



Memorandum ritað 4. desember 1953, *execution of the Agreement be amended...*

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Memorandum.

2. The Government of Iceland considers inevitable that the execution of the Defense Agreement be amended, as outlined below and, therefore, wishes to explain the reasons why proposals are being put forward as well as explaining them insofar as is possible at the present stage.

When Iceland made the Agreement with the United States on behalf of NATO for the Defense of Iceland it was for the equal purpose of safeguarding the security of Iceland as well as that of the other NATO countries insofar as their security is dependent of the security of Iceland. The Government of Iceland was prepared to participate in these security arrangements, but was at the same time fully aware that on the part of Iceland there were great difficulties involved in carrying out decisions in this respect, especially on account of three reasons:

1) Due to the small Icelandic population, Icelandic nationality and national culture might be endangered by a long sojourn of a great number of foreigners in this country in connection with the defense.

2) Icelandic economy might be endangered on account of large-scale construction activities by the Defense Force.

3) It might so happen that the defense arrangements might not enjoy such support from the population so as to make them politically possible to be carried out by

Iceland.

These anticipated difficulties were of much concern to the Icelanders when the Defense Agreement with the United States was negotiated in the spring of 1951. The United States Government did also show understanding of the difficulties of Iceland in this respect. Various provisions of the Defense Agreement show clearly that it was evident to both parties that due care should be exercised.

The Defense Agreement has now been in force for two and a half years. From experience gained during this period it is evident that the execution of this agreement, as it has been carried out hitherto is not in such a way that it can be accepted by Iceland in spite of its willingness to participate in desirable security arrangements. It may be that some of the amendments of the execution which are unavoidable can not be carried out unless changes be made at the same time in the agreement itself. Therefore such changes will be requested at a later stage during discussions regarding this matter.

It is not unnatural that various defects have appeared, as experience was lacking in many or even most aspects when the agreement was made and put into effect. However, both parties have now learnt from experience after two and a half years and that experience must be fully utilized immediately in order to avoid unnecessary mistakes.

In the following are explained the main defects of the execution of the Defense Agreement, which are in need of being improved by agreement between the contracting parties:

- 1) The construction activities on behalf of the Defense Force have not been organized in a way considered desirable from an Icelandic point of view. This refers

to the extent of work carried out at a given time. During the first 20 months after the arrival of the Defense Force construction activities were only on a very small scale, but early in the year of 1953 these activities were suddenly increased and have since been on such a large scale that the demand for Icelandic manpower has become unnaturally great and in addition to that many laborers have been imported from the United States. During the years 1951 and 1952 Iceland could on the other hand have provided considerable more manpower than required for the construction activities. The Government considers that it has been detrimental to the utilization of Icelandic manpower as well as to the execution of the security measures that work on a large scale did not commence earlier than actually was the case. The Government must draw the attention of the United States to the fact that the construction work conducted by the Defense Force is so colossal as compared with Iceland's economy that too great a speed in these activities must cause harmful interference with the ordinary Icelandic industries and production, unnatural migration and even completely overthrow the endeavors of the Government to keep balance in the Icelandic economy. It is, therefore, the firm opinion of the Government that the prosperity of the Icelandic industries demand that this construction work be spread over a long period and adjusted so that it does not cause any harm. The Government at the same time expresses the hope that the construction will as far as possible be arranged in such a way that it may become of use in the future, although it may then not any longer be needed in connection with the defense of the country.

2) The management and the supervision of the construction activities are closely related to the matters referred to under item 1 above. The Government can not agree to the hitherto ruling arrangement, viz.: That an American contractor does either perform the construction activities or subcontract construction work to Icelandic contractors. Therefore, the Government, hereby puts forward the following proposal: The Icelandic State should undertake the construction activities on behalf of the Defense Force and, as a matter of course, according to its instructions and in accordance with contracts similar to those which have been made with the Icelandic Directorate of Roads regarding road construction to the contemplated Radar-sites on the North-East and South-East coast. It would then depend on circumstances whether the Government would entrust State establishments (such as the Directorate of Harbours, the Directorate of Roads, the State Architect, the Director of Electricity, the Director of Airfields etc.) to perform the work or invite tenders. This arrangement would also have the advantage that it would be easy to organize manpower according to requirements. Besides that all the relationship difficulties caused in connection with the present Prime Contractor would disappear.

In order to prove that the said proposal is not without reason the following examples may be given:

The present Prime Contractor shall according to the Defense Agreement pay wages in accordance with the recognized Icelandic wage conditions in order not to disturb the economic balance of the industries and that of the State. This provision in the Defense Agreement has, however, in many instances not been complied with.

