

# Ideological Cooperation versus Cold War Realpolitik

## The SED and the Icelandic Socialist Party

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### Summary

The article deals with the relationship between the East German *Socialist Unity Party* (SED) and the *Icelandic Socialist Party* (SEI) during the Cold War. It details the structural limitations of ideological cooperation between the two parties – Iceland's NATO membership and the U.S. military presence – as well as its possibilities, especially in the 1950s, through the governmental participation of the SEI. Special attention is devoted to the role played by Einar Olgeirsson, the chairman of the SEI 1939–1968, who was instrumental in forging and developing political, economic, and cultural ties with the SED and the German Democratic Republic. The article argues that this experiment in transnational solidarity between socialist parties from two radically different political systems failed in the end due to several factors, including ideological differences and the political and economic development in Iceland.

### Zusammenfassung

Der Aufsatz beschäftigt sich mit den Beziehungen zwischen der *Sozialistischen Einheitspartei Deutschlands* (SED) der DDR und der *Sozialistischen Partei Islands* (SEI) während des Kalten Krieges. Untersucht werden die strukturellen Grenzen der ideologischen Zusammenarbeit beider Parteien – Islands NATO-Mitgliedschaft und die US-Militärpräsenz – ebenso wie die Möglichkeiten der Zusammenarbeit, die sich vor allem während der Regierungsbeteiligung der SEI in den fünfziger Jahren entwickelte. Besondere Berücksichtigung findet Einar Olgeirsson, Vorsitzender der SEI von 1939 bis 1968, der entscheidend zur Entwicklung der politischen, wirtschaftlichen und kulturellen Verbindungen zu SED und DDR beitrug. Es wird argumentiert, dass das Experiment transnationaler sozialistischer Solidarität zweier Parteien, die in radikal unterschiedlichen politischen Systemen verwurzelt waren, an Faktoren wie ideologischen Differenzen oder den politischen und wirtschaftlichen Entwicklungen in Island scheiterte.

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The bilateral ties between East Germany and Iceland were shaped, driven, and conditioned by the Cold War.<sup>1</sup> That Iceland was a NATO member and host to a US military base made it impossible to develop close official relations with the German Democratic Republic (GDR) as a Warsaw Pact country. Thus, the bilateral relationship revolved, to a large extent, around ideological and material cooperation between the East German *Socialist Unity Party* (SED) and the *Icelandic People's Unity Party – the Socialist Party*<sup>2</sup> (SEI). Given Iceland's role as a "weak link" in NATO – as symbolised by its non-armed status coupled with a considerable domestic political opposition to the US military presence – it is not surprising that the East German regime supported the SEI in opposing Iceland's Western political and military integration. Aside from its links with the *Soviet Communist Party*, the SED had the closest political, economic, and cultural relationship with the SEI. At the same time, there was never any realistic chance of reversing the fundamental direction of Iceland's pro-Western foreign policy.

The purpose here is to explore – within the context of Icelandic-East German relations 1949-1989 – how the cooperation between the two parties was forged, how it was cemented, and how it came apart. I will pay special attention to Einar Olgeirsson – the chairman of the Socialist Party from 1939 until 1968 – who defined the parameters of this relationship and personified it in important ways. Several points will be made about the inherent tension in, and limitations of, this experiment in transnational socialist solidarity, an experiment which was rooted in two radically different political systems.

<sup>1</sup> About Icelandic-East German relations, see Ingimundarson, Valur: "Die politischen und kulturellen Beziehungen zwischen der SED und der Isländischen Sozialistischen Partei". In: Jan Hecker-Stampehl (ed.): *Nordeuropa und die beiden deutschen Staaten 1949–1989. Aspekte einer Beziehungsgeschichte im Zeichen des Kalten Krieges*. Leipzig / Berlin 2007, 75–90; idem: "Targeting the Periphery: The Role of Iceland in East German Foreign Policy, 1949–89". In: *Cold War History* 1 (2001:3), 113–140; idem: "'Sigrar ungs lýðveldis'. The Relationship between Icelandic and East German Socialists, 1956–1962". In: Árni Snævarr and Valur Ingimundarson: *Liðsmenn Moskvu. Samskipti íslenskra sósíalista við kommúnistaríkin [Moscow's Allies: The Relationship between Icelandic Socialists and the Communist States]*. Reykjavík 1992, 225–291; idem: *Í nafni sósíalismans. Samskipti Íslands og Austur-Þýskalands, 1949–1990 [In the Name of Socialism: East German-Icelandic Relations, 1949–1990]*. TV documentary: The Icelandic Public Broadcasting Service 1995; Scholz, Michael F.: "Die Ostsee muß ein Meer des Friedens sein." *Die Rostocker Ostseewoche in der Außenpolitik der DDR*. Phil. Diss Greifswald 1990.

<sup>2</sup> In Icelandic: *Sameiningarflokkur alþýðu – Sósíalistaflokkurinn*.

First, the SEI was isolated in its ideological support for the Eastern Bloc in Iceland. Despite the party's participation in the government during the 1950s, it could not exploit its strong influence in the trade union movement and its alliance with non-socialist Icelandic nationalists to make a credible case for the adoption of the Soviet model or for major political or social changes in Iceland. Second, the SEI could not prevent the liberalisation of the Icelandic economy in the 1960s. The abolition of export and import controls severely undermined the barter trade with the Eastern Bloc and cemented Iceland's Western economic integration. Third, while the SEI maintained ideological ties with the communist parties of the Soviet Union and Eastern Europe during the 1950s and 1960s, it, nonetheless, opted for neutrality on issues that divided the World Communist Movement. This position echoed a key difference between many communist/socialist parties in Western Europe and those of the Eastern Bloc. Whereas the leadership of the Icelandic Socialist Party firmly believed in cooperating with other social democratic left-wing forces, the SED had nothing but contempt for such political "deviance". The insistence on ideological purity, even at the price of electoral losses, led to an estrangement between the two parties.

