

ICELAND - INTELLIGENCE ESTIMATE

25 April 1949

Prepared by Op-321E

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To:

Chief of Naval Operations.
Commander in Chief, U.S. Atlantic Fleet.

Subject:

Iceland - Intelligence Estimate.

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Enclosure:

(A) Op321E Secret Study, Subject: Iceland -
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(3 copies).

1. In response to the request contained in reference
(a), enclosure (A) is forwarded herewith.

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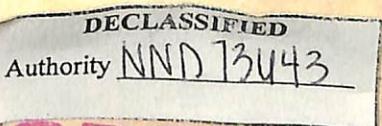
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ICELAND - INTELLIGENCE ESTIMATE

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by Ser. 10979 P32

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I. GENERAL VULNERABILITY

In the event of war between the United States and Russia, Iceland would be of such strategic value that its possession might be one of the Soviet's first objectives. A survey of the Icelandic defense establishment, conducted in May 1948, reveals that it is totally ineffectual and that Iceland would be an easy prey to foreign aggression.

The Police Force would appear to be of negligible value in suppressing an armed uprising or in the surveillance of espionage. It has been estimated that the local Communists, with as few as 300 to 1,000 well-trained men, could carry out a successful coup d'etat. The establishment of a Communist regime in Iceland would mean the automatic and immediate loss of the vital United States operated airfield at Keflavik. However, more important would be the establishment of a Soviet-dominated stronghold within 450 miles of Greenland, within 2,300 miles of the United States itself, and sitting almost astride the great circle route and sea lanes to Britain and Europe. Once established, a Communist regime would prove extremely difficult to dislodge, provided the Soviets cooperated in furnishing Iceland with essential import requirements and absorbed her exports.

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There have been recent indications in Iceland of official concern over the country's vulnerability, and key cabinet members have been increasingly perturbed by the nation's total unpreparedness. There has been considerable apprehension resulting from the activities of the Russian Fishing Fleet, the recent Czech "scientific expedition" to Iceland, and other indications of Soviet espionage. Despite some Communist inspired anti-United States propaganda, there has been a growing feeling of friendliness for American policies, aims and people. The net result of this has been Iceland's joining in the North Atlantic Security Pact, her foreign minister, Bjarni Benediktsson, affixing his signature at the ceremony in Washington, D.C., on 4 April 1949.

A. Defense Establishment

Iceland has never had an Army or a Navy. Prior to World War II when the Act of Union with Denmark was still in effect, Iceland depended for her protection on the Danish Armed Services, although no troops were actually stationed in the country. In May 1941, the Althing (Parliament) voted to cancel the union with Denmark and declared Iceland independent. Prior to this, however, in May 1940 British troops were landed in Iceland to prevent her seizure by the Germans who had occupied Denmark during the preceding month. These troops were gradually withdrawn and replaced

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by Americans in accordance with the Agreement for the Defense of Iceland by the United States of 1 July 1941. A subsequent accord between the United States and Iceland, the so-called "Keflavik Airport Agreement" of 7 October 1948, provided for the abrogation of the Defense Agreement and the progressive withdrawal of all United States forces within a period of 180 days. Thus, when the last of the American troops left in April 1947, Iceland for the first time in her history became solely responsible for her own defense.

The present Icelandic "defense establishment" consists of a rather loosely-organized police force of approximately 100 officers and men and an auxiliary, the Fisheries Patrol Service, with a total complement of 160, which can be called upon in emergencies. Consideration has been given to the proposed establishment of a National Guard or gendarmerie, and Conservative and Progressive Party leaders have given some thought to the establishment of voluntary militias within their parties, but there have been no definite measures taken. The Icelanders are traditionally pacifist and opposed to all military establishments, but recent international events are bringing about a modification in their attitude.

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1. Police Force

The Police Force, consisting of approximately 160 men, is under the direct jurisdiction of the Ministry of Justice. The overall organization, however, is decentralized, and recruiting and training standards vary throughout the nation. Another weakness in the police force as a national defense organ is found in its geographic dispersal.

The Police detachment at Reykjavik, which constitutes about two-thirds of the force, is believed to be the only efficient domestic defense unit. It is well-trained and disciplined and includes a well-organized plain clothes division, the Criminal Investigation Department.