In order to get Icelandic specialists (Engineers, etc. the Prime contractor has been prepared to pay salaries

which are more than double the salaries paid to same kind of specialists engaged by the Icelandic State, resulting in various officials having left essential work with the State and gone to work at the Keflavík Airport.

In spite of repeated attempts made by Iceland it has proved impossible for the present Prime Contractor to comply with Icelandic wage conditions, resulting in ceaseless disputes and collisions because of too low or unpaid wages which has caused serious injuries to harmonious relationship.

Sometimes employees in certain classifications (maids and waitresses, semiskilled carpenters) have been paid for a long period considerable higher wages than according to Icelandic wage conditions. This has created great inconveniences and not least when the wages all of a sudden are reduced and at the same time overtime cut off. It should not be necessary to give more examples in order to prove that a complete change is necessary.

3) Experience proves that the sojourn of American civilian laborers in this country is very undesirable for the relationship between the Icelanders and the Defense Force. According to Icelandic circumstances they have been numerous in addition to the many American members of the Defense Force. There are various reasons for these difficulties. It is difficult for the Icelanders and the American civilian Laborers to understand each other because of the language and on account of a completely different way of thinking. The American civilian laborers get much higher wages, because they are working in a country far from their own, and besides having access to duty-free and cheap commodities, they have better housing accommodation. This alone, not to mention

other matters, does create inequity, everywhere resulting in undesirable disagreement. Although there, of course, are many good and well behaved men among the American laborers here, it is recognised not less by the Americans themselves than by the Icelanders, that laborers who want to leave their home country for the purpose of seeking employment abroad are as a rule more of adventurers than those who stay at home. These men are, however, free to go wherever they like when not on duty and this has created many kinds of difficulties.

4) It is now contemplated to erect three Radar Stations on the North-West, North-East and South-East coast as already decided in the Defense Agreement, this being considered one of the prime conditions for the defense of this country becoming effective. These sites are in very sparsely populated areas. According to recently obtained information the staff of each site might even be more numerous than the local inhabitants. According to gained experience the Government considers this very hazardous with regard to the inhabitants of the areas in question. It is therefore the opinion of the Government that the Radar Stations must be manned by Icelanders, at least to a great extent, naturally provided that it is possible to engage or train a sufficient number of Icelanders for that purpose. The Government also considers that there are other categories of work in connection with security measures which Icelanders could perform for the Defense Force, for instance safeguarding the Hvalfjörður area.

By employing Icelanders this security work should cost less than bringing men from abroad to perform these duties.

5) The Keflavík Area lacks limits between the area occupied by the Americans and of that occupied by Ice-

landers. This, inter alia, has the effect that customs, police and other control by Icelandic officials can not be carried out in a satisfactory manner. Therefore, it is necessary to plan the two areas, separate them by a fence and keep construction and other activities in conformity with that planning.

6) It is very difficult on the part of Iceland to allow Americans from the Keflavík area to stay or go on pleasure trips outside that area. This refers in particular to trips of Americans to Reykjavík, neighbouring towns as well as to gatherings in rural districts. The Government of Iceland fully understands the position of the individuals who are serving in the Defense Force or who work on its behalf and consider themselves as invited guests in a country of a friendly nation. However due to national reasons it is essential that more severe restrictions be made in this respect than hitherto. It may be difficult for a big nation to understand that the sojourn of 4 thousand soldiers in Iceland, near the capital, can be of much concern and is liable to cause disturbance if the soldiers go to the capital or attend places of entertainment in villages or rural districts. Therefore, the American, the son of a great nation, must in order to see the matter in a proper light imagine that 4 million foreign soldiers were stationed in an open base near an American big city. This is proportionally the same for the United States as 4 thousand for Iceland. In this way any friendly and understanding person should be able to realize the severe difficulties of Iceland arising from the sojourn of the Defense Force in Iceland. It is, therefore, the opinion of the Government, based on gained experience and the aforementioned arguments, that Iceland must decide these limitations, although it, as a matter of course,

on travel
of the personnel
outside the agreed areas

would have due cooperation in this respect with the Iceland Defense Force. It therefore appears most desirable that excursions be subject to special permit each time and planned in advance.

In the opinion of the Icelandic Government the above mentioned points are of vital importance.

II.

Besides the questions dealt with above it is desired that the following points be either taken up for negotiation or careful consideration:

1) As is known the Icelanders have provided extensive service at the Keflavík Airport. They perform civil aviation service, customs and police control.