Finally, that which was instrumental in forming and solidifying ties between the SED and the SEI in the first place – the ideological conviction of Icelandic party leaders, which had been shaped by the Russian Revolution and by the Comintern experience before World War II – was, paradoxically, also responsible for their disintegration. When the Soviet system lost its attraction among most Western communist/socialist parties in the 1960s, including those of Iceland, it became clear that it was impossible to continue the policies of the old guard – policies that were, in large part, developed by Einar Olgeirsson, whose world view remained fundamentally unchanged until the end. The new generation of leaders did not have the same ideological background or political experience. The Soviet military intervention in Czechoslovakia ensured that the successor party of the SEI, the *Popular Alliance*, would refrain from establishing formal ties with communist parties in the Eastern Bloc, – in short, generational changes required not only personal but also ideological changes.

### **East Germany as an Ideological Model**

Einar Olgeirsson was the primary motor behind the SEI's plans to promote intensive cooperation with the Soviet Union and the People's Republics in Eastern Europe after World War II. To him, political and economic relations with the Eastern Bloc were of

vital importance for the success of the socialist project, in general, and for the SEI's domestic political agenda, in particular.<sup>3</sup> The SEI had been founded in 1938 following the abolition of the Communist Party to reach out to left-wing social democrats many of whom did not share its ideological affinity with the Soviet Union. Whereas the Communist Party had been small and with little electoral following, the new party managed to expand its popular appeal and electoral base.

To be sure, it had to cope with serious setbacks such as the defection of many social democratic elements following the Soviet invasion of Finland in 1940. But the communist founders, Olgeirsson and Brynjólfur Bjarnason, who controlled the party from the beginning, refused to condemn the Soviet action. The SEI achieved a political breakthrough in 1942, when it replaced the *Social Democratic Party* as the preponderant force within the trade union movement and in parliament. This success ensured that other political parties could no longer ignore it, especially after its victory at the polls in 1942, when it received 20 percent of the vote.<sup>4</sup> What also made the pro-Soviet socialists more respectable in the eyes of the other Western-oriented Icelandic political parties was the wartime alliance between the United States, Britain and the Soviet Union against Nazi Germany.

From 1944 to 1946, the SEI joined a coalition government with the conservative, centre-right *Independence Party*, the largest party in Iceland, and the *Social Democratic Party*. This government had an ambitious domestic economic development agenda and proved to be popular. The emerging Cold War, however, put an end to it. The SEI had played a role in preventing the United States from receiving long-term base rights in 1945. But when its coalition partners, the Independents and Social Democrats, approved an American request, in 1946, for short-term landing rights for military aircraft in connection with US occupation duties in Germany, the Socialists left the government in protest and stayed out of power for the next ten years. In opposition, they not only supported Soviet foreign policy but became the most vocal political force resist-

<sup>3</sup> See Stiftung Archiv der Parteien und Massenorganisationen der DDR im Bundesarchiv [SAPMO-BArch], Berlin, Zentralkomitee der SED [ZK der SED], Bestand DY/30, Nr. IV 2/29, 286: memorandum of a conversation with Einar Olgeirsson, 22<sup>nd</sup> July 1957.

<sup>4</sup> About the political system in Iceland, see Rubart, Frauke: "Das Parteiensystem Islands". In: Oskar Niedermayer et al. (eds.): *Die Parteiensysteme Westeuropas*. Wiesbaden 2006, 245–274; idem: "Island: Traditionsreiche Demokratie und moderne politische Kultur am Nordrand Europas". In: *Aus Politik und Zeitgeschichte* (2004:B47), 28–33.

ing Western political and military interests, especially following Iceland's entry into NATO in 1949 and the conclusion of a defence agreement with the United States in 1951.

Einar Olgeirsson not only managed to hold the party together for 30 years – during a turbulent period in the World Communist Movement – but managed also to maintain the support of between 15 and 20 percent of the electorate. From 1942 to 1963, the party did better than the *Social Democratic Party* in all parliamentary elections, a most peculiar development in view of the hegemonic position held by the social democratic parties in Denmark, Norway and Sweden. Mediating from his “centrist” position within the party, Olgeirsson succeeded in preventing the periodic feuds between the left-wing and right-wing factions from splitting it. The left wing wanted to promote a purist ideological agenda akin to that pursued by the *Icelandic Communist Party* in the 1930s and to shy away from cooperation with left-wing social democrats.<sup>5</sup> Some favoured a strict pro-Soviet agenda, but others sided with the Chinese on international issues and were critical of the Soviet Union for what they saw as the abandonment of its revolutionary commitment.<sup>6</sup> The right wing, which sought to distance the party from the Eastern Bloc<sup>7</sup>, aimed at expanding cooperation with social democratic and left-wing nationalist elements. Needless to say, Olgeirsson's delicate balancing act complicated the SEI's relations with the communist parties of the Soviet Union and Eastern Europe, including the SED, for he had to make compromises that conflicted with the official Moscow line.

While Olgeirsson never lost faith in the Soviet Union's leading role in the World Communist Movement, he considered the German Democratic Republic to be an ideo-

<sup>5</sup> See report: SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: ”Zur Lage in der Sozialistischen Einheitspartei Islands (Darlegungen des Genossen Einar Olgeirsson, Vorsitzender der Sozialistischen Einheitspartei Islands, im Gespräch mit dem Genossen Jungblut, Abteilung Internationale Verbindungen im ZK, am 14. September 1966 im Gästehaus der SED in Berlin während eines Aufenthaltes auf der Durchreise von Ungarn nach Island).” 15th September 1957.

