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**The Arctic and Nordic
Countries in the World of Economy and Politics**

Radosław Kubicki¹

**BETWEEN THE OLD AND THE NEW CONSTITUTIONS
OF ICELAND:
LEGAL AND POLITICAL TRANSFORMATIONS
AS A PROSPECT FOR A NEW SOCIAL ORDER
DURING THE ECONOMIC CRISIS
AND THE ICELANDIC REVOLUTION (2008-2012)**

Introduction: the financial crisis in Iceland

Prior to 2008, Iceland's banking system was a well-developed machine, which conducted financial operations with the whole world. Deposits in Icelandic banks were considered to be particularly attractive due to high interest rates. Because of this, local financial institutions had enormous sums at their disposal. Moreover, Iceland came tenth on the World Bank's ranking list, *Doing business*².

However, in the autumn of 2008, the Icelandic banking system collapsed. This was caused primarily by the international connections of Iceland's financial institutions and the onset of a global financial and economic crisis. A turning point and a widely recognisable event was the 15 September 2008 declaration of bankruptcy by one of the United States', and the world's, largest banks – Lehman Brothers³. As a follow-up of this bankruptcy and of the threat of insolvency from several American and European banks, in the subsequent weeks the interbank market was hit by a confidence crisis⁴. Banks ceased to lend money to one another

¹ Radosław Kubicki, Ph.D., the Jan Kochanowski University in Kielce, Poland.

² *Doing Business 2008*, Washington 2007, p. 6.

³ W. Smoczyński, *Był sobie Bank ...*, "Polityka", Special Issue, No. 1, 2012, pp. 14-15.

⁴ See *Europa ratuje banki*, <http://news.money.pl/artykul/europa:ratuje:banki.155.0.373659.html>, web. March 17 2013.

because of insolvency fears; bank deposits were withdrawn on a mass scale. In order to secure their financial standing and to recover their deposits, a variety of financial and public entities as well as natural persons began massive withdrawal of their financial resources from Iceland's banks. This, in turn, brought about the collapse of Iceland's three largest banks, whose total liabilities exceeded this small country's GDP roughly sixfold and were estimated at \$ 120 billion in the early October of 2008⁵. In order to salvage the banks, control thereof was taken over by the Icelandic government. On 29 September 2008, the government purchased 75% of shares in Iceland's third largest bank, Glitnir, at Eur 600 million⁶. Soon, control of Landsbanki was handed over to the Financial Supervisory Authority in Iceland (Fjármálaeftirlitið). All the remedial actions which were taken, however, were not sufficient to stabilise the Icelandic banking sector.

In consequence of the financial crisis, a total of over 500,000 foreign deposit holders in overseas branches of Icelandic banks (this number was much greater than the population of Iceland) were denied access to their bank accounts. This led to several diplomatic incidents with other states, including Germany, Great Britain and Holland. For example, the German bank BayernLB lost one and a half billion Euro due to the Icelandic crisis. In Great Britain, the customers of the collapsing Icesave (an internet bank, owned by Landsbanki) were not able to withdraw their savings from their accounts from 7 October 2008 onwards⁷. Similarly, numerous British institutions, including local authorities, universities and even the police, had deposited millions of pounds in the accounts run by Icelandic banks, which they could not now access.

On account of the crisis, between September 2007 and September 2008, the exchange rate of the Icelandic króna fell by over 70%. The majority of Iceland's foreign-exchange reserves were used in the struggle to preserve the currency's value. Foreign currency transactions were temporarily suspended. In connection with the unstable currency situation, inflation soared and prices kept rising. Shortages in fuel supply and imported goods began to appear. Icelanders' emigration, in particular to Norway, was on the increase⁸.

In order to stabilise its financial system, Iceland borrowed ca. \$ 6 billion from the International Monetary Fund (\$ 2 billion) and from the Nordic countries, Great Britain, Holland and Poland⁹. Iceland's government was also conducting talks

⁵ R. Peston, *Markets Call Time on Iceland*, http://www.bbc.co.uk/blogs/thereporters/robertpeston/2008/10/creditors_call_time_on_iceland.html, web. March 17 2013.

⁶ Despite the government's taking control of the bank, the managing director of Glitnir, Larus Welding, retained his post. See *Islandia przejmuję Glitnir za 600 mln euro*, <http://manager.money.pl/news/artykul/islandia;przejmuje;glitnir;za;600;mln;euro,172,0,373676.html> web. March 17 2013; P. Bagus, D. Howden, *Deep Freeze: Iceland's Economic Collapse*, Ludwig von Mises Institute 2011, p. 83.

⁷ P. Bagus, D. Howden, *op.cit.*, pp. 85-87.

⁸ G. Jørgensen, M. Stokka, *Islandsk innvandringsboom til Norge*, <http://www.nrk.no/nyheter/distrikt/rogaland/1.7190612> web. March 17 2013.

