

Future Challenges to Small Municipalities

The Cases of Iceland, Faroe Islands and Åland Islands

Gestur Hovgaard, Grétar Thór Eythórsson and Katarina
Fellman



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PO Box 1658, SE-111 86 Stockholm, Sweden
Tel. +46 8 463 54 00, fax: +46 8 463 54 01
e-mail: nordregio@nordregio.se
website: www.nordregio.se

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Nordic co-operation

takes place among the countries of Denmark, Finland, Iceland, Norway and Sweden, as well as the autonomous territories of the Faroe Islands, Greenland and Åland.

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Stockholm, Sweden
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Preface

This report is a comparative study of the leadership responses to the structural challenges facing the municipalities of one small Nordic country, Iceland, and two small self-governing areas, the Faroe Islands and the Åland Islands, as they are perceived by a representative number of political and administrative leaders in each. The conclusions arrived at will be relevant to anyone preoccupied with the future of small and peripheral communities across Norden. Acting Director Gestur Hovgård from the Centre for Local and Regional Development in Klaksvík, Faroes, coordinated the project on 'Future Challenges to Small Municipalities' and was assisted by Grétar Eythórsson, University of Akureyri Research Institute, and Katarina Fellmann, Statistics and Research Åland (ÅSUB).

The project is part of the second phase of the Nordic research programme *Future Challenges and Institutional Preconditions for Regional Development Policy*. The programme was commissioned by the Nordic Council of Ministers / Nordic Senior Officials Committee for regional Policy (NERP). A pilot phase of the project was reported in 2000. The first phase of the programme (2000-2002) was reported through eight published studies in 2002. The reports from six separate projects in the second phase (2003-2004) of the programme will be published successively through the autumn of 2004 together with a summary of the programme.

Nordregio wishes to thank the project team as well as the members of the Programme Steering Committee: Bue Nielsen (Denmark), Janne Antikainen (Finland), Kristin Nakken (Norway), Nicklas Liss-Larsson (Sweden), Kjartan Kristiansen (Faroe Islands), Bjarne Lindström (Åland Islands) and Hallgeir Aalbu (Nordregio).

Stockholm, October 2004

Author's preface

The main idea behind the research project reported here can be traced back to a seminar in Tórshavn, the Faroese capital, in June 2002. This seminar was a meeting of researchers discussing projects in the field of regional policy and development from the perspective of the West Nordic countries and autonomous areas (the Faroes, Greenland, Iceland and western Norway). The seminar (*Västnordiska problemställningar*) was initiated, financed and organised by Nordregio. At first, nothing concrete came of this, but a year later one of the project ideas presented in Tórshavn was reawakened. This was the idea of researching 'The Role of Small Municipalities in Regional Development', an idea which, at the seminar, was a West Nordic concern, but now involved another island in the family of Nordic countries and autonomous territories – Åland. The project received a grant from the Future Challenges Program, financed by NÄRP (The committee of senior officials on regional policy) and organized by Nordregio. To these two organizations we are very grateful for the support that has made our contribution possible.

During the period of work on this report, some of our co-workers have made valuable contributions to the report. Dennis Holm, researcher at the Center for Local and Regional Development in the Faroes, has been helpful with the mail survey and in developing parts of the manuscript. In Iceland, Hjalti Jóhannesson and Hjördís Sigursteinsdóttir, researchers at University of Akureyri Research Institute, contributed to the mail survey, as well as the organization of the entire report. In Åland, Bjarne Lindström at Statistics and Research Åland (ÅSUB) has contributed valuable points of view. Also, thanks to Richard Apostle for helping in improving linguistics.

Klaksvík, Akureyri and Mariehamn, August 2004

Gestur Hovgaard
Grétar Thór Eythórsson
Katarina Fellman

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1. The challenges facing small municipalities

1.1 Introduction

Municipalities in the Nordic countries play an increasingly important role in regional development, in economic life and in service provision. The municipality is the local institution that produces or manages most of the services needed to meet the demands of modern lifestyles, and is also the central provider of the infrastructure needed to attract and maintain businesses locally. Both of these general tasks seem to mitigate against smallness and peripherality, as services typically demand scale and economic performance typically needs proximity (Storper 1997). For many small and under-resourced municipalities, the effects of industrial and institutional change are outmigration, demographic displacement and a shrinking tax-base, all of which undermine municipal capacities.