<sup>6</sup> See memorandum [no name]: SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: “Aktentotiz über eine Rücksprache mit dem Genossen Möckel am 16. August 1963 – Leiter der Vetreutung [Handelsvertretung] in Island.“ 19<sup>th</sup> August 1963.

<sup>7</sup> SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: “Bericht über den Aufenthalt des Gen. Olgeirsson am 29. und 30. August 1963.”

logical model for the SEI.<sup>8</sup> Unlike the USSR, he argued, East Germany was the first case of a highly developed industrial state on the road towards socialism. To buttress the SEI's domestic political standing, Olgeirsson wanted to strengthen the ideological relations with the SED by promoting economic and cultural cooperation between Iceland and East Germany.

Given Iceland's Western orientation, this plan faced obvious obstacles. Admittedly, a pro-American government wanted to establish trade relations with both German zones/states in 1948 and 1949. But it did not find much reciprocal interest on the part of the East German regime.<sup>9</sup> In 1950, however, Olgeirsson managed to persuade SED leaders to contemplate the possibility of purchasing large quantities of Icelandic fish in exchange for textile and electronic goods.<sup>10</sup> There was a catch, however: citing "prestige reasons", the East Germans insisted that any trade deal had to be made between the governments of Iceland and the GDR. Because of West German opposition to the recognition of the GDR, the Icelandic government was only willing to allow private fish exporters to negotiate with the East German government. As a result, nothing came out of these first attempts to establish bilateral trade relations.<sup>11</sup>

However, following the 1952 British decision to impose a landing ban on Icelandic fish in Britain to protest the unilateral extension of Iceland's fishery limits, the Soviet Union and other Eastern European states – including East Germany – decided to fill

<sup>8</sup> SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 286: Karl Mewis to the Central Committee of the SED: Memorandum of a conversation with Einar Olgeirsson, 13<sup>th</sup> August 1959; see also Ingimundarson 1992, as footnote 1, 241–242.

<sup>9</sup> Þjóðskjalasafn Íslands [Icelandic National Archives, INA]: Reykjavík, skjalasafn Pétur Thorsteinssonar, fyrrv. ráðuneytisstjóra [The Papers of Pétur Thorsteinsson, former Permanent State Secretary of the Icelandic Foreign Ministry]: PT 26, 13/95, report (Oddur Guðjónsson): "Athuganir af viðskiptamöguleikum við soviet-rússneska hernámssvæðið í Þýzkalandi [Report on the possibilities of establishing trade relations with the Soviet-Russian occupation zone in Germany]", 17<sup>th</sup> February 1949; *ibid*: memorandum (Oddur Guðjónsson), 30<sup>th</sup> July 1949; *ibid*: report: "Skýrsla sendinefndar er athugaði viðskiptaáðstæður í Austur-Þýzkalandi í ágúst og september 1949 [Report of a delegation that looked into trade conditions in East Germany in August and September 1949]"; *ibid*: report: "Skýrsla um samningaumleitunir í Austur-Þýzkalandi 1.-24. mars 1950 [Report on negotiations in East Germany]" (no date).

<sup>10</sup> See interview with Einar Olgeirsson in *Þjóðviljinn*, 12<sup>th</sup> September 1950.

<sup>11</sup> INA: PT 26: 13/95: report: Magnús Z. Sigurðsson, Geir Borg, Leifur Bjarnason: "Viðræður í Berlín [Negotiations in Berlin]". 18<sup>th</sup> December 1950.

the vacuum and to establish trade relations with Iceland. It was part of a Soviet-led “economic offensive” designed, in part, to increase trade relations with Western countries. By buying Icelandic fish in return for items such as oil, timber, and, to a lesser degree, industrial goods, the Eastern Bloc received a substantial part of Iceland’s exports. Despite its anti-communist stance, the Icelandic centre-right government welcomed this unexpected trade opening in 1953. It was highly beneficial to the Icelandic economy because the Soviets bought Icelandic fish products at above world prices. Thus, even if the SEI had been pushing for trading with the Soviet Union since the end of World War II, it was not instrumental in reviving the trade relationship. This barter trade increased dramatically in the mid-1950s, reaching 35 percent of the Icelandic trade volume in 1957. In contrast, the comparable figures for other NATO countries were only 3-4 percent.

With the blessing of the Icelandic government, a special trading company – representing export and import firms in Iceland – was set up to negotiate directly with the GDR. Since the Icelandic government was not formally involved, it could still claim that the barter trade had no diplomatic implications. On the other hand, the East German regime could see the quasi-official trading company as a step toward official recognition.<sup>12</sup>

This trade agreement had immediate effects on party political relations between the SED and the SEI. To be sure, the SEI had been represented at SED party congresses in the early 1950s, and hundreds of SEI members took part in the World Youth Festival (*Weltfestspiele*) in Berlin in 1951. But it was not until the mid-1950s that the bilateral party relationship became more formalised. It was consistent with the SED’s decision to expand its political ties with Northern Europe, as part of its efforts to seek international recognition of the GDR. The East Germans were also interested in Iceland because of the US military presence.<sup>13</sup> Peter Florin, the head of the International Division of the SED’s Central Committee, was charged with implementing this policy together with Karl Mewis, the local party chief in Rostock. Olgeirsson usually dealt

<sup>12</sup> See Ingimundarson 1992, as footnote 1, 230–231; see also an obituary by Ingi R. Helgason about Karl Þorsteins, a Consul-General and a fish exporter, who was involved in the barter trade with the Eastern Bloc. In: *Morgunblaðið*, 30<sup>th</sup> January 1987.

<sup>13</sup> Interview of Valur Ingimundarson with Peter Florin, 25<sup>th</sup> January 1994.

directly with Florin on ideological and economic matters during his frequent visits to East Germany in the 1950s and 1960s.