⁹ *Polska pożyczy Islandii 200 mln dolarów*, <http://www.money.pl/gospodarka/wiadomosci/artykul/polska;pozyczy;islandii;200;mln;dolarow,157,0,383901.html>, web. March 17 2013.

with the American FED (Federal Reserve), the European Central Bank, as well as several other states, including Russia and Japan. Particularly interesting seems the beginning of the talks on the issue with Russia, who would be eager to use the potential opportunity of Iceland's financial dependence to place a military base in the latter's territory. The island does have strategic significance and, moreover, Iceland has practically no military forces of its own¹⁰. It seems, however, that Iceland's embarking on the talks with Russia was barely an attempt to exert pressure on Americans in order to persuade them to assist Icelanders at the time of crisis¹¹.

Iceland's economic situation began to improve in 2012. Landsbanki managed to repay roughly half the financial obligations of Icesave¹². The budget deficit decreased; a ca. 2% growth of the GDP was noted; the loan from the International Monetary Fund was repaid ahead of the deadline. The unemployment rate, which ran up to almost 8% in 2010, is estimated to fall to only 5% in 2013. It also appears that inflation, which amounted to 18% in 2009, has contributed to economic recovery, including the fishing industry and tourism¹³. Hence it can be said that, at present, other European countries, still plunged deep into recession, can only dream of achieving the majority of Icelandic economic indicators.

The political situation of Iceland in the period of financial crisis

Due to the failure to bring the consequences of the financial crisis and social discontent under control, on 26 January 2009, Prime Minister Geir Haarde and his second government resigned¹⁴. Haarde's centre-right Independence Party

¹⁰ Until the year 2006, at Keflavík, a NATO base was located, managed by Americans, see: T. Cieślak, *Zarys historii najnowszej krajów skandynawskich*, Warszawa 1978, pp. 357, 404-405, 442-443; A. Marciniakówna, *Republika Islandii*, Warszawa 1978, pp. 110-119. From May 2008 onwards, NATO member states have maintained a periodic presence of their fighter aircraft to patrol Icelandic airspace under the Icelandic Air Policing mission. As from 2014, airborne surveillance of Iceland is to be reinforced by the aircraft of Finland and Sweden, non-NATO states. See G. O'Dwyer, *Nordics Agree to Joint Air-Policing Solution for Iceland*, <http://www.defensenews.com/article/20121123/DEFREG01/311230004/Nordics-Agree-Joint-Air-Policing-Solution-Iceland> web. March 17 2013; *Iceland's "Peacetime Preparedness Needs"*, <http://www.aco.nato.int/icelands-peacetime-preparedness-needs.aspx> web. March 17 2013.

¹¹ P. Bagus, D. Howden, *op.cit.*, pp. 92-94; In early October 2008, it was announced that Russia was offering Iceland a loan of Eur 4 billion. See *Islanda al verde, la Russia presta 4 miliardi di euro*, <http://www.ilsole24ore.com/art/SoleOnLine4/Finanza%20e%20Mercati/2008/10/islanda-russia-Landsbanki.shtml?uuid=a14facf6-9457-11dd-8554-b299b4e00502> web. March 17 2013.

¹² *Half of Iceland's Icesave Debt Repaid*, <http://www.icelandreview.com/icelandreview/daily%20news/Half%20of%20Iceland%E2%80%99s%20Icesave%20Debt%20Repaid%200%20391042.news.aspx>, web. March 17 2013.

¹³ *La Tribune: Islandia kpi z Europy*, <http://www.ekonomia24.pl/arttykul/706205.940051-La-Tribune--Islandia-kpi-z-Europy.html> web. March 17 2013.

¹⁴ Geir Haarde's first government was in power in the years 2006-2007. It was composed by a coalition of the Independence Party and the liberal-agrarian Progressive Party (Framsóknarflokkurinn); it may be worth noting that the Progressive Party's official website offers information on the Party in foreign languages, including English, Danish, Spanish, French and

(Sjálfstæðisflokkurinn) ruled from May 2007 together with the Alliance (Samfylkingin), at the time headed by Ingibjörg Sólrún Gísladóttir¹⁵. On 1 February 2009, a new government was formed by the 66-year-old Jóhanna Sigurðardóttir of the Social Democratic Alliance¹⁶. In Haarde's previous government, Sigurðardóttir held the position of Minister of Social Affairs. She was the most popular minister in the government which collapsed. According to the December 2008 Gallup poll, she enjoyed the support of 73 % respondents and was the only minister in Geir Haarde's government whose popularity was then on the increase¹⁷.

Jóhanna Sigurðardóttir's first government was in power between February and May 2009. It consisted of a coalition of the Alliance and the Left-Green Movement (Vinstrihreyfingin – Grænt Framboð). Apart from these, the first government had two members who were not connected with any political ideology. At the same time, it must be stressed that, considering the current economic and social crisis, those two members took over major ministries, namely the Ministry of Justice and Ecclesiastical Affairs and the Ministry of Commerce. Two even more important ministries, the Ministry of Finance and the Ministry of Fisheries and Agriculture, were headed by the leader of the Left-Green Movement, Steingrímur Jóhann Sigfússon. Until the pre-term parliamentary election, this government also had the support of the Progressive Party. A major task of this interim government was to replace the Supervisory Board of the Central Bank, charged with inefficient handling of the economic crisis. Hence, on 26 February, Davíð Oddsson, the Governor of the Central Bank of Iceland, was removed from office. Another significant objective was to establish a dedicated parliamentary committee to produce a report on the prospects for Iceland's accession to the European Union.

