refer to security policy on its website, unlike the Greenlandic, which points to the lack of a common strategic culture among Iceland, the Faroe Islands, and Greenland. This lack is an important hurdle to overcome in the development of broad security policy in the region. The Løgting today adapts a broad security concept and is concerned with topics such as organized crime and trafficking. In the modernization of the Faroese home rule in 2005, it was emphasized in the Danish-Faroese legislation that foreign, defense, and security policy does not fall under the home rule. On the other hand, the Kingdom of Denmark and the Faroe Islands agreed to involve the Faroe Islands as an equal partner in foreign and security policy deliberations concerning the islands.[31]

Faroese society bears resemblance to Iceland culturally and historically. Both are descendants of Viking settlers in the 800s with mutually intelligible languages. Socially, both are highly developed microstates and knowledge-based societies with roots in fisheries and sheep farming. They share political and historical roots as North Atlantic autonomies of the Kingdom of Denmark, and possible Faroese independence is likely to follow a path similar to that which led to Icelandic independence, with sovereignty in a union as Iceland between 1918 and 1940/1944. The Danish-Icelandic union was clearly the inspiration for the Faroese proposal in 1998 for Faroese sovereignty in a personal union with Denmark. This proposal fell on unresolved Faroese fiscal dependency on Denmark, which seems the stumbling block for further or full independence for now. In the Løgting, independence-minded parties, Tjóðveldi (8), Fölkaflókkurin (7) and Miðflokkurin (3), have a slight majority out of 33 members.

Security policy-making and implementation in the Faroe Islands will continue to face the public finance and administration dilemmas identified above. These dilemmas exist for current policy carried out under self rule, such as fisheries inspection, and will be accentuated by taking over important areas as law enforcement and air traffic as is predicted in current self rule legislation. These dilemmas will also be accentuated by increased energy exploration and shipping, which, however, also gives economic opportunities for further self-government. As in the Icelandic case, these dilemmas must be faced through a combination of developing domestic capabilities, organizations, policies, and vocabulary to the possible extent and building outside alliances for addressing tasks beyond domestic capabilities. Increased regional collaboration and integration through, for instance, joint deployment of assets, procurement, maintenance, and training may ameliorate these dilemmas by expanding the basis of organizations and the organizations themselves allowing for greater efficiency, returns to scale and specialization.
The Faroe Islands can replicate Iceland with domestic civilian security, law enforcement, and coast guard organizations. For replacing the assets of the Kingdom of Denmark, the Faroe Islands can also replicate Iceland with NATO membership with security guarantees and air policing directly from Britain or Norway. The importance of the GIUK gap depends on the state of the international system. Today, the gap is of little importance as reflected in the closure of the Royal Danish Air Force Sornfelli NATO radar station. If the gap regains importance and the Faroe Islands have gained independence, the Faroe Islands could replicate the Icelandic Defense Agency establishing civilian air surveillance integrated into NATO.

Greenland: North American Security and U.S.-Danish-Greenlandic Relations

Greenland straddles circumpolar Inuit and Nordic culture and history. Inuit have migrated from North America to Greenland since prehistoric times. Norse settlers arrived in the Viking age from Iceland and were absorbed in the Kingdom of Norway, but disappeared in the middle ages. The Danish-Norwegian missionary Hans Egede arrived in Greenland in 1721 to rediscover the Norse and reassert the Danish-Norwegian claim to Greenland. Greenland remained a colony of the Kingdom of Denmark until it was integrated on an equal standing in the Kingdom as a county in 1953, the old status of both Iceland and the Faroe Islands. In 1979, Greenland gained home rule similar to Faroese home rule, 75 years after Iceland and 31 years after the Faroe Islands.[32]

Greenland's steady movement to greater self-government and a more independent role in the world is clear, as with the Faroe Islands. In 2005, the Kingdom of Denmark and Greenland agreed—as in the Faroese case—to grant Greenland the right to enter into agreements with foreign countries and international organizations on issues Greenland had taken over. Greenland also received the right to join international organizations in these domains, usually as associate member. In 2009, the Kingdom of Denmark and Greenland agreed on self rule for Greenland, which recognizes the Greenlanders as a people under international law, awards the rights to natural resources to Greenland and gives the self rule government the right to take over all issue areas except the constitution, citizenship, currency and monetary policy, and foreign, defense and security policy. The areas Greenland can and desire to take over in due course involve important broad security policy areas such as police, justice, immigration, transportation, and other areas. The self rule agreement explicitly grants Greenland the right to pursue full independence, and thus, shows Danish acceptance of this goal. The self rule agreement received 75.5 percent support in a referendum in Greenland on 25 November 2008, showing the strong popular support for increased self-government.[33]