Any evaluation of the numerical strength and organizational structure of the police force is incomplete without an appraisal of its political reliability. There was little or no Communist influence in the Icelandic Police Force prior to the formation of the Olafur THORGB coalition Government in the summer of 1944 which included two Communist Ministers. During the ensuing two years, however, an undetermined number of Communists and Communist sympathizers joined the force in Reykjavik, and it is believed that a similar development took place elsewhere in the

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country. The Communist infiltration, which was limited to the lower echelons of the force, has been estimated as about thirty per cent.

According to a report of May 1949, Mr. Bjarni Benediktsson, Minister of Justice, (as well as Minister of Foreign Affairs), reportedly admitted that the reliability of the police force in the event of Communist trouble would be questionable. An indication of his concern at this situation is found in the fact that the supply of firearms is not kept in the Reykjavik Police Station but is hidden in a place known only to the ranking officials of the force and the Ministry of Justice. The police normally carry only a rubber truncheon, but they are trained in handling firearms at a shooting range in the vicinity of Reykjavik.

2. Fisheries Patrol Service

The Fisheries Patrol Service was established in 1930 to enforce the laws limiting fishing operations in territorial waters to Icelandic vessels and to prevent exploitation of the fish hatching areas. In 1936, an attempt was made to transform the Service into a Coast Guard but was unsuccessful due to opposition by the Communists and the fishing interests. The Service consists of 40 officers, all of whom are State employees, and 120 men. The latter sign off and on much in the same manner as

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merchant seamen and, hence, are not considered as permanent Civil Service employees.

The Service operates five small vessels, which are equipped with 57 and/or 37 millimeter guns. Each of the 40 officers has been issued a .30-caliber revolver, and the Service has a reserve supply of rifles.

The officers are empowered to exercise certain police functions over and above those directly connected with fisheries protection, and can be used as an auxiliary force to maintain internal law and order during periods of emergency.

It has been reported that none of the officers in the Fisheries Patrol Service possesses Communist leanings, but a certain amount of infiltration among the seamen occurred during the years in which the Communist Party was represented in the Government. The Director of the Service is said to be a strong anti-Communist who has endeavored to eliminate the Communist elements from the crew. While he has not been completely successful, it is probable that the percentage of Party members or sympathizers is very low.

3. Economic Conditions

For several years past Mr. Hermann JONASSON, the Chairman of the Progressive Party and a former Chief of Police in Reykjavik,

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has agitated for the establishment of a national gendarmerie patterned after that of Luxembourg. The plan calls for a volunteer force of 1,000 men, organized in local detachments which could be mobilized rapidly in an emergency. Members would not receive pay, but would be furnished firearms and some type of uniform by the State and would receive rudimentary military training. Mr. JONASSON's proposal received practically no support among the highly individualistic, pacifist-minded Icelanders, who felt that their country was far too small to hope to defend itself against foreign aggression and, hence, a National Guard would merely be a useless expense. Lately, however, the Icelanders are beginning to realize that aggression need not necessarily come from an external source, and consequently, a gradual change in their attitude on this question is taking place.

4. Voluntary Militia

The establishment of voluntary militias within the Conservative and Social Democratic Parties has been given some thought by the Party leaders. Such militias would be of inestimable value in the event of an attempted Communist coup d'etat. Little progress, however, has been made, and apparently no weapons have

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been accumulated. A small group of young Conservatives banded together at the time of the Keflavik Airport Agreement negotiations in September 1946 but subsequently dissolved.

Appendix 5. Keflavik Airport

This could be covered under Group Landing Team subsection,

Under the "Keflavik Airport Agreement" of 7 October 1946, operation and maintenance of Keflavik Airport was assumed by the American Overseas Airlines as Agent for the United States, through a wholly-owned subsidiary, the Iceland Airport Corporation. The Agreement provided that American civil air carriers, on a scheduled basis, and the U. S. Air Force, on a special military basis, could use this airport. On 1 July 1948, Lockheed Aircraft Service Corporation replaced American Overseas Airlines, but little or no change in method of operation was made.

The Communists were opposed to the Airport Agreement and have continually agitated against it and have attempted to have it nullified.

[^{Keflavik}] The Airport, which is considered one of the best in the North Atlantic area, has a security force of 26 American guards and 12 members of the Iceland Police Force. The American guards, although uniformed, are not armed and have no law enforcement authority.

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A report of 11 November 1948 states that the situation at the Airport is such that an armed plane could make a surprise landing and either sabotage the field and take off with full impunity or hold it until reinforcements on the way arrived. This could be coordinated with troop landings from submarines, or could be staged simultaneously with a Communist coup d'etat.