The problem of smallness and peripherality is a pressing challenge, and obviously raises the question of what small municipalities can do to be active participants in regional policy and development. The idea of this research project is to provide some preliminary answers to this specific question; the investigation will be done by analysing how local leaders in small municipalities in the small and sparsely populated islands among the Nordic countries, Åland, the Faroes and Iceland define their problems, and what steps they have taken, or intend to take, in coping with the challenges of scale and peripherality. The results of this project can provide a first step in further research on the possibilities for small municipalities to acquire a role in regional development. Our answers will also be important to small municipalities in Finland, Norway and, to a less extent, Denmark and Sweden.

1.2 Extending the problematic

In the Nordic context, the institutional answer to meeting modern demands for development has been the one of amalgamation, a process that had its first major impact in the bigger Scandinavian countries during the 1970s. Interestingly, municipal restructuring is once again a central topic in Denmark, Norway and Sweden; however, it has now begun to affect the Faroes and Iceland (Eythórsson 1998; Eythórsson and Jóhannesson 2002; Holm and Mortensen 2004).

Our empirical focus on the small municipalities in the Faroes, Iceland and Åland gives a certain perspective on both smallness and peripherality, as these countries are themselves small countries on the Nordic periphery. Even the biggest municipalities within each of these three

countries would be considered small in other parts of Scandinavia (with the Icelandic capital of Reykjavík as the only exception).

While the same basic developmental trends as decentralisation, outsourcing, privatisations and the like are evident in these smaller countries, there are also important differences. The problems of the smaller municipalities in these countries are typically exacerbated by problematic geographical structures- high mountains, and sometimes challenging distances in Iceland, a decentralized island structure in the Faroes, and the skerrie structure in Åland. Further, smaller municipalities find it difficult to compete with larger, and typically more centrally situated municipalities, due to issues which are usually defined as ‘poorer infrastructure and services’, and their specialized or ‘backward’ development in primary industry or trade. Also, the general challenges for smaller municipalities are not only about survival strategies, but also the struggle to provide the infrastructure and services needed to maintain populations and settlements. Finally, the smaller the municipality in a small system, the more problematic it is to resist downward spirals and cope with the consequences.

As argued in the opening section, our general concern centers on the problem of how smallness is concretely interpreted in the municipalities themselves. Is the interpretation of problems made by the inhabitants of small municipalities similar to that which researchers or government officials focus on? And is the perception of local problems and strategies different in different local settings, for instance between municipalities of different size, even within a small municipality structure? Or do we rather find differences and/or similarities that are to be explained by regional or national factors?

The overall problematic of this report can be outlined as follows:

- What do small municipalities understand as their main problems of development and what reasons do they find for these same problems? Industry? Services? Infrastructure? Policies? Others?
- Which solutions do they see possible, to meet the challenges of their smallness?
- Are there regularities in problem perception and proposed solutions among small municipalities, or are differences between municipalities of different size attributable to different regional/institutional settings?

To answer these questions, we first of all need to state what we mean by a small municipality. Our point of departure here is that we need

to define smallness within the particular contexts that we study. A small municipality we therefore define as a municipality with less than 2000 inhabitants, which on one hand may be a relatively big entity - especially in the Faroes and on Åland - but still includes most municipalities outside the political and administrative centres of the three countries.

Another important issue is, who is to define the perception of problems and possible strategies on behalf of the municipalities? We have chosen, in this study, to let the leaders of the small municipalities be heard. We here define the leaders by their positions in the municipal system, i.e. the mayors and the administrative leaders, which we believe, are the key decision makers in each municipality. The knowledge we hope to collect from these persons includes:

- A map of attitudes and opinions about what kind of problems are central to their respective municipalities.
- Their views on the need to increase capacities in services and infrastructure.
- Their views on what initiatives can strengthen their municipalities, both economically and institutionally.

It is clear from our definition of the problem that our research has rather broad aims. However, since we are dealing with a rather new perspective within the field of municipal research, this kind of approach is sensible. In the next section, we will outline how the study was conducted.

1.3 Method

As the main purpose of this study is to map definitions of problems, causes to these problems and possible solutions to them, we have found the survey method a useful way to gather the data needed for our analysis. As already argued, the political and administrative leadership of the municipalities is our focus; we decided to send the questionnaire to officials of every municipality in the three countries. To prevent empirical overload, only the mayor and the administrative leader in every selected municipality in the Faroes and in Iceland were asked to answer the questionnaire. In those municipalities where they have no administrative capacity, the vice-mayor was chosen to replace an administrative leader. Because of the different municipal structure in Åland, and the smaller number of municipalities, three persons were chosen in every municipality in Åland, the mayor, the chairman of executive board and the administrative leader.