Greenland has played a key role in North Atlantic and North American security since its occupation by U.S. forces during WWII, the U.S.-Danish agreement on the defense of Greenland from 1941 and the defense agreement from 1951. The United States kept forces and facilities in a number of bases in Greenland. Today, the only facility is the Thule radar, which is part of the National Missile Defense project showing the continued central strategic role of Greenland. The Royal Danish Navy operates inspection vessels of the Thetis class with helicopters and the patrol
vessel class Knud Rasmussen, and the national carrier, Air Greenland, has a fleet of 15 helicopters.[34]

The Greenland home rule government has been keen to take a greater and equal role in the foreign, defense and security policy deliberations concerning the island. Whereas the Faroe Islands seem concerned with a broad spectrum of security challenges, Greenland is focused on the US-Danish-Greenlandic relationship and the presence of U.S. forces in Greenland. In addition, Greenland is focused on developing its relations with the United States in other areas as economic development, science and education, etc., which are seen as important to socio-economic development, the precondition for independence.

An important achievement for Greenland was the U.S.-Danish-Greenlandic foreign ministers’ meeting at Igaliku in Southern Greenland on 6 August 2004. Here, Colin Powell, Per Stig Møller and Josef Motzfeld agreed on involving the Greenland home rule government and authorities in the hitherto bilateral U.S.-Danish relationship regarding the defense agreement and the U.S. forces in Greenland. This agreement was a Greenlandic condition for allowing the upgrade of the Thule radar for the National Missile Defense project. In addition, the parties made joint declarations on the environmental aspects of the U.S. presence in Greenland and economic and technical cooperation between the United States and Greenland with a tripartite joint committee to support this collaboration.[35]

Greenland is keenly pursuing increased energy and mineral exploration, where offshore hydrocarbon resources are seen as a way to replace financial support from the Kingdom of Denmark and thus pave the way for greater and eventually, full independence.[36] Large incomes from hydrocarbon exploitation may supply the financial basis for increased and perhaps full Greenlandic independence, but does not solve the public administration dilemma pointed out in this article of very small organizations with very limited possibilities for specialization. Greenland is also much more dependent on trained civil servants, etc., from Denmark than the Faroe Islands. Greenland needs to achieve a higher level of education through both domestic efforts and studies abroad, where Iceland is a successful example of transferring much knowledge and technology through education abroad.

As pointed out by Corgan, domestic security policy expertise and vocabulary is vital for informed debate and policy-making. The Faroe Islands and Greenland must (to the extent they have not done so already) follow in the footsteps of Iceland and develop the domestic vocabularies and expertise to assess military, strategic, and other security issues. An important challenge and aim will be to develop a common regional strategic culture of security and surveillance for a common space increasingly exploited for energy and marine resources and traversed by international shipping rather than Cold War standoffs. Existing organizations can help in forming the relationships to create such a common strategic culture, such as the West Nordic Council, the Nordic Council and the Arctic Council. The West Nordic Council chose safety at sea and international cooperation for its thematic conference in 2008 and made recommendations to the Nordic Council.
Increased Greenlandic self-government and possible independence will be highly dependent on the ability to create and staff highly qualified indigenous organizations and services such as bureaucracies, coast guard and law-enforcement. As in the case of the Faroe Islands, Greenland will, with growing self-government and perhaps full independence, have to combine solving some security policy tasks domestically and others in collaboration with outside parties, as is the case currently with the Kingdom of Denmark. Greenland could—and is expected to—remain a member of NATO with a bilateral defense agreement with the United States and to host the U.S. Air Force base at Thule. Such an arrangement would supply the guarantees of Greenland’s defense and could supply other assets. Only the U.S. commitment to the security of the region can assure convincing escalation domination against Russia, and in the future, China. Furthermore, large-scale civilian emergencies will be outside the capabilities of the present and future actors in the region and will demand outside assistance. Greenland is also expected to work closely with Canada concerning the Northwest Passage.

