



**A speech
by
the President of Iceland
Ólafur Ragnar Grímsson
at
Digital Reykjavik Conference
27th November 2003**

Distinguished experts
Business leaders
Ladies and Gentlemen

At the opening of the new century, an epoch which will produce more social transformation than ever before, we are challenged with the question: how can we obtain a comprehensive picture of the interaction between technological progress and human behaviour, how do we develop business plans based on a reasonable assessment of the economic and social patterns which innovation will bring about, how is creativity best placed at our service in order to further advancement and better life, more enjoyment and fulfilment for people all over the world.

It is a paradox of our times that although the giant economies of the United States, Japan, France, Germany and Great Britain form an exclusive club of industrial and technological elite territories, small societies are probably better suited to be laboratories for high-tech evolution, to become the testing grounds for new technologies, to serve the rapid progress of the digital revolution.

There is indeed much to suggest that in the new economy, the small state can be a profitable basis for business innovations. In small states it is easy to see the way that different elements link up, establish cooperation between different fields, gain access to information and experience, grasp solutions to difficult tasks. Although Iceland has a small population, it has all the characteristics of developed Western societies, its market is similar and its government administration disciplined – plus the fact that the general public are ready to embrace technological innovations and eager to cooperate with experts and researchers in all fields. Experience shows that the small state can serve as a kind of laboratory or research

station in precisely the sectors of industry that are increasingly dominating the economy of the new century. In this respect, the new economy can truly open up new horizons for small states.

With the IT revolution, computerisation and a wide spectrum of technological advances, world industry and business have been radically transformed, and these fundamental changes have become increasingly widespread with the impetus given by globalisation. Now, in effect, avenues have opened up for ideas and innovations from anywhere in the world. Every entity has the opportunity to profile itself. New companies can emerge regardless of where their home base is, and soon have the whole world as their market region.

Small size is no longer the obstacle it once was. The traditional sectors of the industrial revolution, which based their growth on economies of scale, are no longer decisive. Now, innovations can come from all directions and individuals and businesses in small states or in small communities within larger states can rapidly attain key positions.

In addition to the opportunities which small states now enjoy there are other characteristics, like Icelandic business culture, which I believe are already contributing, and will contribute even more in the future, to making Iceland an interesting and a successful ground for progress based on the interaction between business and technological innovations.

Business culture in Iceland is dominated by six strands which make it especially amenable to successful cooperation with others in the global market.

First, Icelandic business culture is strongly interactive and offers opportunities for people from different sectors to establish cooperation without great difficulties or major bureaucratic hindrances. The extensive knowledge that business leaders have of the capabilities of others in different fields has enabled them to draw people together into promising projects.

Secondly, our business culture is very result-oriented, the tendency is to go directly to solving the task at hand, without emphasis on bureaucratic procedures and without extensive memo writing. The true story about the Icelander and the Swede who were travelling in Africa when their car broke down illustrates this clearly. The Swede started to write a memorandum to headquarters but the Icelander got out of the car and started to repair it and soon they were able to drive on.

Thirdly, the Icelandic tradition of doing things is not very bureaucratic, maybe because we simply do not have enough people to fill

all the parts in big bureaucratic structures, and this has given entrepreneurship in our country more freedom to manoeuvre and excel.

Fourthly, Icelandic business relationships are very personal, the trust established between individuals in leading business positions is the essence of our community, a trust which is classical like the old saying: My word is my bond. This has enabled companies, large and small, to proceed more speedily and more effectively than their competitors in other countries where businesses have become more top-heavy and burdened by administrative structures.

Fifthly, the entrepreneurship which was fostered in the traditional society of farmers and fishermen when the initiative of individuals was critical for successfully battling with the forces of nature has in modern times become a strong driving force. In this sense Iceland is more of a “frontier society” than the old continental countries in Europe, more influenced by a spirit similar to that which has been a key element in the American success story.

The sixth dimension is creativity. As we know, Icelandic culture has always respected the talents of individuals who compose poetry and tell stories, who are creative participants in their companionship with others. People who were original in their choice of words always enjoyed great respect and the nation has regarded poets as superior to others. These attitudes have been passed on to the business community today – the Icelandic term used to describe a pioneer or entrepreneur is “athafnaskáld”, which literally means “poet of enterprise”. Admiration of creative people has been transplanted from ancient times into the new age, and originality is one resource that our small nation’s culture has handed down. Such qualities can prove decisive in the globalised economy.