Shortly after the receiving of our research grant to this project, a group project meeting was held at Nordregio in Stockholm in late November 2003. At this meeting, the first rough draft of the questionnaire was drafted. We finalized the questionnaire after thorough e-mail discussions. Briefly, the questionnaire sent to municipal leaders is based on identification of three general fields relating to small municipal size: 1) the main *problems and challenges* that small municipalities face; 2) the *reasons* for the problems; and 3) the *solutions* to the problems. Finally, we translated the questionnaire into each of the three languages involved (See Appendix 1).

The questionnaires were sent out in February, 2004, with a relatively short deadline (4 weeks). However, to reach a satisfactory response level, the deadline had to be extended to the beginning of April in both Iceland and the Faroes. The number of questionnaires sent in each country, and the response rate, is presented in Table 1.1 below.

Table 1.1: Number of questionnaires and responses.

	Number of Municipalities	Questionnaires Sent	Questionnaires Returned	Percentage Returned	Return no/% of Municipalities
Åland	16	48	43	89,6	16/100%
Faroes	48	96	43	44.8	33/69%
Iceland	104	170	104	61,2	79/80%

The response levels for the survey is satisfactory (60.5 percent overall), and so is the distribution among the different-size municipalities. After collecting the questionnaires, each country's data were entered into one database. At a project meeting in the Faroes in late May, the country-specific data were integrated into one data set. At this meeting, the first data runs were made, and the overall structure of the report was determined.

In the analysis of the data, we decided to operate with two groups of municipalities: one based on size, the other based on geography. In both cases, we had to define the groups so that they suited the municipal structure in all three countries, The grouping based on size is shown in Table 1.2. below.

Table 1.2: Groups of municipalities by size.

Groups	Size	No. of municipalities: Faroes	No. of municipalities: Åland	No. of municipalities: Iceland
A	< 250	19/48	1/16	38/104
B	250-999	18/48	8/16	34/104
C	1000-1999	8/48	4/16	12/104
D	2000-10000	2/48	2/16	15/104
E	> 10000	1/48	1/16	5/104

The grouping based on geography is divided into three categories: 1) central places; 2) municipalities within daily commuting distance of a centre; and 3) municipalities outside daily commuting distance to a central place¹. Even though it may be typical that the smaller a municipality is, the more peripheral it is, this is not always the case. The two groupings we have selected will therefore give a more differentiated picture of the issue of smallness.

1.4 Structure of the report

Chapter 1 introduces the problematic for the report, and the methods by which the study was conducted. The rest of the report is structured into four different chapters. Chapter 2 gives a general introduction to municipal development in the three countries, and how these developments are connected to size and geographical structure. Based on size and geography, Chapter 3 analyses the data on problems of, reasons for, and solutions to smallness and peripherality, including a ranking of the most important problems and solutions. In Chapter 4, we will use a comparative perspective in order to find similarities and differences among the three countries. Chapter 5 sums up the results, and discusses these findings and their probable meaning for regional development and policy. The chapter also provides some preliminary indications for further research on these topics.

¹ A central place is a municipality, which has either national or regional status as an administrative center as well as a business and commercial center.

2. Municipalities in the Faroes, Iceland, and Åland

2.1 Introduction

The Nordic countries have a long tradition of local independence, and the special rights and privileges of the local state (i.e., the municipality) is an important element in Nordic institutional structures. The Faroes, Iceland and Åland are among the small Nordic countries, with only Iceland being an independent state. But even in Iceland, the traditions of the Nordic model have been applied at the local level. As suggested in Chapter One, the relatively small municipalities, as well as the geographical structures, generate a special perspective on municipal smallness and peripherality. This chapter provides a brief description of municipal development in the three countries, describing the specific elements of development that have shaped municipalities in each domain.

The chapter is structured by country, beginning with the Faroes (2.2), then Iceland (2.3) and Åland (2.4). Finally, in section 2.5, we will summarise the descriptions, and discuss the comparative dimensions of the study.

2.2 The Faroes

The Faroes are an archipelago consisting of 18 islands located in the North Atlantic. The distance to the closest neighbours is 300 km to Shetland (to the east/south-east), 450 km to Iceland (north-west) and 675 km to Norway (east and north-east). At the end of 2003, the population of the Faroes was around 48.000 (Hagstova Føroya, 2004), with 17 of the 18 islands inhabited.

The Faroes is an industrialised country with a standard of living that is comparable to the major Nordic countries (in 2000, the GNI was around 200.000 DKK. pr. capita). But compared to other Nordic countries, the Faroes is an extreme case of a resource-based economy, as it is heavily dependent on fisheries and the fishing industry, which accounts for more than 95 percent of its exports by value. Further, more than a quarter of the GDP comes from fishing and the fish processing industries. The economy is very open, as exports are around 50 percent of GDP.