II. COMMUNIST PARTY

A. HISTORY

With roots extending back as far as 1916, the present Communist Party of Iceland was founded in 1930 as a member of the Communist International. During the '30's the Party was high-handed and obstreperous in its activities, but later became more circumspect, exerted its efforts toward improving the lot of the working classes, and found ready support from them in return.

The Party undoubtedly follows directives issued from Moscow. Its followers have vigorously and successfully opposed the granting of military bases in Iceland to the United States. They are opposed to the Keflavik Airport Agreement, the European Recovery Program and the Atlantic Defense Pact. They seize every possible opportunity to direct uncomplimentary propaganda against the United States, and at the same time, they are lavish in their praise of things Russian.

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B. Strength

The Icelandic Communist Party received 13,049 votes or 19.5% of the total votes cast in the general election which took place in June 1946, thereby gaining 10 of the 52 seats in the Althing. They drew practically all of their strength from the urban areas, the principal centers of their support being, in order, Reykjavik, Hafnarfjordur, Sigtufjordur, Alkranes and Nerdafjordur.

No accurate information is available with respect to the actual membership of the Communist Party, although an indication as to its size may be gained from a statement made by Eggert THORLJOHNSON, the Icelandic delegate to the British Empire Communist Conference held in London in March 1947, that it had 1400 active members. Communist strength is believed to have declined somewhat during the last year or two as a consequence of the disillusionment of some liberal and pinkish elements. Even so, 2,000 people participated in the Communist May Day Parade, 1948, and almost twice that number attended the open air meeting which followed the Parade.

While the Communist Party draws its principal strength from the laboring people, it has a wide sprinkling of intellectuals, educators, and government officials. During the coalition

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Government, under the Conservative Prime Minister Glafrur THOR, the Ministry of Education was held by a Communist (Brynjolfur BJARNASON) and a large number of Communists were placed in teaching positions in the lower schools, high schools and in the University. The Ministry of Aviation was also headed by a Communist (Aki JAKOBSSON) and is infiltrated with Communists. The present coalition government which is without Communist participation, has gradually reduced the number of Communists in official and teaching positions, but as such positions are largely governed by civil service rules there are still a certain number of Communists on the Government payroll.

Factors which have contributed to the strength of the Communist Party have been the successes of the Party in obtaining better wages and working conditions for the laboring classes, and the constant play of the Communist press on the isolationist tendencies of Icelanders, particularly by pointing up the United States as a threat to Icelandic independence.

In a discussion of Communism, it is important to consider the nature and temperament of the people. The citizens of Iceland may be characterized as stolid people, completely literate, and accustomed to doing their own thinking and forming their own conclusions. In general, the public in Iceland is becoming disillusioned in regard to the Communist Party. It has noted that

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despite its claims to be the protector of Iceland, the Communist Party is more interested in being the protector of the USSR and the propagator of international Communism. Noting events in Czechoslovakia and other states in the Soviet orbit, the Icelanders are beginning to realize that under Communism, Iceland would at best be a satellite of the USSR and at worst a slave colony.

On the other hand, the loss of several thousand "fringe" members should not lull the objective observer into believing that the Communist Party has been materially weakened. It must be remembered that the hard working, militant key members are unaffected, and merely retire in the background awaiting more propitious times or directives from the Politburo.

C. Organization

1. Political

As in other countries, the real direction of the Communist Party probably stems from the Russian Legation. Russian-trained members and members with long association with the Party are undoubtedly close to the nucleus, but they are as equally subject to Party discipline as the rank and file members. The titular head and allegedly the director of the Communist Party of Iceland is Brynjolfur BJARNSSON, a member of the Althing who held

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the Labor and Education portfolios in the former Olafur THORIUS government. Another outstanding Communist is Knar OLGEIRSSON, who was trained abroad in Communist ideology and practices, and who has been reliably reported to be an agent for a Soviet espionage service.

Other outstanding members are Aldi JAKOBSSON, an Althing member and former Minister for Fisheries and Aviation; Magnus EJARTSSON, Editor of the Communist newspaper TRJODVILJINN; and Jon RAPNASSON, former Chairman of Federation of Trade Unions. Perhaps potentially the most dangerous man in all Iceland is political opportunist, Hermann JONASSON, one of the leaders of the Progressive Party, who constantly flirts with the Communist Party while maintaining friendship with high ranking members of other parties and professing distrust of the Communists. Ingvar EILISON and Ingvar HALGRIMSSON are key party figures who are reported to have attended the Cominform meeting in Oslo in February 1948.