Both coalition parties appeared roughly at the same time – in the years 1999–2000. First, in 1999, the Left-Green Movement was founded. Until today, it has been headed by Steingrímur J. Sigfússon. The party was formed by leftist members of the Icelandic parliament, who opposed the merger of political groups and the plans for establishment of the Social Democratic Alliance. The party

Polish, see *Partia rozwoju – historia i organizacja*, <http://www.framsokn.is/International/Polski> web. March 16 2013.

¹⁵ In March 2009, Jóhanna Sigurðardóttir became the new leader of the Alliance, and Bjarni Benediktsson – of the Independence Party.

¹⁶ Well known is the fact that since 2002 Jóhanna Sigurðardóttir has been living in a civil partnership with the popular Icelandic female playwright, Jónína Leósdóttir. By her ex-husband, Torvaldur Johannesson, whom she divorced in 1987, Sigurðardóttir has two grown-up sons. Her partner has one son. Sigurðardóttir is the world's first ever person in the position of a prime minister to publicly declare her homosexual orientation. In 2010, upon legalisation of same-sex marriages in Iceland, Sigurðardóttir and Leósdóttir transformed their civil partnership into a marriage, thus becoming one of the first same-sex married couples in their country. See W. Smoczyński, *Idę nowe*, "Polityka", No. 28(2764), 10 July 2010, p. 78.

¹⁷ M. Szymaniak, *Pierwsza w świecie premier lesbijka*, <http://www.rp.pl/artykul/255134.html?print=tak> web. March 16 2013; *Sigurardottir Ready to Become Iceland's PM*, http://www.icelandreview.com/icelandreview/daily_news/?cat_id=16567&ew_0_a_id=319005, web. March 17 2013.

embraces social democratic ideology, feminism and ecology. It supports direct involvement of Icelanders in the affairs of their state and public administration. It opposes Iceland's participation in the North Atlantic Treaty Organization (NATO) and accession to the European Union (EU)¹⁸. It is also against the American military intervention in Iraq and Afghanistan. In contrast, the Movement supports Palestinians in the Near East conflict as well as immigrant integration with the Icelandic society¹⁹.

Initially, the Alliance originated from an agreement of four leftist parties before the 1999 parliamentary election in Iceland. It consisted of social democrats (the former Social Democratic Party – Alþýðuflokkurinn), people's party activists (the former People's Alliance – Alþýðubandalagið and National Awakening – Þjóðvaki) and feminists (the former Women's List – Samtök um Kvinnalista)²⁰. Formally, they formed one party in May 2000. In March 2009, the Alliance was joined by the green-liberal party of the Icelandic Movement – Living Country (Íslandshreyfingin – Lifandi Land)²¹. In February 2013, the party's official name was changed to the Alliance – the Social Democratic Party of Iceland (Samfylkingin – Jafnaðarmannaflokkur Íslands)²².

On 25 April 2009, a parliamentary election was held in Iceland. As a result, both of the previously co-ruling parties improved their results and obtained a majority in the Althing, winning 34 mandates in all (see Table 1). In comparison to the preceding parliamentary election in 2007, almost 13% fewer voters cast their votes on the Independence Party. Due to this, the latter became the second most important political power in the Althing. Since then, the Alliance had the largest number of MPs. The Progressive Party also introduced its members into the Althing. Other than these, four mandates went to a new party, the Civic Movement (Borgarahreyfingin). It appeared at the height of a series of street protests, which

¹⁸ *Progressive Party General Meeting: No to EU*, http://www.icelandreview.com/icelandreview/daily_news/Progressive_Party_General_Meeting_No_to_EU_0_397674.news.aspx, web. March 17 2013.

¹⁹ The Left-Green Movement, in appreciation of the role of immigrants in the Icelandic society, runs a website in three foreign languages: English, Danish and Polish, see *Podstawowe zasady ruchu lewicowo-zielonego*, <http://www.vg.is/podstawowe-zasady-ruchu-lewicowo-zielonego>, web. March 17 2013.

²⁰ J. Kaute, *Warming up for the EU: Iceland and European Integration. An Analysis of the Factors Contributing to the Changing Perception of Iceland's Political Elites Toward Membership in the European Union*, Hannover 2010, p. 45.

²¹ The Icelandic Movement – Living Country was established before the 2007 parliamentary election. In this election, however, the party failed to obtain mandates due to not passing the newly introduced 5% election threshold (with 3.3% of votes). According to the previous electoral system, it would have had three MPs in the Althing. In 2007, as an ecological party, it opposed the construction of a new alumina plant in Iceland. The party leader was a journalist and ecologist, Ómar Ragnarsson. See *Major Political Party Conferences Underway in Iceland*, <http://www.icenews.is/2009/03/29/major-political-party-conferences-underway-in-iceland>, web. March 17 2013.