2.2.1 Municipal structure: Development and current structure ²

Following two Danish laws in 1872 and 1908, there were originally 8 municipalities in the Faroes. The geographical division of these municipi-

² Partially based on Holm and Mortensen, 2004.

palties was based on the existing system of parishes (Prestagjald), and with the low level of economic development in the country, the municipalities had very few responsibilities. But as the Faroes changed from an agrarian society into a more commercially-oriented, capitalist fishing society during the twentieth century, the demands for more active municipal boards emerged.

These societal changes influenced the view of the public about the appropriate size of the municipalities. People from one village were reluctant to pay taxes to a municipality that also, or primarily, made investments in other villages. This was the main reason for the creation of many new municipalities, which in most cases geographically cover just one village. In this way, the number of municipalities increased from 8 at the beginning of the twentieth century to more than 51 municipalities in 1967. After this, in 1970, a new municipal law was prepared and passed in Parliament (Løgtingið), which prevented municipalities from splitting up. Much of the debate of the municipal structure has since – and especially during the last decade – involved a discussion about the need for larger municipalities. Following a report on the municipal structure published in 1997 and 1998, a new municipal law was passed in Parliament in 2000. One of the key new elements in the law (regarding local industrial development) was that municipalities are now not allowed to directly participate or to be shareholders in local business life – a common feature in several municipalities during the 1970s and 1980s (Apostle, Holm, Hovgaard, Høgnesen and Mortensen, 2002). Furthermore the board behind the report proposed a change in the municipal structure, which should lead to fewer and bigger municipalities. The board proposed that the municipalities should be allowed to voluntary amalgamate within a given period of time, and after this be forced by law to amalgamate (Kommununevndin 1998: 14). The proposal on law-enforced amalgamation met great resistance among Faroese municipalities, political parties and members of Parliament, and for the same reason was not tried in Parliament. Later, in 2001, Parliament passed a law on voluntary amalgamations. In addition to describing how municipalities can amalgamate voluntarily, the law also states, that municipalities that amalgamate must be connected geographically as well as by infrastructure. Furthermore it is preferred that the ‘new’ municipality will have more than 2000 inhabitants (Law on Voluntary Amalgamation: Løgtingslóg nr. 77 frá 8 Mai 2001 Um Sjálvbodnar Kommunusamanleggingar).

Along with the law on voluntary amalgamation, the Faroese government also stated that it was determined to decentralise a number of responsibilities from the central administration to the municipalities to

administer. The central administration, together with the municipal organisations, also made a report on which areas could be decentralised, and in which order. Prior to the report, child and day care was decentralised to the municipalities to administer in 2000. But the government, from 1998 to 2003, wanted to decentralise larger responsibilities, for example care for the elderly, to the municipalities. With a new governmental coalition after the Parliamentary elections in January 2004, it is not clear to what degree the decentralisation plans of the prior government will be followed. One thing is clear: the plans to decentralise the care for elderly has been put on hold.

2.2.2 From 48 to 35 municipalities in 4 years

One of the main roles, which many Faroese municipalities assumed during the 1970s and 1980s, was to foster local industrial development and attract new businesses. Today the focus has to some extent changed, partially because of the change in legislation, which prevents direct participation in local industrial life, and partially because of new demands from local population. This means that the primary role of Faroese municipalities today is to provide welfare services, local planning, and to create a supportive framework under which businesses operate.

The citizens' demand for better public services and the discussion about decentralization of large responsibilities to the municipalities has increased pressure on small municipalities. Small municipalities may already find it difficult to provide the services which citizens demand, and find it impossible to administer larger responsibilities in the future. These increased demands have also resulted in a softening of the previously negative attitude towards municipal amalgamations. In fact, during the past 4 years, 15 municipalities have held local referenda (although the referenda are not required by law) and decided to amalgamate with one or several other municipalities. It is mainly municipalities in Streymoy and Eysturoy (the two main islands) that have amalgamated, but there are also two examples from Vágoy and Norðoyggjar, where small municipalities have amalgamated with larger ones. As an alternative to amalgamation, some municipalities have chosen to focus on the possibilities of expanding existing inter-municipal cooperation.