2. Military

The belief that the Communists may maintain some sort of militia is substantiated by the example of the "spontaneous" demonstration which occurred in Reykjavik in October 1948 to oppose the ratification of the Keflavik Airport Agreement. This

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demonstration was built around a nucleus of 500 young Communists, and was unique, in a country where political rallies are invariably peaceful, in that several prominent officials were man-handled and others threatened.

It has also been reported that the Communists have caches of arms hidden away in various sections of the country. Weapons are believed to consist of rifles and shotguns, and in addition to firearms, it is believed that the Communists have a substantial supply of gas masks. It is indicated that in addition to individually owned weapons, other arms and ammunition may be smuggled into Iceland on small Communist-owned and manned fishing craft. These vessels, operating several miles offshore could with relative ease receive supplies at sea from Soviet freighters plying between Russia and Iceland. The fishing craft are not examined on their return to port.

D. Communist Influence in the Labor Movement

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Through their control of the DAGSBRIK, the union of stevedores and unskilled workers in Reykjavik and the largest single labor organization in the country, the Communists have dominated the Federation of Icelandic Trade Unions (F.T.U.) in the past. However, in the elections in the component unions of the F.T.U. in October 1948, the Communists lost the majority vote, and in

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the subsequent Federation elections (November 1948), they received a decided set-back, and control of the Federation passed from their hands.

The Communists continue to have representatives in the Federation of Trade Unions but their potential to call strikes and create labor disturbances is greatly reduced. The Communist newspaper, THJODVILJINN, however, maintains that "the labor movement is still controlled by the Unity Elements" (a euphemism for Communist cells). *Waggett-Moore*

In addition to DAGSSUHN, it was reported in March 1948 that the REKJAVIK IRON WORKERS UNION was a Communist front organization.

E. Communist Propaganda

The mouthpiece of the Communist Party of Iceland is the newspaper, THJODVILJINN, which has a circulation of about 7,000 and is comparatively widely read.

Communist propaganda has bitterly opposed the Keflavik Airport Agreement and any proposals relative to granting the United States a military base in Iceland. Playing on the Icelanders' inherent isolationist tendencies, desire for neutrality, and distaste for violence, the Communists sporadically launch attacks

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on alleged United States warmongering and desire for military bases. For example, the 5 May 1948 issue of THJODVILJINN stated that Secretary of the Army ROYALL had demanded the establishment of Icelandic bases "for defense against an invasion of the United States."

Another example of Communist propaganda is found in the news item in THJODVILJINN which stated that the small public support given Henry Wallace is explained by the fear of the people of the Federal Bureau of Investigation.

A full barrage of propaganda has been loosened against the North Atlantic Security Pact. In addition to adverse newspaper publicity, a letter ordering various propaganda and agitational activities was circulated by the Executive Board of the Young Communists in February 1949 to its branches throughout Iceland. The letter directed that Young Communists immediately start a severe fight against the "military alliance of the Capitalistic world", by planning meetings, organizing capable spokesmen, reorganizing THJODVILJINN's Youth Page, etc.

F. Communist Subversive Activities

Various undercover activities are necessarily undertaken by the Communists in the maintenance of their well-organized, dis-

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disciplined Party. In order to maintain liaison with Moscow, the Cominform, and possibly the Scandinavian and United States Communist Parties, to obtain funds, and to feed intelligence data to designated agents, the Communists are compelled to resort to covert measures. There are summarized below a few examples indicating Communist subversive activities. It is interesting to note, as we might expect, the local contact men for Soviet-directed espionage agents are not members of the Russian Legation but are drawn from the ranks of the Communist Party.

Suspicious smuggling activity was reported to have been attempted on 20 June 1949, when Jon Adalsteinn SVENSSON, first engineer on the SS TROLLFOSS, sought to smuggle ashore two steel wire recording outfits. SVENSSON is said to be a recognized Communist who has been operating as a courier on trans-ocean vessels. The outfits he attempted to smuggle are ones which, with slight changes, are used to record tapped telephone conversations. It was also reported that other crew members of the TROLLFOSS were suspected Russian sympathizers and it is believed that some have been active as liaison workers between Russia and the Icelandic Communist Party.