The party relations did not only involve ideological consultations. The SED offered financial assistance and special concessions to companies linked to SEI members;<sup>14</sup> it provided Icelandic socialist students with educational opportunities in the GDR; it translated and published books by Icelandic authors; and, on the request of the SEI and the publishing house, *Mál og menning* (which was run by a prominent party member), it subsidised the printing of books in East Germany for the Icelandic market.<sup>15</sup>

This relationship received a further boost from 1956 to 1958, when the Socialist Party participated in a left-wing government. What made that possible was the party's decision to join forces with a left-wing splinter group from the *Social Democratic Party* in an electoral alliance, the *Popular Alliance*. The alliance managed to get two seats in a coalition government with the centrist and rural *Progressive Party* – the second largest party in Iceland – and the *Social Democratic Party*.

This success set the stage for the deepening of Icelandic-East German relations. At the outset, however, three major problems put the project in jeopardy. First, the promulgation of the Hallstein doctrine by the West German government – threatening to break off diplomatic relations with those states that recognised the GDR – ensured that the Icelandic government would proceed cautiously and take no major risks. After all, West Germany played a far more important role in Iceland's foreign trade than East Germany. The SEI was unable to have a decisive influence on the government's policy because the pro-Western ministers of the *Progressive Party* and the *Social Democratic Party* were in charge of foreign affairs.

Second, in the anti-communist climate generated by the Soviet suppression of the Hungarian revolution, the SEI met severe domestic political adversity. Even some SEI

<sup>14</sup> See, for example, Ingimundarson 1992, as footnote 1, 253–254; see also letter: SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: Einar Olgeirsson to the Central Committee of the SED, 21<sup>st</sup> July 1964; *ibid*: memorandum, Knölller to Würzberger: “Rabattgewährung an den isländischen Parteiverlag, Mál og menning.”, 21<sup>st</sup> January 1967.

<sup>15</sup> SAPMO-BArch, ZK der SED, Bestand DY 30, Nr. IV A 2/20, 286: Memorandum for Peter Florin, 26<sup>th</sup> October 1962; SAPMO-BArch, ZK der SED, Bestand DY 30, Nr. IV A 2/20, 570: Einar Olgeirsson and Kristinn E. Andrésson to the Central Committee of the SED, 7<sup>th</sup> May 1969; Interview of Valur Ingimundarson with Horst Mayer, 5<sup>th</sup> February 1994; see also Ingimundarson 2001, as footnote 1, 123.



members wanted to protest against the Soviet action. Olgeirsson ultimately succeeded, in staving off attempts to break ranks with the Soviet Bloc, but the events in Hungary weakened the party both within the government and outside it.<sup>16</sup>

Third, the Icelandic government broke its promise to close down the US military base following the Soviet military intervention in Hungary. What was more, the government – or, to be more precise, its Social Democratic and Progressive Party members – decided to accept US economic aid, which was offered on the condition that American troops remained in Iceland.

The Soviet Union and East Germany reacted swiftly by withdrawing offers of financial support to the government – offers that had been made personally to Einar Olgeirsson in the autumn of 1956. The Soviets and East Germans, however, later reversed their stance, possibly because of Olgeirsson's assurances – which turned out to be wrong – that the government had not given up on its plan to abrogate the defence agreement with the United States. Indeed, the Soviet Union was willing to grant Iceland a multi-million dollar loan in 1957 to cover the costs of an ambitious hydroelectric project. The United States and West Germany, however, provided the necessary finances on behalf of NATO, to prevent the Icelandic government from accepting the Soviet loan.<sup>17</sup>

Despite this setback for the SEI, Iceland's ties with the Soviet Union and East Germany expanded rapidly between 1956 and 1958. For one thing, the Icelandic government accepted a Soviet loan offer to finance the building of fishing boats in East Germany. For another, on the insistence of the SEI, it granted the East German government permission to establish a trade mission – staffed by SED members – in Iceland. In addition, overcoming considerable non-socialist opposition within the government, the socialists saw to it that an Icelandic delegation visited the annual Leipzig Trade Fair for the first time. The East German regime hoped that the trade mission

<sup>16</sup> SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 286: Memorandum of a conversation with Einar Olgeirsson, 28<sup>th</sup> February 1957.

<sup>17</sup> About the loan affair, see Ingimundarson 2001, as footnote 1; idem: *Í eldlínu kalda stríðsins. Samskipti Íslands og Bandaríkjanna 1945–1960 [In the Crossfire: Iceland, the United States, and the Cold War 1945–1960]*. Reykjavík 1996, 293–363; idem: “Buttressing the West in the North: The Atlantic Alliance, Economic Warfare, and the Soviet Challenge in Iceland, 1956–1959”. In: *The International History Review* 21 (1999:1), 80–103. See also Ólafsson, Jón: *Kæru félagar [Dear Comrades]*. Reykjavík 1999, 225–232.

could – at an opportune political moment – be converted into a consular mission. The Icelandic move was in defiance of a West German diplomatic note conveyed in 1954 to the effect that the Adenauer government would not countenance the establishment of an East German trade office in Iceland.<sup>18</sup>

An East German-Icelandic Friendship Society was also established during the tenure of the left-wing government, with the aim of promoting bilateral political and cultural relations. Finally, the barter trade between Iceland and East Germany shot up from 2.9 percent of Iceland's total trade volume to 7.7 percent. In short, a qualitative change took place in Icelandic-East German relations due to the government participation of the SEI.