²² *Nafni Samfylkingarinnar breytt*, <http://www.ruv.is/frett/naefni-samfylkingarinnar-breytt> web. March 16 2013; for more information on the Alliance, see *Samfylkingin*, <http://www.samfylkingin.is>, web. March 16 2013.

occurred in the autumn of 2008 – during the financial crisis. Upon dismissal of Geir Haarde's second government and announcement of a pre-term election, the Movement was transformed into a political party in February 2009. The main postulates of the Civic Movement included revision of the constitution and a reform of the voting system so as to increase the likelihood of individuals entering the Althing. The party was in favour of Iceland's accession to the European Union. Its first leader was a documentary film director and social activist, Herbert Sveinbjörnsson, and his deputy – a female poet, editor and artist, Birgitta Jónsdóttir. In August 2009, one of the Civic Movement's MPs left the party to become an independent MP. The remaining three MPs started a new party, The Movement (Hreyfingin), headed by Birgitta Jónsdóttir, in September 2009²³.

Table 1. Results of the 2009 election to the Althing

Party	Valid votes		Number of mandates
	Number of votes	%	
Alliance	55,758	29.8	20
Independence Party	44,371	23.7	16
Left-Green Movement	40,581	21.7	14
Progressive Party	27,699	14.8	9
Civic Movement	13,519	7.2	4
Other	5,255	2.8	0
Total	187,183	100	63

Source: *General Elections*, <http://www.statice.is/Statistics/Elections/General-elections> [16.03.2013].

As a result of the victory in the parliamentary election of 10 May 2009, Jóhanna Sigurðardóttir's second government was sworn. Its composition, as compared with the first cabinet of Sigurðardóttir's, remained for the most part unchanged. The main objectives of the Icelandic politics remained fighting the consequences of the financial crisis and working towards accession to the European Union. In July 2009, an official application for Iceland's accession to the Union was filed. A lot of impact was also occasioned by the government's ban on strip clubs and restaurants served by nude waitresses²⁴.

On 30 June 2012, the presidential election was held. As a result, Ólafur Ragnar Grímsson was elected for his fifth term of office. It should also be noted that in 2012 Jóhanna Sigurðardóttir declared that she had no intention to form a third government or run for re-election, and that she had decided to quit active political

²³ *Civic Movement MPs Found New Party*, http://www.icelandreview.com/icelandreview/search/news/Default.asp?ew_0_a_id=343439, web. March 16 2013.

²⁴ W. Smoczyński, *Idą nowe*, *op.cit.*, p. 79.

life²⁵. Consequently, on 2 February 2013, Árni Páll Árnason became the Alliance's new chairperson. In Sigurðardóttir's second government, in the years 2009-2010, he was the Minister of Social Affairs and Social Security, and in 2010-2011 – the Minister of Economy.

The Constitutional Assembly

In 2008, in consequence of the financial crisis, a citizens' movement appeared in Iceland aiming at revision of the current constitution, which had been in force since 17 June 1944. From 2009 onwards, the new government was also in favour of revising the constitution in a way which ought to provide for as wide participation of citizens as possible. In view of the above, upon Jóhanna Sigurðardóttir's coming to power, the government coalition of the Alliance and the Left-Green Movement, together with the Progressive Party and the extra-parliamentary Liberal Party (Frjálslyndi Flokkurinn), reached a cross-party agreement that the Constitutional Assembly should be convened. As early as the end of January 2009, the Progressive Party developed a draft bill on convening the Constitutional Assembly. According to this draft bill, the Constitutional Assembly was to consist of sixty-three persons, in a manner parallel to the Althing. It was only politicians, including MPs, ministers and the President of Iceland, that could not be part of the Assembly²⁶. On 14 November 2009, Jóhanna Sigurðardóttir officially presented to the Icelandic parliament a draft bill to convene the Constitutional Assembly. While arguing for the necessity of the bill to be passed, the Prime Minister pointed out that the financial crisis had aggravated some systemic weaknesses of the state to which there ought to be an adequate response. Moreover, she had recognised difficulties in bridging the gaps between individual parties in terms of possible revision of the constitution. In view of this, she proposed that these issues should be solved by means of the Constitutional Assembly²⁷.

Simultaneously, Icelanders began to establish bottom-up, independently formed, think-tank-based groups to debate the issue of constitutional revision. Also to that end, on 14 November 2009, the National Forum was held at the Laugardalshöll sports hall in Reykjavík. It was convened by civic groups, such as Anthill. In total, 1,500 individuals were invited to participate, including 1,200 who were chosen at random.

On 16 June 2010, the *Act on a Constitutional Assembly* was finally approved by the Althing. According to stipulations thereof, the Constitutional Assembly ought to consist of 25 to 31 delegates, elected in direct personal election. The

²⁵ *Iceland's PM, its First Female Premier, Says to Quit Politics*, <http://www.reuters.com/article/2012/09/27/us-iceland-pm-idUSBRE88Q1O320120927>, web. March 16 2013.

²⁶ *Iceland to Convene Constitutional Parliament*, http://www.icelandreview.com/icelandreview/daily_news/?cat_id=16539&ew_0_a_id=319192, web. March 17 2013.