The municipalities, which have chosen to amalgamate, can be divided into two groups. The first group consists of small municipalities that have chosen to amalgamate with larger ones. There are seven municipalities in this group. The second group is a group of municipalities, which has decided to amalgamate after two decades of membership in the most comprehensive formalised inter-municipal cooperation in the

Faroes. The arguments for amalgamating are quite different for the two groups. One of the main arguments that small municipalities from the first group have used is that they do not see themselves capable of providing the full range of public services a modern family demands. All, except for one, of the municipalities in this group have chosen to amalgamate with one of the three largest municipalities in the Faroes (Tórshavn, Klaksvík and Runavík), which also are the areas in the Faroes that have experienced high economic growth during the last 6 to 8 years. When population development is examined, it becomes clear that all but two³ of the small municipalities (from the first group mentioned above) have experienced a major decline in population during the past 50 years (Hagstova Føroya, various years). The second group, which includes six municipalities, has chosen to amalgamate as a logical next step in inter-municipal cooperation.

2.2.3 Municipal geography

Today there are 48 municipalities in the Faroes, but following the voluntary municipal amalgamations during the last 4 years, by January 1. 2005 there will only be 35 municipalities in the Faroes. The municipality of Tórshavn (the capital) is the largest in the Faroes. In 1990, Tórshavn had a population of 14.689, which was 30,9 % of the total population of the Faroes. By the end of 2003, the population in Tórshavn was 18.688, 38,8 % of the total population (Hagstova Føroya, various years). The high growth in population is mainly caused by amalgamation with two medium large (by Faroese standards) municipalities, but Tórshavn has also experienced in-migration during the last 5 to 7 years, both from other parts of the Faroes from abroad.

Table 2.4 below shows the number and size of municipalities since 1960.

³ The two largest ones are Skála, which has decided to amalgamate with Runavík, and Kirkjubøur, which has decided to amalgamate with Tórshavn.

Table 2.1. Number and size of municipalities in Faroes, 1950-2005.

Year	Number of Municipalities	Municipalities by Size					
		< 499	500–999	1.000–1.999	2.000–4.999	5.000–9.999	> 10.000
1950	49	31	9	5	2	1	0
1960	51	31	12	3	3	1	0
1970	52	29	15	4	2	0	1
1980	51	28	13	5	3	0	1
1990	50	27	12	7	3	0	1
2000	49	29	11	6	2	0	1
2003	48	29	8	8	2	0	1
2005	35	16	6	10	2	0	1

Source: Hagstova Føroya, various years.

There have only been minor changes in the Faroese municipal structure since the 1950s, when the municipalities were grouped by size, as shown in the table above. The main changes have actually happened during the last 4 years, where we have experienced several voluntary municipal amalgamations. As shown in the table, the amalgamations have resulted in a decrease in the number of municipalities with a population below 499 and a small increase in the number of municipalities with 1.000 to 1.999 inhabitants.

The municipal geography in the Faroes can, in summary, be described as follows:

- The capital area, with almost 40% of the population, is the political and administrative centre, as well as the industrial and the service centre.
- Large, medium sized and small municipalities in commuting distance of Tórshavn. These include municipalities on the islands of Streymoy, Eysturoy and Vágoy. Streymoy and Eysturoy were connected by bridge in 1975, while a sub-sea tunnel connected Streymoy and Vágoy in 2002. These infrastructural developments have connected 73,2 % of the population by road – with at most 1 hour of travel separating the Tórshavn from surrounding areas. Further, these developments have also created good conditions for commuting, and several of the municipalities on both Streymoy and Eysturoy can today be described as commuter communities, with a large part of their working age population employed in Tórshavn. There are indications that

these municipalities have changed their priorities regarding local development, when compared to municipalities outside commuting distance from Tórshavn. Compared to earlier periods, these municipalities now put their main focus on attracting new inhabitants by giving high priority to providing good services in child- and day care and local public schools (Holm, 2004).

- Norðoyggjar (the Northern Islands), where Klaksvík (the second largest town in the Faroes) with its 4.846 inhabitants is the centre. The ½ hour ferry trip between Klaksvík and Leirvík (on Eysturoy) and the 1 hour drive from Leirvík to Tórshavn makes it possible to commute to jobs in Tórshavn – an opportunity that some people use. By mid-2006, Norðoyggjar (except for Kalsoy, Fugloy and Svínoy) will be connected to Eysturoy by a sub-sea tunnel, which is already under construction. When the tunnel is finished, approximately 85% of the total Faroese population will be geographically connected.
- The island of Sandoy with 1.426 inhabitants and four municipalities. In spite of the short distance to Tórshavn (first by boat in 30 minutes, and then by car/bus in 20 minutes), Sandoy has experienced a decline in population compared to the 1980 figures. Despite its short geographic distance from Tórshavn, Sandoy is considered one of the marginal areas in the Faroes.
- The island of Suðuroy, which is a 2 hours and 15 minutes ferry trip from Tórshavn, has since the mid 1950s experienced a decline in population since the mid 1950s. In 1950, 19,5 % of the Faroese population lived in Suðuroy, but at the end of 2003 Suðuroy, with 5.075 inhabitants (Hagstova Føroya, 2004), had barely 10,5 % of the total population. There are two large centers – Tvøroyri with 1.850 inhabitants, and Vágur with 1.433 inhabitants- and five small municipalities. Along with Sandoy, Suðuroy is considered one of the marginal areas in the Faroes. Compared to the other areas of the country, Suðuroy was struck hard by the economic crises of the early 1990s. Further, Suðuroy has not experienced the same level of economic growth as the rest of the Faroes during the period from 1996 to 2003.
- The geographically remote small islands, which are characterised by low population and, typically, problematic transportation (either by ferry, boat or helicopter) to the nearest main centre. These remote islands include Fugloy (46 inhabitants), Svínoy