### **Cementing Ideological Ties: Icelandic Students in East Germany**

In 1954, the SEI began to offer young cadre the opportunity to study at East German universities. They received what was termed students' salaries from the host countries to finance their studies. Olgeirsson wanted the students to get first-hand socialist experience and Marxist theoretical training in a People's Republic. One of his goals was to prepare a future generation of ideologically committed socialists for leadership positions within the party.<sup>19</sup> In return, the East German regime planned to use the students – following the completion of their studies – in its ideological and cultural work in Iceland.<sup>20</sup> Several attempts were also made to enlist students for intelligence work for the German security police, Stasi, during their stay in East Germany. But, as far as is known, only one did so.<sup>21</sup>

Many of the students, it turned out, were shocked by the initial experience in East Germany. Instead of witnessing a socialist utopia, they found that the living standards were considerably lower than in Iceland. In addition, some had problems adjusting to a

<sup>18</sup> See: INA: PT 26: 14/95: Austur-Þýskaland, 1954–1973: note by the West German government to the Icelandic government, 12<sup>th</sup> April 1954.

<sup>19</sup> SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 286: Einar Olgeirsson to the Central Committee of the SED, 20<sup>th</sup> May 1961; *ibid*: memorandum of a conversation with Einar Olgeirsson, 28<sup>th</sup> February 1957.

<sup>20</sup> SAPMO-BArch: ZK der SED: Bestand DY 30: A IV 2/20, 288: “Plan für die Entwicklung einer kontinuierlichen pol. Arbeit mit den isländischen Studenten in der DDR.”

<sup>21</sup> See, for example, Stasi-report, Bundesbeauftragte für die Unterlagen des Staatssicherheitsdienstes der ehemaligen Deutschen Demokratischen Republik (BstU), Berlin: “Ermittlungsbericht, 28. Oktober 1961”; see also *ibid.*: Stasi-report, 9<sup>th</sup> February 1963.

tightly controlled society and university life. While most kept their faith in the socialist project, they, nonetheless, decided to inform the party leadership about the GDR's shortcomings. It was seen as a preventive action designed to make sure that the SEI did not commit the same mistakes as the SED.<sup>22</sup>

In their periodic reports, the students were critical of Soviet practices in East Germany, accusing the Soviets of treating it like a colony.<sup>23</sup> The same applied to the personality cult of the SED leader, Walter Ulbricht, whom they regarded as a weak, non-charismatic leader. They also attacked the SED's discourse on democracy since it was obvious to all that the party was in total control of political life in East Germany. Their criticisms were not meant to question the hegemonic role of the SED but to point to the party's failure to explain the need for it in a credible way. Their critique – to put it in Marxist terms – was more directed at the superstructure than the material basis. Most of them still believed the regime's wildly optimistic and erroneous prediction that in the early 1960s, the GDR would overtake the Federal Republic in material wealth.<sup>24</sup>

Einar Olgeirsson mostly kept the students' reports to himself. Given their sensitive nature, it could have hurt the SEI's agenda, if they had been disseminated among party members. Hence, it came as a shock when the organ of the anti-communist *Independence Party*, *Morgunblaðið*, published excerpts from stolen copies of the reports before the 1962 municipal elections in Iceland. The paper mocked the SEI for its support for the communist parties of Eastern Europe, as even its future leaders could not hide their disapproval of political and social conditions in these countries.<sup>25</sup>

This propaganda setback – if, albeit short-lived – seriously undermined Olgeirsson's efforts to create a “new class” of socialist leaders who had been educated in the Eastern Bloc. The students came under heavy attack within the SEI for what many members saw as a serious breach of party discipline, a misrepresentation of conditions in

<sup>22</sup> Landsbókasafn – Háskólabókasafn [The Icelandic National Library – University Library]: SÍA-skýrsla [Report, Society for Icelandic Students in the Eastern Bloc Countries] I-1: Fundargerðabók SÍA, 1956-1958: “Ályktun um innanlandsmál í Þýzka alþýðuveldinu, 30. desember 1957 [Resolution about internal developments in the German Democratic Republic 30<sup>th</sup> December 1957]“.

<sup>23</sup> Ibid.

<sup>24</sup> See Ingimundarson 1992, as footnote 1, 284–285.

<sup>25</sup> See *Morgunblaðið*, 28<sup>th</sup> April 1962.

East Germany, and a flagrant disregard of party interests.<sup>26</sup> The students also had to explain their writings to SED officials who were furious over the reports.<sup>27</sup> Following the scandal, there was a considerable reduction in the number of Icelandic students in East Germany.

Only one of the students, Hjörleifur Guttormsson, became an influential politician in the successor party of the SEI, the *Popular Alliance* (PA), and a Minister for Industry between 1980 and 1983. He had, however, lost faith in the Soviet Union long before he got into a position of power. To be sure, another student, Svavar Gestsson,<sup>28</sup> became the chairman of the PA – a position he held from 1983 until 1987 – and served as Minister of Commerce and, later, Minister of Education in the early 1980s and early 1990s, respectively. But his position was different. He was not a member of the original students' group and had nothing to do with the scandal. He arrived much later in East Germany, in 1967, where he spent one year, studying Marxist theory at the elite party school of the SED's Central Committee, the Institute for Social Sciences.<sup>29</sup> The SED approved this arrangement on Olgeirsson's request. It showed that Olgeirsson was able to spot a future leader almost twenty years before Gestsson took the reins of the PA. But there was one thing that he had not taken into account: that the younger generation of socialists, such as Gestsson, later did not share the same world view as the party's Old Guard.

### **The Limits of Political and Economic Convergence**

After the left-wing government broke apart in 1958, there was a sharp downturn in Iceland's relations with the Eastern Bloc. The centre-right *Stabilisation Government* formed in 1959 – composed of the *Independence Party* and the *Social Democratic Party* – was not only firmly committed to the Western alliance. Its liberalisation of the

<sup>26</sup> Interview with Þór Vigfússon. In: Ingimundarson 1995, as footnote 1.

<sup>27</sup> See: SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 228: Hjörleifur Guttormsson and Franz Gíslason to the Central Committee of the SED, 15<sup>th</sup> July 1962.

<sup>28</sup> SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: "Vorlage für das Sekretariat, betr. Qualifizierung des isländischen Genossen Svavar Gestsson in der DDR, 18. Oktober 1967."