²⁷ *Frumvarp lagt fyrir á Alþingi*, <http://www.stjornlagarad.is/upplýsingar/um-stjornlagarad>, web. March 17 2013.

sessions were planned to last over two months, with the option to be extended by up to another two months²⁸. The themes discussed by the Constitutional Assembly were to include the following:

- “1. The foundations of the Icelandic constitution and its fundamental concepts;
2. The organisation of the legislative and executive branches and the limits of their powers;
3. The role and position of the President of the Republic;
4. The independence of the judiciary and their supervision of other holders of governmental powers;
5. Provisions on elections and electoral districts;
6. Public participation in the democratic process, including the timing and organization of a referendum, including a referendum on a legislative bill for a constitutional act;
7. Transfer of sovereign powers to international organisations and the conduct of foreign affairs;
8. Environmental matters, including the ownership and utilisation of natural resources”²⁹.

The election to the Constitutional Assembly was announced by the Speaker of the Althing, in consultation with the Constitutional Commission and the Minister of Justice and Human Rights³⁰. The only persons not eligible to stand for the election were

- 1) the President of the Republic of Iceland,
- 2) members of parliament and their alternates,
- 3) cabinet ministers,
- 4) members of the Constitutional Commission,
- 5) the Organising Committee³¹.

Besides, each candidate was to submit a list of 30 to 50 sponsors. Each of the sponsors in turn was to submit a declaration, validated by two witnesses, each sponsor able to support only one candidate³². The first sitting of the Constitutional Assembly was to be convened by the Speaker of the Althing. The Speaker was also to head the Constitutional Assembly until the President thereof is elected³³. The Assembly’s auxiliary bodies were three committees. Each committee was to consist of three members, including the chairperson, elected from among the candidates for the Constitutional Assembly³⁴. Each delegate, depending on the function held in the Constitutional Assembly, is eligible to be paid a salary equivalent to the salaries received by Althing MPs. Hence, for instance, the

²⁸ *Act on a Constitutional Assembly*, p. 1, Chapter 1, Article 2, http://www.thjodfundur2010.is/other_files/2010/doc/Act-on-a-Constitutional-Assembly.pdf, web. March 17 2013.

²⁹ *Ibidem*, p. 1, Chapter 1, Article 3.

³⁰ *Ibidem*, p. 1, Chapter 2, Article 4.

³¹ *Ibidem*, p. 2, Chapter 2, Article 6.

³² *Ibidem*, pp. 2-3, Chapter 2, Article 8.

³³ *Ibidem*, p. 8, Chapter 3, Article 16.

³⁴ *Ibidem*, p. 8, Chapter 3, Article 17.

President of the Assembly was to be paid a salary equivalent to the salary of the Speaker of the Icelandic parliament³⁵.

Other than that, the *Act on a Constitutional Assembly* provided for convening the National Gathering (Þjóðfundur) to debate constitutional issues. It was to be held prior to the election to the Constitutional Assembly. Ca. 1,000 persons, representing the Icelandic society, chosen at random, were to be invited to participate. The results of this meeting were to be used in the sessions of the elected Constitutional Assembly. The National Gathering was convened on 6 November 2010. In order to achieve the statutory aim of having ca. one thousand participants, as a precautionary measure, an additional four thousand persons from standby lists were invited on a random basis to participate. In total, 950 participant took part in the thus organised forum³⁶.

Soon after that, on 27 November 2010, the election to the National Gathering (Stjórnlagabings) was held, preceded by an electoral campaign. During the campaign, the Ministry of Justice and Human Rights released printed information about the candidates, distributed by post to all residents of Iceland. At their disposal, the candidates had radio air-time and websites. There were 522 candidates in this election. During the election, each voter could vote for twenty-five candidates³⁷. In total, twenty-five delegates, ten women and fifteen men, were elected. They represented a variety of social and occupational groups, including university professors, lawyers, medical doctors, directors and managers, as well as a clergyman, media presenters, union activists, political scientists, university students and a farmer. In many cases, these individuals were not actively involved in public life and had not stood for elections before. Unfortunately, the election had low attendance rates, amounting to only 35.95% of all those eligible to vote³⁸.

Less than two months later, on January 15 2011, the Supreme Court of Iceland, in recognition of two out of the three complaints concerning formal grounds, annulled the election to the National Gathering. Yet Prime Minister Jóhanna Sigurðardóttir, parliamentary parties (excluding the Independence Party) as well as an appointed team of experts, concluded that the Supreme Court negated primarily the manner and method of holding the election, but not the results thereof. On 24 March, the Parliament stipulated that the Constitutional Council (Stjórnlagaráðs) be convened, to consist of the members of the National Gathering (Stjórnlagabings). The Council was obligated to present its conclusions to the Althing in the form of a draft bill on revision of the constitution. Out of the twenty-five delegates of the National Gathering, twenty-four agreed to enter the Stjórnlagaráðs. Only Inga Lind Karlsdóttir did not become a member of the Constitutional Council. To replace her, Íris Lind Sæmundsdóttir, who had come

³⁵ *Ibidem*, pp. 8-9, Chapter 3, Article 18.

