

The population of Brunei consists of a large and diverse set of nationalities, among which Malaysians and Chinese are the most important. Two-thirds of the population is Muslim; most of the remaining people are either Christian or belong to a Buddhist religion. It is not surprising that quite a few languages are spoken in Brunei, given the fractionalized structure of the population. The most important are Malaysian and the trade languages English and Chinese.

5.2.2.4 Iceland

Iceland is – like Brunei – a very special VSC for several reasons. Firstly, it is the island VSC with the highest level of welfare despite a not very favorable geographic location. Secondly, Iceland has attained a very high level of political and cultural autonomy, although it became independent only about 80 years ago, at the beginning of 1918. In spite of its independence, Iceland does not operate its own army, but is, due to the US-manned Icelandic Defense Force, a founding member of NATO. Unlike most of the VSC – with the exception of Luxembourg – Iceland is a member of nearly all important regional and international organizations. Note that Iceland is part of the EFTA and therefore also of the EEA, as well as a member of the OECD, OSCE, the Western European Union and the Schengen group, which is rather surprising for a country with fewer than 300,000 inhabitants. It is however not member of the EU mainly due to fears concerning open markets in several sectors and especially due to possible problems associated with the fishing industry. Membership in the EU is furthermore not a political aim for Iceland at least within the next decade. Despite the unfavorable climate and the remote geographic location, Icelanders claim to be happier and more satisfied with their lives than people of many other nations, although such comparisons suffer from methodological caveats (Jonsson and Olafsson, 1991; Kristinsson, 2000).

Unemployment and inflation rates are amazingly low by European standards. The exclusive control over its territorial fishing grounds and the abundance of fish are vital to the Icelandic economy. It is not astounding that about two-thirds of Iceland's exports are fish and processed fish; main trading partners are EU countries and the USA. The second important export commodity is aluminum, which is produced in