(58 inhabitants), Mykines (19 inhabitants), Hestur (42 inhabitants), Koltur (2 inhabitants), Skúvoy (68 inhabitants), and the more centrally situated Nólsoy⁴ (262 inhabitants). These islands are today, except for the islands of Koltur (part of the municipality of Hestur), individual municipalities and face difficulties with the challenges of late modernity. By 1. January 2005 Hestur, Koltur and Nólsoy will amalgamate with the municipality of Tórshavn. This will probably strengthen the possibilities for these small societies to create better municipal services, but it is doubtful if this will have any effect when it comes to promoting local industrial life.

2.3 Iceland

Iceland is an island located in the middle of the North Atlantic Ocean between the Faroe Islands and Greenland; it is 103.000 km². The population was a little more than 290.000 at the end of 2003. As with the Faroes, Iceland has a comparatively high living standard, even within the very privileged Nordic context. Iceland is very dependent on fishing and fisheries, with 63 percent of its exports by value from that sector in 2002. However, the share of industry products, mostly aluminum, has been a growing component (33 percent in 2002) (Hagstofa Íslands).

2.3.1 Local government system

Iceland, like the other Nordic countries, is a unitary state in which the central government grants specific powers to the subordinate local units. The system is two-tier, and consists of a central level (state) and a local (municipal) level.

Municipalities in Iceland have a history which goes all the way back to the eleventh century. When the Danes took sovereignty over Iceland in 1662, they overturned the autonomy of the municipalities, and decided to totally abolish them in 1809 by law (*Instruction for Repstyre i Island*). Later in the nineteenth century, when Icelanders were experiencing more success with their independence struggle, the local government system was reestablished by law in 1872. This legal change included the introduction of Amts as in Denmark. However there were never more than 4 Amts, and they were abolished in 1904.

⁴ The island of Nólsoy lies just outside Tórshavn. There is a 20 minutes ferry trip from Tórshavn to Nólsoy, but there are few scheduled trips, and the weather conditions can be bad during winter.

The main characteristic of the Icelandic municipal system is the great number of small, sparsely populated municipalities. The smallest ones are in many cases agricultural communities lacking any village structures. This system has remained more or less constant from the eleventh century until the late 1990s. Figure 2.1 and Table 2.1 below respectively show the number of municipalities, and the number of municipalities in different size categories since 1703, when the first census was carried out.

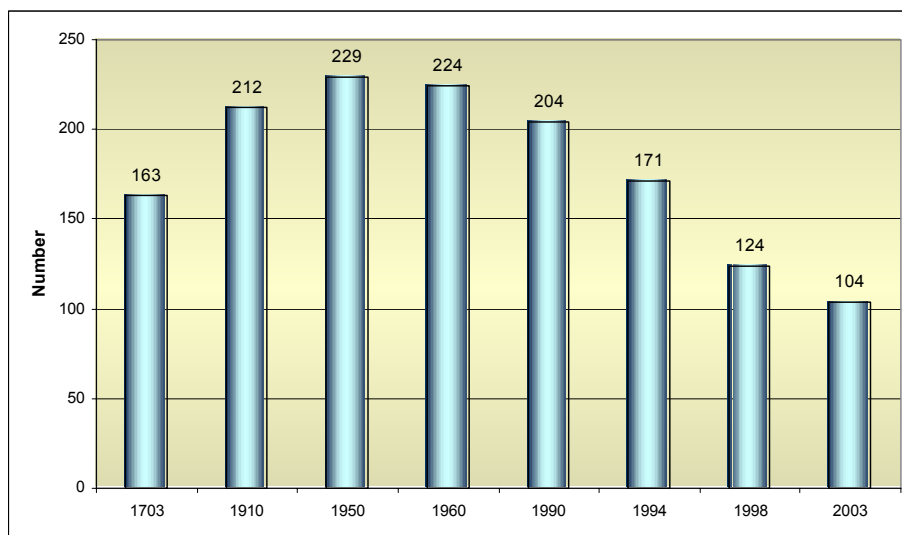


Figure 2.1: Number of municipalities in Iceland, 1703 – 2002.