³⁶ *Þjóðfundur 2010*, <http://www.stjornlagarad.is/upplýsingar/um-stjornlagarad>, web. March 17 2013.

³⁷ *Hundreds to Run for Constitutional Parliament*, http://www.icelandreview.com/icelandreview/daily_news/?cat_id=16568&ew_0_a_id=369131, web. March 17 2013.

³⁸ *Kosningar til stjórnlagaþings*, <http://www.stjornlagarad.is/upplýsingar/um-stjornlagarad>, web. March 17 2013.

26th in the November election to the Gathering, was appointed. On 6 April 2011, the Constitutional Council's sitting was officially opened. Salvör Nordal, female, was appointed to be the Council's Chairperson, and Ari Teitsson, male – to be the Vice Chairperson³⁹. Next, Council members were divided into three theme-based committees. It is to be noted that Pawel Bartoszek, of Polish origin, became the head of Committee B⁴⁰.

During the process of constitutional revision, the Council adopted a policy of openness towards the entire Icelandic society. Its sittings were broadcast on-line. Lively debates and communications were going on in the internet social media, including Facebook, YouTube and Flickr.

As a result of the Constitutional Council's work, a draft bill for the revised constitution was developed. On 27 July 2011, it was unanimously adopted by all members of the Council. Next, on 29 July, it was submitted to the Althing. The proposed revision of the constitution, following approval in a referendum on 20 October 2012, is now being considered by the Icelandic parliament.

Icelandic constitutions and their revisions

The first constitution, celled *Stjórnarskrá um hin sérstaklegu málefni Íslands*, was granted to Iceland in 1874. At the time, the state was an autonomous area within the Danish monarchy. Since 1918-1920, Iceland was connected with Denmark by means of a personal union. In view of the German occupation of Denmark during WW2, as well as during the formal occupation of Iceland by the British troops and the presence of the American troops on the island, in 1943, the Althing proclaimed complete independence of Denmark and the personal union with the latter was broken⁴¹.

³⁹ The adopted *Internal Regulations of the Constitutional Council* of 13 April 2011 contain an entry which stipulates that the chairperson and the vice chairperson must be of different gender. The Chairperson of the Council was able to apply the same principle in the case of chairpersons and vice chairpersons of all three committees within the Constitutional Council.

⁴⁰ Poles are the second largest (after Icelanders) national group in Iceland. The estimated number of Poles ranges from 7 to 12 thousand, which accounts for ca. 2-3% of the country's entire population and 43-45% of all immigrants to Iceland. See *Population by Origin and Citizenship*, http://www.statice.is/?PageID=1174&src=/temp_en/Dialog/varval.asp?ma=MAN12103%26ti=Population+by+country+of+birth%2C+sex+and+age+1+January+1998%2D2012++++++%26path=../Database/mannfoldi/Faedingarland/%26lang=1%26units=Number, web. March 17 2013. In Iceland, the Association of Polish Expatriates of Iceland, headed by Witold Bogdański, operates. The other Polish organisation in Iceland is the Icelandic-Polish Friendship Society, headed by Stanisław Bartoszek. Pawel Bartoszek (b. 1980) is a mathematician and university lecturer (in Reykjavik in the years 2006-2010), and a co-founder of the Car-Free Life Association. See *Pawel Bartoszek*, http://www.stjornlagarad.is/fulltruar/fulltrui/item32947/Pawel_Bartoszek, web. March 17 2013; see also: W. Nowicki, *Islandia*, [w:] *Współczesna Skandynawia*, red. L. Szumna, Warszawa 1974, pp. 659-663.

⁴¹ W. Czapliński, K. Górski, *Historia Danii*, Wrocław 1965, pp. 368-369, 377; T. Cieślak, *op.cit.*, pp. 91, 116-117, 208, 238, 324-326, 346, 356; J. Krasuski, *Historia polityczna Europy Zachodniej 1945-2002*, Poznań 2003, p. 55.

Next, on 17 June 1944, the Icelandic parliament passed the constitution of the Republic of Iceland, which has been in force until the present day. Over this period, it has been revised six times. The first revisions thereof date back to the year 1959. They pertained to an increase of the number of the MPs who sat in the Althing from fifty-two to sixty, and divided the country into eight multi-mandate constituencies⁴². The 1968 revision reduced the age census for active suffrage from twenty-one to twenty years of age. In 1984, the number of MPs was once again raised from sixty to sixty-three. At that time, the age for active suffrage was lowered and the five-year domicile requirement was abolished. In 1991, the internal division of the Althing into Efri Deild (the upper chamber) and Nethri Deild (the lower chamber) was abandoned and since then the Icelandic parliament has had a single chamber, as in the other Nordic countries⁴³. The two latest revisions of the constitution of the years 1995 and 1999 have, in turn, considerably expanded the laws concerning civic freedoms and liberties⁴⁴.

