**Iceland: Hard-Line Eurosceptics Clash with Eurosceptics**

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Most political parties represented in the Althingi, the Icelandic national parliament, are Eurosceptic in the sense that they oppose Iceland’s membership in the European Union (EU). Nevertheless, the vast majority of them support Iceland’s membership in the European Economic Area (EEA) and Schengen, and there is a cross party consensus on membership in the European Free Trade Association (EFTA). However, in recent years, the Icelandic political party system has become increasingly polarized around European integration. New Eurosceptical and pro-European parties have emerged, which either campaign to limit Iceland’s participation in the EEA and Schengen, or to join the EU. The established political parties which prefer the status quo have joined forces in a cross right-left coalition government. They have had to fight off fierce opposition from the Eurosceptic hard-liners to the implementation of the Third Energy Package of the EU within the EEA framework and pressure from the Europhiles to re-open the accession talks with the EU.

In the last decade, following Iceland’s economic collapse in 2008, the party system has become more fragmented and the traditional four party system (occasionally with the fifth party presented in the Althingi) has become a multi-party system. In the last general election in 2017, eight political parties gained a seat in the Althingi and the elections saw the rise of the two new Eurosceptic populist parties, the Centre Party and the People’s Party. They have increasingly sought to oppose the implementation of EEA acts and criticize Iceland’s membership in Schengen, especially with regards to border control and associated policies towards migrants and asylum seekers. The parties ran a vigorous campaign against the implementation of the Third Energy Package in 2019, adopting a nationalist discourse in their campaign – a typical political discourse in Iceland, which has shaped all European debates in the past . Their main claim was that the new acts would transfer sovereignty from Iceland to the EU institutions. This claim has been an ongoing theme in the European debate in Iceland and using it was an easy task in the aftermath of the intensive debate about Iceland’s accession talks with the EU in 2009-2013.

The Centre Party was formed by the former Prime Minister and leader of the centre-agrarian Progressive Party, Sigmundur Davíð Gunnlaugsson, only a month before the 2017 general elections. The party advocates strong adversary politics and has clear populist overtones. Gunnlaugsson, a former well-known TV reporter, became a celebrated figure in Icelandic politics because of his strong opposition to the so-called Icesave deal between the government of Iceland and the governments of Britain and the Netherlands. He portrayed Icelanders who advocated for the deal as traitors to Iceland’s sovereignty and independence, and harshly criticised the EU for allying itself with its Member States and not standing by Iceland within the EEA framework. In the 2017 elections, the Centre Party obtained 11 percent of the votes and had seven MPs elected. At present, the parliamentary group of the Centre Party has nine members, after two out of four elected members of the People’s Party joined it.

In 2017, the People’s Party obtained 7 percent of votes after having failed to reach the 5 percent threshold to secure seats in the general election to Althingi a year earlier. The party also has a charismatic leader, Inga Sæland, who has become an advocate of increased public support to disabled people and pensioners, while also calling for the elimination of poverty in Iceland. The party’s rhetoric clearly strikes a populist tone.

The Icelandic traditional four party system has always been dominated by the centre right Independence Party. The Conservatives have always hesitated to participate in the European project unless such a move is seen as necessary to deal with a crisis situation and they have only made such steps when the interests of the primary sectors have been firmly secured in any arrangements. Historically, the second largest party, the Progressive Party, has usually opposed closer engagement with European integration. The socialist party, now labelled the Left Green Movement, vigorously opposed all moves towards Europe, membership in the EFTA, the EEA and Schengen. However, the Left Greens have become more mainstream with regards to Iceland’s present European policy. The smallest of the four parties, the Social Democratic Party (SDP), was the driving force behind membership in EFTA, and the EEA, and managed on both occasions to get its coalition member in government, the Independence Party, to support its European initiatives. The Social Democrats also initiated Iceland’s EU membership application in 2009, just nine months after the economic crash, and its European policy prevailed in its coalition government with the Left Greens, up to the parties’ devastating defeats in the elections in 2013 – after which a new coalition government consisting of the Independence Party and the Progressive Party put the EU membership application on hold.

At present, following the elections in 2017, the Independence Party, the Progressive Party and the Left Green Movement, form a governmental coalition. The government is firmly behind Iceland’s engagement with the European project. In the past, the parties, while in government, have always stood by Iceland’s concurrent engagement in Europe. Their opposition to participation in European integration while in opposition in the Althingi has undoubtedly populistic overtones. Nevertheless, the Independence Party was deeply divided on the implementation of the Third Energy Package. The current government opposes membership in the EU but has no intention to formally withdraw Iceland’s EU membership application. The parties in government, as before, prefer the status quo.

To summerize, one could say that the three political parties in the coalition government joined forces in order to fight off the challenge from more liberal parties (the pro-European Reform Party, the Pirates, and the Social Democrats) in 2017. The liberal parties advocate structural changes of the Icelandic society, such as a new constitution, altered fisheries management system and membership in the European Union. Currently, the coalition members do face a rougher challenge from the two new populist parties, the Centre Party and the People’s Party, which have adopted a nationalistic anti-European rhetoric.

What can be done? Some recommendations:

Firstly, those who support Iceland’s current engagement with the European project cannot sit on the sidelines any longer if they want to preserve this status. They have to speak up and convince voters that there are more benefits than costs associated with membership in the EEA and Schengen.

Secondly, the pro-European parties are in danger of losing the platform to the hard-line Eurosceptic parties if they do not step up their campaign for membership in the EU. The debate is increasingly centred around the status quo or more restricted participation in the EEA and Schengen.

Thirdly, the Icelandic Europhiles need to explain to voters the main difference between membership in the EEA and Schengen on the one hand, and membership in the EU on the other. For instance, they need to spell out what Iceland is missing out by not being a member of the EU’s Structural Funds and that Iceland would have a say on EU/EEA legislation as a member of the Union.

Fourthly, if the EU and its Member States are serious about strengthening the Union and get robust democratic states to join them, they could take the initiative and offer Iceland (and Norway and Greenland) a special deal on fisheries and agriculture. An offer where Iceland’s concerns about its primary sectors would be taken into account could trigger a new debate about Iceland’s EU membership application.