Table 2.2: Percentage of municipalities in Iceland in different size categories, 1703 – 2002.

Size Category	Year						
	1703	1910	1960	1992	1994	1998	2002
< 100	4	1	18	23	19	17	14
100-499	80	82	65	49	49	44	38
500-999	14	14	11	11	13	13	16
1.000-1.999	1	2	3	9	9	11	12
2.000-9.999	0	1	3	6	7	12	14
> 10.000	0	1	1	2	3	3	5
Total %	99	101	101	100	100	100	101

Source: Webpage of the Ministry of social affairs www.felagsmalaraduneyti.is. Due to rounding errors, the percentages in columns 1, 2, 3, and 7 do not sum to 100.

The main pattern evident in the preceding data shows that the number of municipalities increased until the middle of the nineteenth century, after which it slowly began to decrease. The main reason for the early increase in the number of municipalities is the emergence of an industrialized fishery, with people moving from the countryside to the coast to work. This meant that where new fishing villages emerged, the fishing villages became new municipalities, but the countryside that surrounded them continued to be separate municipalities. This is clearly shown in Figure 2.1 above, with the overall number of municipalities at its peak around the 1950s, a period which coincides with the expansion of the industrial fishery. Decreases after this time are mainly due to the total depopulation of some rural municipalities, as well as amalgamations, which primarily occurred in the 1990s.

The current municipal geography of Iceland can be summarized as follows:

- The capital area, with about 63% of the population, is the political and administrative centre. Reykjavík, with 110.000, followed by Kópavogur (25.000) and Hafnarfjörður (21.000) are by far the largest centers in the area.
- Counting all municipalities within commuting distance of the Reykjavík area (approximately 50 km), we have about 75% of the nation. Here we include municipalities like Reykjanesbær, Akranes and Árborg. A tunnel under the Hvalfjörður fjord was opened in 1998, shortening the distance from the north and west to the capital by 42 kilometers.
- Only a few municipalities outside the capital district, and the commuting area surrounding it have more than 3.000 inhabitants. Akureyri in the north is by far the largest (16.000), with Ísafjarðarbær in the north-west (4.000), Skagafjörður in the mid-north (4.000), and Fjarðabyggð in the east (3.000).

2.3.2 Regional development

Iceland has experienced a major change in the settlement pattern since the 1990s. The areas with the most dramatic changes have experienced up to 30 percent depopulation in only ten years. The capital area and its neighboring communities have on the other hand experienced considerable population growth. There are many different reasons for this development, but some four or five will be singled out here for discussion (B. Jóhannesson, 2001: 19-20).

First, agricultural employment has been reduced due to increased use of technical equipment and economic rationalization. Second, trawl-

ers can now transport fresh fish longer distances, while still keeping it fresh and, at the same time, much of the processing previously done in fillet factories is now done on board. This fishing vessel changes threaten jobs on land, and the very existence of fishing villages around the country. Third, the importance of knowledge in fish production has increased, and has led to overall rationalization in the fillet factories. The new knowledge-based jobs in the fishing industry have mostly been established in the capital area, and to a much lesser extent in more remote regions. Fourth, changing social values, especially among young people, could be a driving force in this population redistribution. The increased importance of education, the mass media and travel are among the reasons why young people are pursuing a future in the capital area instead of the periphery. A fifth factor in this rural depopulation is municipal structure. A 2002 report on seven municipal amalgamations during the 1990s⁵ demonstrates that many of the small municipalities outside the capital area who became part of larger ones improved their ability to be significant actors in the struggle against depopulation. Where small, sparsely-populated municipalities amalgamate, they improve their infrastructure and service capacities. By contrast, peripheral municipalities which do not amalgamate are more susceptible to depopulation.

2.3.3 Reorganization of the Icelandic municipal structure

An interest in reviving the municipal structure in Iceland has been present since the early 1950s, when The Federation of Local Authorities urged the minister of social and health affairs to initiate municipal amalgamations. The proposal did not meet with any success at that time.