The mode of submitting amendments or supplements to the current constitution of Iceland is defined in the last, seventy-ninth, article of the constitution. It stipulates that revisions to the constitution can be submitted during Althing sittings. If a proposal is approved, the parliament is to be dissolved and an election is to be held. If, in the new term of office, the Althing adopts a draft in the unrevised form, which is validated by the President of the Republic, the revision of the constitution comes into force. In the case when an amendment concerning Church issues is adopted, an additional referendum ought to take place⁴⁵.

Characteristics of the draft of a new constitution of Iceland: a comparison with the current constitution

Presented by the Constitutional Council, the draft of the revised Icelandic constitution is much more extensive than the current constitution. It comprises a preamble and a total of 114 articles, grouped into nine chapters. The 1944 constitution comprises seventy-nine articles (originally, eighty-one) in seven chapters. The preamble at the beginning of the draft is a novelty, which is missing from the current text. The entire structure of the proposed text of a new constitution is clearer due to chapter titles, not found in the present constitution. The arrangement of issues also differs, which suggests their significance and assumed priorities. For example, in the draft of the constitution, individual chapters bear titles and comprise the following numbers of articles: I) *Basic elements*: Articles 1-5, a total of five; II) *Human rights and nature*: Articles 6-36,

⁴² M. Grzybowski, *Systemy polityczne współczesnej Skandynawii*, Warszawa 1989, pp. 105-106.

⁴³ M. Grzybowski, A. Pulit, *Althing – parlament Islandii*, Warszawa 2007, pp. 7, 9, 13; see also: M. Grzybowski, *Współczesny parlamentaryzm skandynawski*, Warszawa 1988, p. 92; M. Grzybowski, *Folketing – parlament Królestwa Danii*, Warszawa 1993, p. 8 and others; J. Marszałek-Kawa, *Parlamenty jednoizbowe w państwach nordyckich*, Toruń 2003.

⁴⁴ S. Sagan, *Ustrój polityczny Republiki Islandii*, Rzeszów 2005, pp. 32-33.

⁴⁵ *Konstytucja Republiki Islandii*, Rzeszów 2006, p. 55-56.

a total of thirty-one; III) *The Althing*: Articles 37-75, a total of thirty-nine; IV) *The President of Iceland*: Articles 76-85, a total of ten; V) *Ministers and the Cabinet*: Articles 86-97, a total of eleven; VI) *The judiciary*: Articles 98-104, a total of seven; VII) *Local governments*: Articles 105-108, a total of four; VIII) *Foreign affairs*: Articles 109-112, a total of four; IX) *Final provisions*: Articles 113-114; and *Temporary provisions*, a total of three⁴⁶. In contrast, the structure of the old constitution is as follows: Chapter I) is devoted to basic issues; Articles 1-2, a total of two; II) the President of Iceland, Articles 3-30, a total of twenty-eight; III) the Althing and elections thereto, Articles 31-34, a total of four; IV) the Icelandic parliament and legislative initiative, Articles 35-58, a total of twenty-four; V) the judiciary, Articles 59-61, a total of three articles; VI) the Church and religion, Articles 62-64, a total of three; VII) human liberties and rights as well as the local government (only Article 78) and revision of the constitution (Article 79), Articles 65-79, a total of fourteen⁴⁷.

The draft of the new constitution clearly defined the tripartite separation of powers. Article 2 thereof stipulates that the legislative power belongs to the Althing; the executive – to the President of Iceland, the ministers and the government; the judiciary – to the Supreme Court and other courts. In the current constitution, the legislative power is vested with the parliament and the President of Iceland; the executive – with the President of Iceland and the government; the legislative – with judges. According to the old constitution, the President held the most power according to the new, it is transferred to the Althing.

In the draft of the new constitution, the sections relative to human rights and liberties, in contrast to the current constitution, have been moved from the end to the very beginning. They have also been considerably expanded. Attention has been given to children's rights, access to the internet, free media, the right to public information, the right to free association, the right of gathering without the need for any special permits, as well as the right to strike and protest. Apart from the above, the ban on death penalty has been upheld. Compulsory military service has been banned; so has the sale of national heritage. Iceland's natural environment and resources have been considered as common good and a property of the entire nation. Due to this, a ban on permanent sale and privatisation of natural resources has been proposed.

Several changes to electoral law have also been put forward. The draft constitution stipulates that, as far as possible, equal representation of women and men in the Althing is to be achieved. Following an election, the parliament is to be convened by the President, who is to open its sessions every year. The Speaker of the Althing is not to have the right to vote in the parliament. In view of this, his or her place in the Althing ought to be taken by his or her deputy.

If a law is passed by the parliament, but not signed by the President,

⁴⁶ *A Proposal for a New Constitution or the Republic of Iceland*, pp. 1-25, http://stjornlagarad.is/other_files/stjornlagarad/Frumvarp-enska.pdf, web. March 17 2013.

⁴⁷ *Konstytucja Republiki Islandii*, op.cit., pp. 37-56.

a referendum should be held. Apart from this, the draft constitution stipulates that 10% of voters can demand a national referendum on the passed laws. As few as 2% of persons eligible to vote can present an issue to be discussed by the Althing. Similarly, 10% of voters can submit a draft law to the Icelandic parliament.