Regarding Denmark’s interest in North Atlantic security, it must, first of all, be emphasized that the only reason for Denmark’s involvement in the Arctic and North Atlantic is naturally the Faroe Islands and Greenland being part of the Kingdom of Denmark. The day these societies might gain full independence from the kingdom, Denmark will, in all likelihood, be as completely removed from their security policy as it is from that of Iceland (apart from cooperation because of the Faroe Islands and Greenland or NATO collaboration). Denmark will remain involved during a time of union, as with Iceland between 1918 and 1940.

It is clear from current Danish foreign and security policy that its primary defense interest is in combat-like operations in areas as the Middle East, Central Asia, and the Horn of Africa, etc. These are the missions of the future for the Danish military and the Royal Danish Navy, rather than its rich North-Atlantic history, which in all likelihood will end with the possible independence of the Faroe Islands and Greenland. There is no reason to believe there will be political will or interest in Denmark to maintain—and certainly not renew—the present significant Danish Arctic naval capabilities in the event of Faroese and Greenlandic independence.

Conclusion: Smart Microstate Solutions of Small Domestic Organizations and Outside Collaboration

Security policy-making and implementation in the North Atlantic region of Greenland, Iceland, and the Faroe Islands take place under demanding structural, environmental, and political conditions, which cause significant public finance and administration and security policy challenges. This article identifies these conditions and challenges, describes how these three microstates historically and currently address these conditions and challenges, and points toward future environmental and socio-political developments.

The structural conditions are that the Faroe Islands, Greenland, and Iceland all are highly developed microstates, thus with large relative, but limited absolute capabilities. These
conditions are intensified by the difficult Arctic and Subarctic environmental, such as climatic and geographic, conditions, which make communication, transportation, and projection of capabilities difficult and expensive. Environmental conditions are changing with climate change, where, for instance, melting sea ice is very likely to improve access to oil and gas exploration and trans-Arctic shipping. These processes may further Faroese and Greenlandic self-government and possible independence through economic opportunities, but will also increase outside strategic interest and pressure on the region. Political conditions are changing with, in the short term, the U.S. abandonment of the Keflavik base, which removed the capabilities of a superpower leaving behind three microstates and a small state. In the longer term, a crucial political change in the region will be increased Faroese and Greenlandic self-government and perhaps eventual independence from the Kingdom of Denmark.

Based on these conditions, the three microstates face the public finance challenge of a very narrow tax basis for the capital investments and expenditures of security policy as ocean-going patrol vessels, search and rescue helicopters, and surveillance aircraft. Equally, they face the public administration challenge of very small organizations with limited possibilities for specialization, for instance, in strategy, law enforcement, and intelligence. This complex of conditions and challenges pose the security policy challenge of how these three microstates with large, strategically important air and sea space can pursue security policies to effectively exercise sovereignty, contribute to international security, conduct well-grounded and researched debate and policy-making, protect society from organized crime, illegal trafficking or terrorism, and provide search and rescue as well as environmental protection.

Iceland has successfully faced these challenges, which is part of its successful independence. The Faroe Islands and Greenland must equally formulate and implement successful security policies as part of increasing self-government and possible eventual independence. Sheer distance and difficult environmental conditions isolated the region from international conflict until WWII and the Cold War. NATO membership and the U.S. presence at Keflavik, together with domestic capabilities addressed Iceland’s security needs during the Cold War and fifteen years after. The U.S. withdrawal from Keflavik forced Iceland to review its security policy, legislation, and capabilities. The Faroe Islands and Greenland benefit from Danish capabilities, which they will have to design policies to replace under greater self-government and responsibilities and possible full independence.

The public finance and administration and ultimately, security policy challenges addressed in this article are not unique to the North Atlantic. The Caribbean, the Pacific and the Indian Oceans all have island states with very limited absolute capabilities while they have very large air and sea space with serious security issues in areas such as illegal trafficking. If the very small societies in the North Atlantic can present innovative and smart solutions to address and overcome these challenges, these societies can make a unique and important contribution to security policy-making and implementation of countries with very limited absolute resources, especially island nations, around the world.
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