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The contact men for the espionage team engaged in photographic reconnaissance of Iceland's east coast (see Section III, B, 1) was reported to be one of the leading Communists of Seyðisfjörður. In addition to assisting the team members, he is reported to have independently journeyed into the interior to secure photographs for the team.

It is also to be noted in connection with the Czechoslovakian Scientific Expedition to Iceland in summer 1948 (see Section III, B, 2) that while in Iceland the group was under the supervision of a suspected Communist fellow traveler, who allowed the scientists great freedom of movement.

On 15 July 1949, ALTHUDUBLADID (Social Democratic newspaper) reported that two Icelandic pilots had been hired to assist the Russians of the Russian herring fleet in unfamiliar waters. One of the pilots was later identified as Sigurjon HARFSSON, a Communist propagandist. Aki JAKOBSSON, Communist delegate in the Althing, is believed to have been the middleman in negotiations between members of the Russian Legation in Reykjavik and the Icelandic fishermen. The press report further contended that JAKOBSSON's brother had been seen motoring to northern Iceland in the company of members of the Russian Legation and the two

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Icelandic pilots. No further information has been reported on this matter, but a degree of significance is attached to it in view of the suspicious activities of the Russian fishing fleet and the fleet's mysterious disappearance. (See Section III, C)

III. RUSSIAN ACTIVITIES IN ICELAND

A. Soviet Legation

1. General

As of May 1948 there were 33 Soviet nationals, including 14 children, attached to the Russian Legation in Reykjavik. Diplomatic couriers customarily remain in the country for several weeks before returning to Russia. Aside from the diplomatic group, no other Soviet citizens are known to reside in Iceland. The Russian staff is greater than that of any other diplomatic mission in Iceland except the American and is six times as large as the British although the trade between the USSR and Iceland is but a fraction of that between Iceland and the United Kingdom. It is highly probable that the Russians have a certain number of non-Icelandic agents stationed in the country in addition to several known agents, including a former Estonian citizen and a Dutch Communist who received training in sabotage before coming to Iceland in summer 1947.

It has been reliably reported that the principal representative of the MVD/KGB (Russian State Security) is Ivan KORCHAGIN,

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First Secretary of the Soviet Legation.

2. Activities of Legation.

In an effort to stimulate interest in the Soviet Union and Communist ideology, the Russian Legation sponsored an exhibition which opened in Reykjavik on 29 October 1948, dedicated to the 31st anniversary of the USSR. It proclaimed the greatness of STALIN and declared by slogans that "Stalin saved Europe from Fascism." The exhibit was reported, for the most part, to be dull and uninteresting. In much with one of the leading *waggle waggle* ^{WPA}

Considerable agitation was evinced in the press and in the Althing in the latter part of 1948 concerning the alleged sale of propaganda periodicals direct to Icelandic bookshops by the Russian Legation. The Communistic publications were allegedly found in two bookshops, KRON and NEL OG HUNNING, despite curtailment of such imports by the Trade Board. It appears that the Russian Legation had not violated Icelandic law in selling to an Icelander, but the Icelander purchasing the magazines is subject to punitive action.

A more acceptable and more lucrative form of propaganda carried on by the Soviet Legation has been the rental of moving picture films. Numerous "shorts" as well as "Stone Flower" and "Peter the Great" have been rented to theaters throughout Iceland.

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B. Soviet-Directed Espionage

1. Suspected Port Survey Team

The possibility of a Soviet directed team making a port survey at Seydisfjordur on the east coast of Iceland was indicated in a report dated 27 April 1949. Three men, claiming to be Czechs, are believed to have systematically photographed the entire vicinity of Seydisfjordur and to have measured harbour depths at the quays. During their stay in Iceland, they were reported to be in touch with one of the leading Communists of Seydisfjordur who traveled into the interior to obtain additional photographic coverage for them.

The men arrived in Reykjavik with Czechoslovakian passports showing Norway as their last stop, and they claimed to have come to Iceland to inspect a feldspar mine on the east coast. The men left Iceland on a British trawler declaring their destination to be the Faeroe Islands.

It is worthy to note that the Russians had previously revealed deep interest in this region, when in July 1946 they considered making the harbour of Seydisfjordur a "temporary station" for their scientific "Northern Sea Research Expedition". The

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Russian expedition plans resulted in political repercussions in Iceland with the Conservatives accusing Communist members of the Government of conspiring with Russian agents for temporary landing facilities.