The Ministry for Foreign Affairs must have an office at the Keflavík Airport in connection with the execution of the Defense Agreement. All the work is on the increase and consequently requires increased staff. However, shortage of housing causes many kinds of difficulties. Furthermore, Icelandic officials have no accommodation for sports, meals or entertainment. On the other hand, the Americans enjoy all these facilities in housing accommodation belonging to Iceland. This causes still further inequity, resulting in bitterness and unpleasantness.

Therefore, it cannot be avoided that the following Icelandic property at the Keflavík Airport should now be placed at the disposal of and handed over to the Icelandic Government in the very near future:

- a) Houses SP 4.5, 6.7 and 8
- b) Sports Hall
- c) Recreation Hall
- d) Other property belonging to the

Icelandic State as may be
required and at a reasonable notice.

2) The Icelandic Government considers, that experience has shown that it is unavoidable that negotiations be initiated to the effect that Icelanders take over the running of the Keflavík Airport, Hotel and its restaurant, as it is very difficult to run the civil air service at the Keflavík Airport without running at the same time the Hotel and restaurant. In this connection it will, of course, be necessary to make an agreement concerning the obvious payment for the use of the Hotel by Americans.

3) The question must be considered whether it is not natural or even necessary that the Icelandic aircraft mechanics, who are now employed by the Iceland Air Defense Force and who are also to work for the Icelandic civil aviation authorities against special payment should in future be employed by and under the management of the Icelandic Civil Air Authorities at the Keflavík Airport. An agreement should at the same time be made to the effect that these Icelandic Aircraft mechanics serve the Iceland Air Defense Force against agreed payment.

4) The Government wishes to point out the necessity of preventing that duty-free goods which obviously are sold at very low prices in the American stores, get into the possession of Icelanders.

5) Although the Government on the whole does not wish to involve financial questions into its proposals it cannot help pointing out that the expenses of the Icelandic Government in respect of the execution of the Defense Agreement now reach quite considerable amounts. It will hardly be possible to avoid discussing some items in this connection at a later stage.

6) It is absolutely necessary that the officer in command of the Keflavík Airport and the Iceland Defense Force should be able to discuss matters directly with the minister in the United States in charge of these matters. In case of mistakes being made in connection with the execution of the Defense Agreement by either party, it is necessary that such mistakes be corrected without delay and before they harm the relationship, as has previously been the case.

It may also be necessary to make arrangements that the respective minister in Iceland and in the United States, or their special representatives, should be in a position at a short notice to commence discussions and negotiations regarding difficulties arising in connection with the execution of the Defense Agreement in order to ensure mutual understanding and a quick solution.

Finally, the Government wishes to point out that, as the United States Government is no doubt aware, there is among Icelanders considerable opposition against the sojourn of a foreign defense force in this country, although it may be considered certain that the majority of the nation is still supporting the Defense Agreement. It may be stated that the execution of the Defense Agreement as it has hitherto been carried out has caused this opposition to increase unnecessarily, and therefore it may be admitted that the opposition to that extent is fully justified.

Prior to the last general elections in this country a new political party was formed for the main purpose of working for the termination of the Defense Agreement. This party has now representatives in the Icelandic Parliament.

During the elections opposition against the Defense Agreement was noticeable to a greater extent than is shown by the support of that party, although it did not, except to a certain degree, have influence on the final result of

the elections. This is pointed out in order to show that the proposals which are now being made by the Government are in harmony with public opinion in Iceland. The Icelandic Nation has, of course, noticed that the smaller member nations of the NATO, such as Norway and Denmark have not seen fit to have foreign defense forces in their countries and have preferred to take upon themselves heavy financial burdens. These countries however, have a population of 3-4 million people (while Iceland only has a population of 150 thousand inhabitants) and are, therefore, in a better position to safeguard their nationality. Further their economy is not as sensitive to unexpected large scale construction work as is the economy of Iceland.

As a consequence of the small population of Iceland and its financial position it can not afford to effect the proper defense measures unaided. Therefore, it was decided to take the course which has hitherto been followed. However, the attitude of other small nations and our own experience show how very necessary it is for Iceland that great care should be taken with regard to everything relating to the possibility for us to continue to participate in the security measures for this country's own sake and that of the other member nations of NATO. On the other hand if these measures can not be put into effect without seriously endangering their nationality and economy the Icelanders can only choose between two kinds of insecurity and it is then of little importance to Iceland which course is chosen.

Reykjavík, December 4, 1953.