In addition to these factors I believe that the need for Icelanders to seek specialised education in other parts of the world has turned out to be a formidable driving force, contributing continuous pressure for new thinking and innovation. Students returning home have passed on their knowledge to a society which has thereby incorporated cultural features from many different directions. Experts who studied at some of the world’s leading educational establishments have assumed leadership positions in various fields. On account of its small population, Iceland has become a kind of melting pot where cultural movements from various countries are engaged in a creative flux. In larger countries there is a tendency to acquire education exclusively on the home front, but small states are compelled to look farther afield. This can become a valuable resource, especially when education is an increasing precondition for

economic growth, and the impact has been felt not only in the transformation of the Icelandic economy but also in the development of science and technology, activities of financial institutions and telecommunication and software companies.

A number of Icelandic firms have developed products in recent years which have attracted the attention of major corporations and governments around the world. We have engaged in such cooperation with IBM, Ericsson, INTEL, Cisco, Vodafone and Motorola, to name a few examples. On my recent State Visit to Russia the authorities there showed a strong interest in Icelandic software for an emergency telephone network linking ambulance, fire, police and rescue teams. A company that has earned the President of Iceland's Export Prize has developed a document storage application in which local government authorities, government agencies and major corporations in other countries have expressed an interest. Cooperation with the Icelandic administration played a key role in developing this software. Although Iceland's governmental apparatus is small, its scope is nonetheless sufficiently wide to reflect most of the problems that need to be tackled in larger societies, making Iceland a promising site for developing interesting products.

Many other examples can be cited to show how Iceland has managed to establish itself in a world market with innovations in diverse fields, and this success is to a significant extent based on research and development which has been conducted in the small home market. Something that gains a foothold in Iceland seems to prove competitive elsewhere in the world. Iceland can serve as a kind of training centre for penetrating larger national markets. Companies are no longer held back by the boundaries of the small state. The entire world is their playing field. Industrial growth is not restricted. Icelandic businesses can now become the best in their fields in the world.

It is within this framework of experience and opportunities that we welcome the Digital Reykjavik Conference and encourage all of you to explore the potential of creating a society where every home, every workplace, every classroom will be connected to a fibre network.

How will our lives be affected, our families, our habits, our experience, our methods of working, our relationship with the office, with the manager, the boss and others on the company's staff, our way of interacting with friends and relatives, the patterns of leisure and social discourse, communications within communities, the potential of citizens to influence the decision making process, to make their will explicit, to be heard and counted, to provide our democracies with a new dimension, to

reach a new level in the realisation of the dreams which inspired the great classical philosophers of the western tradition?

The relationship between the individual and the market has been the classical foundation of advanced societies and with the digital revolution it will be taken to a new and fascinating level which will fundamentally influence our economies, our business structures and the nature of successful and profitable progress.

Iceland is indeed well suited to explore all these potentials of the digital revolution based on bandwidth abundance because of the advanced state of information technology in our society, the business environment of the Icelandic market which ranks our country among the ten most competitive countries in the world, the advanced structure of our administration and above all the willingness of the people to engage in technological experiments.

At the Digital Reykjavik Conference the business behind the broadband will be put in perspective and state-of-the-art technology and fibre connections and services will be demonstrated, ranging from video-on-demand to home appliances and also the infrastructure itself. Furthermore, the business potential of broadband will be discussed and some of the most outstanding people in this field will present their views and vision. Our aim is to explore the potential of the digital society and discuss how Reykjavik, the northernmost capital in the world, could become a digital role model for communities all over the world, how with unsurpassed infrastructure Reykjavik could be the first city with fibre to every home.

A few years ago we here in Iceland decided to make our country the first hydrogen-driven energy economy in the world, and Reykjavik the first non-polluted city where the cars only emit white steam instead of the polluting gas which is endangering the health of citizens all over the world. A pilot project has already been launched with important multinational backing and is being eagerly watched by industrial innovators who envisage new levels in the quality of life.

The combination of the first hydrogen economy and the first digital society is indeed a fascinating prospect for our country and let us proceed with determination towards such a future.

With these wishes I hereby declare the Digital Reykjavik Conference open.