Soviet interest in this area is of particular significance in view of the strategic location and characteristics of Seydisfjordur which represents the most favorable area for land, sea and air operations on Iceland's east coast. The town is situated at the end of a fiord which tapers inland for about 10 miles from its 3½ mile wide opening into the sea. The fiord is over 50 fathoms deep, and although it is mostly bordered by mountains there are several small, flat stretches where landings could be made. The fiord, which is not more than 1,000 feet across in some of the more narrow places, could easily be blocked by mines.

All things taken into consideration, Seydisfjordur appears to be an ideal landing place, and would lend itself to landings either at the quay or more surreptitiously at other points along the fiord, either by submarine or surface vessels.

Seydisfjordur's neighboring harbors and its favorable "hinterland" accentuate its overall strategic advantages. The

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nearby towns, Nordfjordur and Rydarfjordur, offer excellent seaplane anchorage facilities which have been extensively used by Iceland's airlines during past years. There are several small airfields in the vicinity and the general terrain is reported to possess possibilities for further airfield development. All in all, Seydisfjorour would provide an excellent springboard for subsequent air or sea operations by a fast-moving, determined enemy, no matter the movements of the submarine.

This report of Russian directed espionage has been further confirmed through statements of prominent Icelandic officials in the latter part of 1948 to the effect that the Icelandic government is convinced that Russia has obtained complete photographic coverage of the east coast of Iceland.

2. Czechoslovakian "Scientific Expedition"

Another example of the Russian use of Czechs for espionage is found in the Czechoslovakian Scientific Expedition which visited Iceland in the summer of 1948.

The request made to the Icelandic Government for permission for the group to engage in scientific research in Iceland originated prior to the Communist coup d'etat in Czechoslovakia. Undoubtedly some changes and additions were made to the personnel.

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of the expedition after the coup. The Icelandic Government granted permission to the research group provided they limit their activities to the Kaldidal area. During its stay in Iceland, the mission was supposed to be under the supervision of Sigurdur THORARINSSON, Ph.D. (appointed by the Research Board, Icelandic Department of Agriculture). This individual is a suspected Communist fellow traveller, and it is evident he did not restrict the movements of the scientists.

During the first week in July 1948, four of the scientists were arrested in the Westman Islands (off the south coast of Iceland and outside the area delimited by the Icelandic government). It was reported that the Czechs were more interested in photographing the airfield and harbor facilities in the Westmanns than the birds. It was also reported that two of the four scientists were previously "out of bounds" south of Reykjavik but apparently did not venture to the peninsula where the Keflavik Airport is located.

A report from Praha, commenting on Czechoslovakian newspaper accounts of the arrest of the four scientists, states that the expedition probably had espionage assignments for the following reasons: (1) no previous publicity had been given the expedition

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in Czechoslovakia until after it left the country, and (2) the State Geographic Institute had been generally vague in answering queries concerning the group.

Prominent Icelandic officials stated in November 1948 that the Government had definite proof of espionage activities on the part of the Czech scientific expedition.

3. Soviet Agents

a. Ecclesial Aspect.

Karl Kapp, an Estonian citizen, who served as Estonian Consul and Secretary in Copenhagen in 1939 and was later employed by the German Legation in Copenhagen, reportedly arrived in Iceland on 25 February 1947 as an agent of the Soviet Intelligence Service. He reportedly had no direct connection with the Russian Legation in Reykjavik, but received special orders which he carried out for Communist associations in Denmark.

When SEPP arrived in Reykjavik, his Danish and Icelandic visas were validated until 20 August 1947. His present whereabouts are unknown.

D. DeGaudenzi

A December 1947 report states that a German scientist now in Scandinavia, who specialized on the eastern Greenland area which

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interested the Germans early in the war, is suspected to be working on behalf of the USSR. This suspicion stems from his possession of maps which, although the headings are in German, were evidently made for the use of Russians, inasmuch as towns and rivers are given in the Russian language. One of these maps shows depth soundings in the Iceland area, and was not known to exist prior to the time when it was found in his possession.

6. Czechoslovakia - A source stated that the following information dated 16 July 1948, reports the recent arrival of one Vilém FRIED, allegedly a representative of Bata Shoe Company, a Czechoslovakian firm. A certain amount of suspicion falls on him because, upon the day of his arrival at Keflavik from Oslo by air, the Russian Legation telephoned the Airport in an attempt to get in touch with him. This could mean, of course, that the Russians were watching his movements and perhaps wanted to interrogate him because of their mistrust of him, or it could indicate that he was in Communist employ, perhaps as a courier.