<sup>29</sup> SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: „Dr. Heinz Hümmler (Stellv. Direktor, Institut für Gesellschaftswissenschaften) an das Zentralkomitee der SED, Abteilung Internationale Verbindungen, 13. Juni 1968“.

economic system led to a dramatic fall in the barter trade with the Soviet Union and Eastern Europe. In 1962, the share of the trade with East Germany fell below one percent of Iceland's total trade volume. The *Stabilisation Government* remained in power for twelve years.

The lack of socialist influence on governmental policy and the economic changes deeply affected the relationship between SED and SEI. Ideological cracks came to the fore. The SEI refused to endorse the Soviet propaganda line against China and Albania following the split in the World Communist Movement at the Bucharest meeting in 1960. It espoused neutrality in the dispute, preferring a dialogue between the two camps. This position was perfectly consistent with its decision not to condemn Tito's "revisionism" in the Soviet-Yugoslav crisis in the late 1940s. It reflected a reluctance of a marginal SEI from a capitalist country in taking a stance on divisive ideological issues upon which it had no chance of influence. Olgeirsson made it clear though, that no purpose was served to threaten the use of atomic weapons to solve ideological problems with China.<sup>30</sup>

The SEI's stance irked the East Germans who insisted on ideological solidarity with the Soviet Union and who did not like the Icelandic socialists' attitude toward the question of whether pro-Moscow communists/socialists should cooperate with other left-wing forces in the Nordic countries. The SEI had, of course, done so in 1956 through its electoral alliance with left-wing social democrats. One of the most influential members of the SEI – Lúðvík Jósepsson, the Minister of Fisheries in the left-wing government – wanted to formalise this alliance through the establishment of a new party in 1962. Olgeirsson had to use all his power of persuasion to thwart the attempt to abolish the Socialist Party. Yet, even if he was against transforming the Left's electoral alliance into a party, he was in favour of working with non-socialist elements, such as the left-wing social democrats. For this reason, he refused to condemn Aksel Larsen, the former head of the *Danish Communist Party*, for breaking away from Moscow and for creating a left-wing splinter party in Denmark.<sup>31</sup>

<sup>30</sup> Memorandum [no name]: SAPMO-BArch: ZK der SED: Bestand DY/30, Nr. IV A 2/20, 570: "Aktennotiz über eine Rücksprache mit dem Genossen Möckel am 16 August 1963 – Leiter der Vertretung [Handelsvertretung] in Island." 19<sup>th</sup> August 1963.

<sup>31</sup> About Larsen's party, see Schmiederer, Ursula: *Sozialistische Volkspartei Dänemarks – Eine Partei der Neuen Linken*. Frankfurt am Main 1969.

Indeed, Olgeirsson and Jóseppson, the leader of the right-wing faction of the party, established good relations with Larsen. They agreed that the hostile Soviet position toward Larsen's party had made things worse by marginalising the *Danish Communist Party*.<sup>32</sup> Olgeirsson even offered his mediation services in the dispute between Larsen's party and the *Danish Communist Party* – an offer promptly rejected by the disputants who did not want such outside meddling. The *Soviet Communist Party* and the SED had nothing but scorn for Larsen's "revisionism". To the SED's Central Committee, Olgeirsson was guilty of serious political confusion and in need of "theoretical correction"<sup>33</sup> for believing that a United Front in the Nordic countries should be encouraged to fight common battles such as that against the European Economic Community. No wonder that Olgeirsson and Ulbricht did not meet often and never forged a cordial relationship.

These ideological disagreements did not lead to a break-down in party relations. Both parties continued to demonise the EEC and the nuclear plans of the "Catholic Nazis" in the West German government.<sup>34</sup> But Olgeirsson's attempts in the 1960s to reenergise party relations through increased trade rather than ideological affinity met with no success. It was not only the market policies pursued by the *Stabilisation Government* that hampered the barter trade. The East German regime was not interested in Icelandic fish products because it wanted to import industrial goods that could enhance workers' productivity and stimulate economic growth.<sup>35</sup> The SED also refused to bail out the publishing company *Mál og menning* – which faced serious financial problems in the 1960s – whereby the East German trade mission in Iceland would buy one of its

<sup>32</sup> See memorandum [W. Krause]: SAPMO-BArch: ZK der SED, Bestand DY/30: Nr. IV A 2/20, 570: "Aktennotiz zu dem mit Genossen [Lúðvík] Josepsson geführten Gespräch am 11. September 1963" 24<sup>th</sup> September 1963; memorandum [no name]: *ibid.*: 19<sup>th</sup> August 1963.

<sup>33</sup> Landeshauptarchiv, Sachsen-Anhalt: IV A 2/18: "Bericht", 1. November 1963.

<sup>34</sup> See memorandum: SAPMO-BArch: ZK der SED: Bestand DY 30: Nr. IV A 2/20, 286: "Aktennotiz, Gespräch mit Genossen [Magnús] Kjartansson", 12<sup>th</sup> July 1959; see also: *ibid.*: memorandum of a conversation with Magnús Kjartansson, 27<sup>th</sup> July 1959.

<sup>35</sup> Memorandum [Sager]: SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: "Aktennotiz über ein Gespräch mit Gen. [Brynjólfur] Bjarnason, Sozialistische Einheitspartei Islands am 8. Okt. 1964."

properties.<sup>36</sup> The East German government saw no prospects for a significant rise in the barter trade during the 1960s. It was not prepared to reverse its trade policy vis-à-vis Iceland unless a change in Icelandic foreign policy took place, with the potential government participation of the SEI in the late 1960s. A key SED official, Hermann Axen, made it clear to Olgeirsson that the GDR would not step in until the pro-NATO and pro-Western economic policies of the *Stabilisation Government* were abandoned.<sup>37</sup> The SED was not willing to cut off party relations with the SEI. It continued to back Olgeirsson by offering old comrades vacation privileges in East Germany, by providing a future political leader political training at a party school, and by subsidising the publication of Marxist literature in Icelandic.<sup>38</sup> Yet, it was obvious that without the prospects of tangible political advantages – for example, those against US interests in the Cold War or aiding its struggle for international recognition – the GDR was not prepared to enter into an artificial trade relationship with Iceland solely for the benefit of the SEI.

