

According to the Act of Union between Iceland and Denmark, a Danish subject may establish a permanent business in Iceland and yet reside in Denmark, whereas this is not allowed to the citizens of other States, unless they are domiciled in Iceland, in which case their businesses are looked upon as native concerns. In 1855 more than one-half (or 32) of the business houses in Iceland were foreign, i. e. owned by persons residing in Denmark, while in 1927 they were but 15, or 1½ per cent. of the total number of concerns. A comparatively few foreigners have settled in Iceland for the purpose of carrying on business there.

At first the Icelanders engaged only in retail business, while the purchase of goods abroad as well as the sale of Icelandic products in foreign markets were in the hands of alien (mostly Danish) wholesale dealers and commission agents; but of late years, especially during and after the Great War, this branch is in an ever increasing degree being taken charge of by native Icelanders. In 1912 there were but 15 wholesale dealers and commission agents in Iceland; in 1927 their number had risen to 64.

A great deal of business is done by the Consumers' Cooperative Stores (*kaupfélög*) which began to be formed here in the eighties, and are most widely disseminated among the rural population, though a few have latterly been established by the working classes in the towns. These societies handle the purchase of foreign goods and the sale of farm produce for the members. In 1917 the cooperative stores organized themselves into a Union of Cooperative Associations with a head office in Reykjavík, where they carry on a wholesale import and export business for the majority of the cooperative societies in the country. In 1928 the Union embraced 39 cooperative concerns with a membership numbering 7400 and a total turnover of 14 million krónur (imports worth 5½ millions; exports worth 8½ millions).

During the latter stages of the Great War, when, owing to the world conditions, trade became difficult, the State undertook for its own account the purchase in the foreign market of some of the more indispensable necessities, which were then sold to merchants and cooperative stores alike. This resulted in the Government Stores or *Landsverzlun*, which during the last years of its existence traded only in tobacco and petroleum. The State monopoly of tobacco and petroleum, established in 1922 and 1923 respectively and placed under the *Landsverzlun*, ceased on the 31st of December 1925, from which date only petroleum was sold by the State in competition with other firms.