6. Russian Fishing Fleet

Various reports concerning the activities of the Russian fishing fleet indicate the fleet was little interested in fishing and was in all probability engaged in operations of a military nature.

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Vessels of the Icelandic Fisheries Patrol Service were reportedly instructed to observe the actions of the Russian vessels. It was understood that whenever an Icelandic vessel approached the vicinity of the Russians, the latter immediately got up steam and moved off. It was observed that the Russian vessels had something above decks which was canvas covered whenever Fisheries Patrol boats approached.

Another completely reliable source stated that the Russians had been observed to disregard completely a school of herring. This absolute disregard for the fish that hundreds of Icelanders were avidly seeking at the time was interpreted as proof that the Russians' mission was not to fish for herring. However, it must be pointed out that the vessel sighted may possibly have been one intended for processing of the fish caught by other smaller fishing boats.

Several reports indicate that the fishing gear carried by the Russian vessels was most inadequate.

A Russian fishing fleet consisting of a mother ship and a number of schooners visited in the vicinity of Seydisfjordur during the summer of 1940. One of the larger ships which put

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into port was observed to have guards stationed at many points aboard ship wearing "military type caps". The few Icelanders who were permitted aboard were first screened by Jakob JAKOBSSON, brother of Ari JAKOBSSON, Communist member of the Althing. No Icelandic Government officials went aboard. Complete track was lost of this fleet and has resulted in various conjecture.

It was reported that the smaller Russian vessels had been noted to carry insulated rigging, suggesting their use as part of a wireless installation. It was also suggested that the schooners might have been used as floating weather stations or cartographic vessels.

Information dated November 1940 stated that a number of large Russian submarines (probably Snorkels) had passed through Danish waters shortly thereto, and the theory was advanced that they were maintaining contact with the so-called fishing schooners.

This same report pointed out that the White Sea is closed to fishing vessels of non-Russian nationality and suggested that the Russians may be collecting the vessels there.

B. Unauthorized Flights Over Iceland

Also causing increased apprehension concerning the Russians on the part of the Icelanders have been the incidents of

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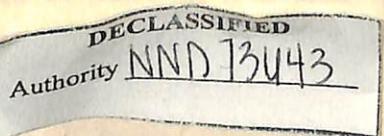
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unidentified plane flights over Iceland.

A report of 12 May 1949 refers to unidentified planes, apparently Russian bombers, flying over Keflavik. Again on 30 October 1949, an unidentified aircraft, possibly a Russian reconnaissance plane, flew over Keflavik. On 12 November 1949, residents of Seydisfjordur were awakened at 0300 by the "din of airplanes." Apparently only one plane was actually sighted and it was reported to be travelling westward at a high rate of speed. The area Control Center at Reykjavik and the Resident Contract Supervisor at Keflavik stated the plane was not an Icelandic or a United States craft.

The local anti-Communist press speculating on the source and purpose of such flights have concluded or implied that the Russians are making plans for future military action against Iceland. NORGBNBLADID (Conservative newspaper) hints that the absence of certain Icelandic Communists (presumably in Russia or Scandinavia for training) means that the Communists are also planning to correlate "Fifth Column" activity with military operations.



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IV. COMMUNISM

A survey of the Icelandic defense establishment has revealed that it is totally incapable of defending the nation against foreign aggression, and, in fact, would be of negligible value in suppressing a Communist uprising or organized sabotage.

The Communists have received decided set-backs in popularity and in influence in the labor movement during the last year, but it is not believed that the backbone of the Party has been materially weakened. From all indications, the core of hardworking, militant Communists remains unchanged. The Icelandic Communists have reportedly engaged in treasonable undercover work, including courier and espionage activities.

It has been estimated that as few as 200 to 1,000 well-trained Communists could seize and control the Government. Once established, such a government would be extremely difficult to dislodge.

That Russia is well aware of Iceland's strategic value may be deduced from the size of the Russian Legation in Reykjavik and from the number and scope of Soviet-directed espionage missions in that region.

There has been increased apprehension in Iceland regarding the nation's general vulnerability, which coupled with concern

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over Communist and Russian subversive activities on the one hand
and a growing friendliness with the United States on the other,
has led to Iceland's joining in the North Atlantic Security Pact.

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