### **The Beginning of the End: The Soviet Intervention in Czechoslovakia**

It was the Warsaw Pact invasion of Czechoslovakia in 1968 that destroyed any hopes for a renewal in East German-Icelandic relations. It shook the relationship between the SED and the SEI to the core. All the leaders of the SEI, including Olgeirsson, came out publicly against the suppression of the Prague Spring. To many Icelandic socialists, this was the last straw – the final proof that the Soviet project was not only seriously flawed but beyond reform. The military intervention hastened a development that was becoming more and more likely throughout the 1960s – namely, the formalisation of the electoral alliance between the socialists and left-wing social democrats. A new party, the PA, was established in 1968 following the abolition of the SEI. Approaching his 70<sup>th</sup> birthday, Olgeirsson decided to retire from active political life. The new leader

<sup>36</sup> SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: „Einar Olgeirsson an das Zentralkomitee der Sozialistischen Einheitspartei Deutschlands, Abteilung für Außenhandel und internationale Verbindungen, den 21. Juli 1964.“

<sup>37</sup> See memorandum [Knöllner]: SAPMO-BArch: ZK der SED: Bestand DY/30: Nr. IV A 2/20, 570: “Vermerk über ein Gespräch zwischen Genossen Hermann Axen und dem Vorsitzenden der Sozialistischen Einheitspartei Islands (SEI), Genossen Einar Olgeirsson, am 17. Juli 1967 im Hause des ZK.”, 25<sup>th</sup> July 1967.

<sup>38</sup> Ibid.

of the PA, Ragnar Arnalds, had not been a member of the SEI; he represented a younger generation of left-wing Icelandic nationalists who had made their name in the opposition movement against the US military presence in Iceland.

The PA decided that there would be no formal party ties with the communist parties of the Soviet Union and East Germany. It reflected the growing conviction of young party members that no distinction should be made between the Soviet Union and the United States. To them, both were counter-revolutionary empires. They were far more interested in protesting US military involvement in Vietnam and advancing the cause of Third World liberation movements than in what many saw as failed socialist experiments in the Soviet Union and Eastern Europe.<sup>39</sup> To be sure, Olgeirsson and other old SEI members saw to it that individual contacts were maintained with Eastern Bloc communist parties, including the SED; it was especially trade union members who continued the practice. But the old Marxist theoretician did not wield any real influence in the PA. Lúðvík Jósepsson, who, as noted, had belonged to the right-wing faction of the SEI, became its most prominent figure. True, like Olgeirsson, he was supportive of trading possibilities with the Eastern Bloc. But in contrast to Olgeirsson, who remained committed to the Soviet project to the bitter end, Jósepsson – a political pragmatist – harboured no illusions about its ideological appeal and did not want the PA to identify with it. Olgeirsson's hope of transforming the PA into a hardcore Marxist party, without losing mass appeal, was totally unrealistic in the 1970s.<sup>40</sup>

The Soviets and East Germans professed support for Olgeirsson's vision of a Marxist party, but they knew, of course, that he had no political clout anymore. They saw no short-term chance of incorporating the PA into the World Communist Movement. Ironically, at the same time when SED ties with the Icelandic socialists were declining steadily, the chance of normalising government relations between Iceland and the GDR became more realistic. Following the entry of the PA into a left-wing coalition government in 1971 (with the *Progressive Party* and a small splinter party, the Left-Liberals), the two ministers, Lúðvík Jósepsson and Magnús Kjartansson, sought – through Einar Olgeirsson – to expand trade relations with East Germany. Jósepsson even broached the possibility, in 1972, of establishing full diplomatic relations be-

<sup>39</sup> See Ingimundarson 2001, as footnote 1, 133–134.

<sup>40</sup> See memorandum: BArchiv: Records of the East German Embassy (Reykjavik): “Vermerk über eine Zusammenkunft mit dem Politbüro der Volksunion.”, 15<sup>th</sup> March 1977.



tween the two countries. Given Western policy on non-recognition, it could have sparked a row within the government. But, as it turned out, there was no need to bring the matter to a head following the conclusion of the Basic Treaty between the two German states, leading to the recognition of the GDR by Western states, including Iceland.<sup>41</sup>

When Iceland took this step in 1973, however, it did not lead to the revival of bilateral political and trade relations. To the disappointment of the East German government, the Icelandic government showed no willingness to grant the GDR fishing rights within its expanded fishery zone following the Cod Wars with the British in the 1970s. It was not only that Iceland's economy had become firmly westernised. When the second left-wing government broke up without having reached the goal of ending the US military presence, the East Germans saw no reason to pay special political attention to Iceland. Ideologically, the PA moved to the centre, modifying its policies on the nationalisation of key economic sectors and ceasing to make the abrogation of the defence agreement with the United States the *sine qua non* for government participation.

Einar Olgeirsson was just as dismayed by this development<sup>42</sup> as East German embassy officials in Iceland.<sup>43</sup> But he could do nothing about it; he had, in fact, become a political dinosaur within the party. Thus, there were no ideological reversals during the party chairmanship of Olgeirsson's protégé, Svavar Gestsson, during the 1980s. When Ólafur Ragnar Grímsson,<sup>44</sup> who had no socialist background, replaced Gestsson as chairman in 1987, it meant a break with the past.<sup>45</sup> It was not only that Grímsson set out to distance the PA from its Soviet roots and to broaden its democratic appeal. Given the lack of basis for any meaningful political and economic ties with Iceland, the East German regime had already decided to close down its embassy in Reykjavík before losing power in 1989. It showed the level of deterioration of a relationship that contained possibilities in the 1950s and early 1960s, but which led to growing es-

<sup>41</sup> See Ingimundarson 2001, as footnote 1, 132.