The draft of the constitution also stipulates the election of a Constitutional Committee by the Althing. The Committee would deal with examination of the compliance of laws with the constitution. It is also suggested that a National Supervisory Bureau be established. Its chairperson would be appointed by the parliament for a period of five years. Other than that, the establishment of the office of the Spokesperson for the Althing has been postulated. He or she would be appointed by the Icelandic parliament for a five-year term.

As for the President of Iceland, the draft constitution stipulates for instance that this office can be held by one person for a maximum of three terms. If the President's office is vacant or if the President is unable to fulfil his or her obligations, his or her powers are to be taken over by the Speaker of the Althing. The current constitution stipulated that in such circumstances the President's duties are to be fulfilled by the Prime Minister, Head of the Supreme Courts and the Speaker of the parliament. The latter was to head the debates of the said body.

The draft of the new constitution also provides for changes pertaining to the government. It states that a minister can remain in office for eight years only. It has also been proposed that in the case when an MP is appointed to be a minister, his or her seat in the Althing ought to be taken by his or her alternate. Important changes have been postulated in terms of government formation. A candidate for the office of the Prime Ministers ought to be introduced by the Speaker of the parliament, and he or she should be elected by the Althing. The Prime Minister has also been granted the right to organise a government. According to the present constitution, it is the President who appoints the Prime Minister and other ministers⁴⁸. Another innovation in the draft constitution is the article which stipulates that a motion of no confidence for the Prime Minister ought to come complete with the name of a new candidate for the office.

As for the judiciary, the draft constitution stipulates that judges and prosecutors be appointed by the minister. As for local governments, there is an additional obligation to consult the proposed laws if they concern the local governments and associations.

Changes in the foreign policy have also been suggested, and a separate chapter in the new constitution of Iceland is to be devoted thereto. Obligations on that score would belong with the minister, who is to consult major issues with the Althing's Committee for International Affairs. Iceland's involvement in military operations and sending troops abroad would require the parliament's consent. The draft also contains an entry which allows for concluding international agreements resulting in a limitation of independence for the benefit of international organisations whose aim it is to propagate peace and economic co-operation.

⁴⁸ *Ibidem*, pp. 73-74.

Ratification of this kind of agreements by the Althing ought to be dependent on the results of a national referendum. It must be noted that this entry corresponds to the current politics of Iceland, aimed at ultimate accession to the European Union.

Conclusions

The Republic of Iceland has been among the first countries to be affected by the global financial crisis of 2008. Considering its small territory, population and economic potential, and – on the other hand – the enormous economic problems, several times exceeding the country's economic potential, it is often remarked that this has been the worst crisis ever to affect a state. It has appeared, however, that Iceland's society and political elites have managed to face up to the challenge. They have found an original way out of the crisis, with special consideration for the state's internal interests. At present, Iceland's economy is slowly recovering from its complete breakdown, its growth among Europe's highest. A significant role in this has been played by the Icelandic society's active attitude and civic maturity. This provided not only the basis for defence against the crisis, but also for the development of new systemic solutions for the future in the form of a new constitution. It must also be remembered that this is the first ever civic draft of a constitution, which stands a genuine chance of coming into force. It has been developed by the citizens themselves, but the initiative has certainly enjoyed the sympathy and support of the government and political elites. It seems strange, however, that – particularly after the experience of Iceland's financial crisis – the draft constitution devotes so little space to regulations of the financial market. In fact, it only contains regulations concerning the sphere of public finance.

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Abstract

On account of globalisation and overcapitalisation of Icelandic financial institutions, the year 2008 saw one of the history's worst economic crises. It plunged Iceland into inflation and soaring unemployment. As a consequence, the political scene of the state underwent a number of changes. Power was taken over by the first ever prime minister of homosexual orientation, Jóhanna Sigurðardóttir, who has proved to be a very efficient politician. Moreover, an active civic movement has appeared. As a result of its activity the Constitutional Committee has been established, and then – the Constitutional Council, which has developed the draft of a new constitution.

Pomiędzy starą a nową konstytucją Islandii. Przemiany prawno-polityczne szansą na nowy ład społeczny w dobie kryzysu i rewolucji islandzkiej (2008-2012)

Na skutek globalizacji i przekapitalizowania islandzkich instytucji finansowych, w 2008 r. wybuchł jeden z największych kryzysów gospodarczych w historii. Pogroził on Islandię w inflacji i rosnącym bezrobociu. Z powodu niepokojów społecznych nastąpiły zmiany na scenie politycznej w tym kraju. Rządy przejęła pierwsza w dziejach powszechnych premier o homoseksualnych preferencjach seksualnych. Jóhanna Sigurðardóttir okazała się ona jednak bardzo skutecznym politykiem. Narodził się także aktywny ruch obywatelski. Wynikiem jego działalności było powołanie Komitetu Konstytucyjnego, a następnie Rady Konstytucyjnej, która wypracowała projekt nowej konstytucji.

Radosław Kubicki, Ph.D., the Jan Kochanowski University in Kielce, Poland.