



**A Speech by
the President of Iceland
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**THE NEW DEMOCRACY:
HOW TECHNOLOGY EMPOWERS CITIZENS TO BE
ACTIVE, INFLUENTIAL AND GLOBAL**

**at
The Microsoft Government Leaders Forum
Edinburgh
30 January 2007**

Ladies and Gentlemen

History shows us clearly that democracy has undergone a process of continuous evolution. The form it took around the middle of the 20th century was significantly different from that of a hundred years earlier. The franchise had been radically expanded, with women and the poor acquiring full suffrage; organized mass political parties emerged, the procedures of national assemblies were altered significantly and interest organizations became a driving force in debates and legislation.

The development of democracy is a process of continuous change, the main phases extending over decades and even centuries. Therefore we should be prepared to respond positively to the transformation that lies ahead, accept it as an enchanting challenge instead of greeting it with suspicion and hesitation, realizing that the form of democracy which took full shape around the middle of the last century is not a final product or the only true model for centuries to come.

It is noticeable how difficult it has proved to put democracy on a firm footing in Europe. During the first years of my life, there were only six European democracies; the rest of Europe was under dictatorships based on ideologies of communism, nazism or fascism.

The 20th century was indeed a time of great upheaval for European systems of government, costing tens of millions of peoples their lives or their freedom through terrible wars, revolutions and conflicts. Some Southern European states were under military regimes for decades in the second half of the century and even now, Central and Eastern Europe have only enjoyed democracy for little more than a decade. Europe is therefore not in an ideal position to dictate to the rest of the world what is the best way to ensure democracy, though the Nordic countries, along with Britain, can probably boast of the longest solid democratic record.

Democracy has thus evolved in waves. The ideas put forward by British and French philosophers more than 200 years ago and by the architects of the US constitution faced an uphill struggle and still do in many places. However, many hope that the 21st century will be an era of flourishing democracy, strengthened by international movements of freedom and human rights as well as by the revolution in information technology which empowers individuals in new ways. But we should also note that various democratic fundamentals that we expected to remain solid and have taken for granted are now on the defensive.

Globalization and market deregulation have caused the scope of politics to contract; consequently, formal democratic decision-making now plays a smaller role. An ever-growing number of factors affecting our daily lives, work, living standards, family affairs and opportunities for advancement and personal fulfilment are now shaped by international trends, by the interaction of market forces and the activities of major corporations whose influence extends across national boundaries. The fields controlled by parliaments and local or central government have become proportionally smaller, and political institutions are now rivalled by forces which are firmly rooted in globalization and the market.

Increasingly, we are led to wonder how democracy in the classical sense can continue to be effective and what will happen to the will of the people under these new conditions.

But globalization has also spread democratic ideas throughout the world and extended the right of individuals to self-determination, influence and power.

New organizations dedicated to various issues have emerged and their share in the democratic dialogue and the decision-making process is likely to grow. Concern for the environment, for human rights, for international issues and the interests of minorities have created a vast number of organisations, many of them driven mostly by the active involvement of their members, and frequently bringing individuals together at the global level. They serve to step up public participation in

the democratic arena, so counterbalancing the decline that has taken place in the activities of political parties.

But if these new organizations are to strengthen democracy in the long run, they must be given better access to the main institutions of authority: to ministries, national assemblies and local authorities, which often tend to restrict their consultative processes to contact with older and more conventional organizations.

Grass-root movements and dissident activity have become democracy's main signs of life and renewal, so relations with such movements must not be neglected.

The influence of the Internet on the potential for individuals and groups to voice their opinions is of great importance in this respect. Anyone can now create his or her own medium and voice opinions instantly, put forward criticism, deliver news and seek to win support for a given cause, both at home and on the global stage. This technological revolution has radically altered the position of individuals, groups and organizations to profile themselves within the democratic system, and it has opened new channels for disseminating opinions that challenge accepted attitudes and beliefs.

At the same time, this development has brought about a more open and transparent government administration and easier access to information than ever before. New avenues have been opened up for involving the public in the democratic process, and we should take an open-minded view of such opportunities if we wish to strengthen and revitalize our democracies in the years to come.

We need to ensure unrestricted and open access for all people to these new channels of information and guarantee equality, regardless of domicile, age or social class. Information technology must not become the privilege of any generation, educational group or economic stratum. Access to the Internet must be organized in such a way as to preserve democratic equality, just as public utilities were set up early in the last century for the well-being of all people. If we succeed in delivering IT in this way, it will give us a wealth of opportunities for renewing and strengthening our democratic system.