<sup>42</sup> See letter: BArch: Records of the East German Embassy (Reykjavik): East German Embassy (Reykjavik) to the SED's Central Committee, 11<sup>th</sup> October 1976.

<sup>43</sup> See letter: BArch: Records of the East German Embassy (Reykjavik): East German Embassy (Reykjavik) to the SED's Central Committee, 26<sup>th</sup> June 1987.

<sup>44</sup> Ólafur Ragnar Grímsson has been the President of Iceland since 1996.

<sup>45</sup> See report: BArch: Records of the East German Embassy (Reykjavik): "Information über den Parteitag der isländischen Volksunion.", 17<sup>th</sup> November 1987.

trangement in the 1970s and 1980s. The fall of the Berlin Wall did not represent any ideological rupture, spelling an end to the relationship; it had died much earlier from within.

## Conclusion

As members of two different political camps, the East German-Icelandic relationship was bound to face difficulties. Despite the backing of the SEI, Iceland was, for example, in no position to accord the GDR official recognition before West Germany and other Western countries decided to do so. Yet, there was a window of opportunity during a brief period in the 1950s, when the Eastern Bloc filled the trade void left by the British, and the SEI entered the government on an anti-American platform. Indeed, as noted, Iceland's reliance on bilateral trade with the Soviet Union and Eastern Europe led to a sharp increase in bilateral trade relations with East Germany. Similarly, the influence of the SEI on government policy during the tenure of the left-wing government from 1956 to 1958 made it possible for the East German regime to establish quasi-official political, trade, and cultural relations with Iceland. But the pro-Western course of the *Stabilisation Government* from 1959 until 1971 and the liberalisation of the Icelandic economy in the 1960s practically destroyed the bilateral trade with the GDR.

When the East German government concluded that it served no purpose to maintain a politically motivated trade relationship with a country that was firmly committed to the West, it had an immediate impact on the SED's ties with the SEI. There was simply no willingness to meet the SEI's repeated requests for generous financial assistance when the chances of a change in Icelandic foreign policy were minimal. In theory, the second left-wing government from 1971 to 1974 could have created conditions for a renewal akin to that of the first one. After all, both governments sought – unsuccessfully – to expel US forces from Iceland. But after the East German regime achieved its main goal of recognition, there were not enough political and economic incentives to intensify bilateral relations. Equally important, despite the influence of friendly politicians, such as Lúðvík Jósepsson, a qualitative change in party relations took place with the establishment of the PA. There was a sense of inevitability about the decline in bilateral political and economic relations during the 1970s and 1980s. It was politically impossible in Iceland to identify with a discredited communist camp in world politics. Thus, Olgeirsson's ambitious pedagogical political project in the 1950s and 1960s –

the training of future Icelandic socialist leaders in Eastern Bloc countries – in the end failed.

As I have made clear here, the relationship between the SED and the SEI was, to a large extent, personified and monopolised by Einar Olgeirsson. He established and controlled the political contacts with the SED, promoted trade and cultural relations with East Germany, and represented the SEI vis-à-vis the Soviet Bloc. The East Germans could always count on his support for the communist project, but – in line with their non-critical following of the Soviet line – could never hide their distrust of his ideological positions on issues dividing the World Communist Movement. What they failed to understand was that his “deviations” made it possible for him to cement the party political ties with the Eastern Bloc in the first place. They buttressed his power position within the SEI, gave him the tools needed to prevent its break-up, and, no less important, helped him secure a stable voting base during an extremely volatile political period – a period when Western communist/socialist parties faced many setbacks during the 1950s and 1960s, such as the discrediting of Stalin, the Hungarian revolution, and the invasion of Czechoslovakia.

Olgeirsson firmly believed that Western socialist parties should work with the non-communist left to gain political respectability, more votes, and government access. Hence, it was perfectly logical to support a popular front tactic in the dispute between Aksel Larsen and Moscow. It was also a shrewd political move – even if it was not appreciated by the Soviet and East German regimes – to stay neutral on the question of Tito and China. If Olgeirsson had followed his pro-Soviet instincts, he would have sided with the Soviet Union. But he knew that by adopting an anti-Chinese line, he would exacerbate the fissures within the party. If he had followed the Soviet/East German advice of keeping the SEI as ideologically pure as possible, it would, in all likelihood, have marginalised it and accelerated its demise.

Yet, Olgeirsson’s biggest political miscalculation was his failure to grasp the need for change. In the end, he remained wedded to a vanished past – a past shared by his East German comrades, to be sure, but not by his own party members. By the late 1960s, he knew that the party’s young generation had lost faith in the Eastern Bloc. But by blaming it on his own failure to pay more attention to Marxist theory within the party or to the cadre’s lack of ties with the trade union movement, he missed the point. True, the

PA was a deeply divided party, with trade unionists and intellectuals disagreeing on domestic political priorities and competing for power and influence.<sup>46</sup> But instead of opting for ideological renewal, Olgeirsson was committed to the status quo. He refused to listen when the future party's vanguard – the students in East Germany – raised questions about the “real existierender Sozialismus”, the reality of GDR “socialism”. What differentiated the party's younger generation from the Comintern generation was that the former did not share the latter's core belief: an essentialist commitment to the Soviet Union and its ideological allies – such as the GDR.

<sup>46</sup> See Guðmundsson, Óskar: *Alþýðubandalagið. Átakasaga [The Popular Alliance: A Narrative of Struggle]*. Reykjavík 1987.