When the Internet has become universally available and its technology is even more reliable, it will be much easier to organise direct voting on specific issues. This will create the possibility of strengthening once again the bonds between parliamentarians and the electorate; it will also boost localized organizations by facilitating their contact with like-

minded people in other countries, so leading to the development of dynamic and effective international movements.

Representative institutions, parliaments and local authorities therefore need to be prepared to allow their people to exercise directly the power on which democracy is really based, allowing them to have the ultimate say through referendums and citizens' voting.

Never before have individuals had opportunities on the scale witnessed today. Former obstacles to their influence have largely been abolished and replaced by an open and more level field where what succeeds can be determined by talent, imagination and creativity, rather than by the physical resources available to the players.

We also see this evolution in the way a number of small states in Europe have proved to be profitable bases for business innovations. In these small states, it is easier to see how different elements link up, how cooperation is established between the various players, giving access to information and experience.

New companies can now emerge into the global market regardless of the location of their home base, and soon they have the whole world as their target. Iceland has shown how this can be done – how a small nation can make an organized and successful response to globalization and thereby boost its own business and scientific success.

Innovations now come from any direction, and individual initiative and creativity can lay the foundation anywhere in the world for companies that can establish a global presence. Technology, intellectual products, specialist services and information systems developed within a small nation can rapidly become highly lucrative assets in the global market. Companies in small states are no longer subject to the same restrictions as before. Through globalization, they can now grow to gigantic proportions.

The traditional sectors of the industrial revolution, which based their growth on economies of scale, are no longer decisive. Now individuals and businesses in small societies, or in small communities within larger states, can rapidly attain key positions. The new information economy has presented them with fascinating opportunities for success. Never before have they enjoyed such potential for progress.

Many examples can be cited to show how Iceland has managed to establish itself in the world market with innovations in various different fields. To a significant extent, this success has been based on experience, research and development that have been conducted in the small home

market. Something that gains a foothold in Iceland proves competitive elsewhere in the world. The country acts as a kind of a training centre for penetrating the international market.

It is a paradox of our times that although the economies of France, Germany, Great Britain and the other G8 countries form an exclusive club, small societies are probably better suited to be laboratories for high-tech evolution, to become the testing grounds for new technologies and to serve the rapid progress of the digital revolution.

Within small states we can see better how new information technologies will affect our lives, 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 and our way of interacting with friends and relatives. In small states it is easier to see how new technologies will affect the patterns of leisure and social discourse, communications within communities and the potential of citizens to influence the decision making process, to make their will explicit, to be heard and counted, thus providing our democracies with a new dimension and opening up new phases in the realisation of the dreams that inspired the great classical philosophers of the western tradition.

The relationship between the individual and the market has been the foundation of advanced societies. With the digital revolution, it has been raised to a new and fascinating level which will fundamentally influence our economies and our democracies.

Iceland is indeed well suited to explore all these potentials. Microsoft and other such companies could use the country in many ways as a testing ground and a forum for developing new products, examining how the information society could most successfully evolve.

There are many reasons why Iceland is an ideal laboratory for software and high-tech producers:

- It is ranked in the top places in international league tables in terms of the number of households with computers and internet access, broad-band usage and mobile-phone ownership.
- It is one of the most open and democratic societies, and also ranks among the top ten most competitive economies in the world. The impact of technological innovations, both on the market and on democracy, can therefore be observed to good advantage in Iceland.

- The advanced structure of our central and local administrations and the willingness of the Icelanders to engage in technological experiments are also of great importance, as has frequently been demonstrated in the development of a great number of products.

I argued earlier that in the age of globalisation and information technology, small states have proved to be better suited to be laboratories for high-tech evolution than the grand-scale economies of the G8 countries. Iceland is a good example of this trend; what works in our country usually proves successful in the global market

The evolution of the market economy and the emergence of a new democracy driven by the empowerment of the individual to act both locally and globally can be observed effectively within the framework offered by Iceland and other small states in Europe.

We are now witnessing not only a new wave of democracy, but also the emergence of an economic system where small players exercise effective power, especially in the areas dominated by the technological revolution, inviting individuals and small societies to flourish as never before.

Those who realise early on that the 21st century will be a renaissance era for democratic and technologically advanced small states will gain a competitive advantage in the years to come.