After several attempts through succeeding years from the Federation, often supported by the Social Democrats, things began to happen in the early 1990s. Until the 1990s, the Icelandic parliament (Althingi) was reluctant to force municipal amalgamations by legal means. This hesitation was mostly due to opposition from many of the municipalities, especially the smaller ones. A new local government act in 1961, laws on municipal amalgamations in 1970, and a new local government act in 1986 did not lead to major changes; it was always a principle in the Althingi that municipal amalgamations should be voluntary. The positive attitudes of the Federation towards amalgamation became more intriguing, perhaps telling us something about the power of the larger municipalities in the

⁵ This evaluation project, *Sameining Sveitarfélaga. Áhrif og Afleiðingar*, (Municipal amalgamations. Effects and Consequences), was carried out by the University of Akureyri Research Institute (UARI).

Federation. Another reason for the absence of significant amalgamations prior to the 1990s was the fact that the growth of the Icelandic welfare state was slower than in the other Nordic countries. Furthermore, national government took on most of the responsibilities connected to the growing welfare state.

In 1991 the minister of social affairs, Jóhanna Sigurðardóttir, took the initiative, and appointed a commission to initiate a process that would result in fewer and bigger municipalities. However, the process was voluntary, and all suggestions as to which municipalities should amalgamate were to be worked out by the individual municipalities themselves. Following this approach, referendums were held in November, 1993 in 185 municipalities for proposals which would lead to the formation of 32 new municipalities. Since eleven municipalities were not a part of the referenda, the acceptance of all proposals would have meant a reduction of municipalities from 196 to just 43. In the event, every proposal except one was voted down in the referendums! Only 67 out of the participating 185 municipalities voted for amalgamation. The single successful proposal only reduced the total number of municipalities by 3, but a process of amalgamations now started. In the local government elections in the spring of 1994, several voluntary amalgamations reduced the total number of municipalities to 171. By the next election in 1998, the number was down to 124 ⁶, and there was a further decline to 104 in the 2002 elections. The voluntary process initiated in 1993 led to a 47% reduction in the number of municipalities in 8 years.

In 2003, a new minister of social affairs, Árni Magnússon, together with the Federation of Local Authorities, began another effort to generate further amalgamations. Proposals of amalgamations are to be worked out in all regions in the country, and voted on in referenda in the spring of 2005. The minister has already stated his wish to see the number of municipalities diminish to 50, voluntarily. At this time, proposals are still under construction. The initiators of this new proposal believe the new amalgamations will have considerable importance for regional development in general, since they believe the new municipalities will be more effective in keeping people in municipalities and the regions outside the Icelandic capital area.

⁶ In 1996 the public schools were moved from the state to the municipalities and such a dramatic change in the duties of the municipalities may also have fuelled this development.

2.4 Åland

Åland consists of a main island, surrounded by roughly 6.500 smaller islands. Slightly more than 60 of the islands are inhabited on a year-round basis. The total area amounts to barely 6.800 km², of which slightly more than 1.500 km² consists of land surface. Åland is, in other words, small and spatially diffused. This applies to administrative structure as well. Åland has 16 municipalities. One of these is a town, Mariehamn. Ten municipalities constitute, or are connected to, the mainland Åland, by bridges, while six municipalities are situated in the 'archipelago region', which lacks communications to the main island by road. Transport to and from the 'archipelago region' is dependent on car ferries, which are organized in two long routes to the main island, as well as numerous shorter lines between small islands, and between smaller islands and the main island. From the inhabited island situated furthest away (in the northeast), it takes around five hours, using three different ferries, to get to Mariehamn, which is the political, administrative, and economic centre of Åland. The main island is also that geographically divided by bays and lakes.

Populations in the municipalities are relatively small, especially in the municipalities of the archipelago, and in the municipalities furthest away from Mariehamn. The total population in the municipalities at the end of last year varied from 134 (Sottunga) to 10.626 (Mariehamn). The population density is, from a general point of view, low: 17,2 inhabitants per km² in Åland as whole, and 4,5 inhabitants per km² in the archipelago.

During the 1950s and 1960s, Åland was afflicted by a wave of emigration. The situation in the labour market was, mainly due to lower employment in the agricultural sector and younger generations moved, mainly to Sweden. This trend was connected to rapid urbanisation. The municipalities in the archipelago were most severely affected. After 1970, population development has mainly been positive for Åland as a whole. The population of Åland today has one of the highest levels of immigration of the Nordic countries. Approximately one in three persons living in Åland today was born outside Åland, with almost 70% of the immigrants coming from Finland.

The table below shows that at the moment, roughly 40% of the inhabitants in Åland live in Mariehamn, while 50% live in the countryside on the main island, that is, within commuting distance by car to Mariehamn. The remaining 10% live in the archipelago, which may be regarded as a typical rural region, with the structural problems typical for these types of areas. While the population in the larger countryside mu-

municipalities on the main island has shown relatively strong growth after 1970, the population in the archipelago municipalities has gradually continued to shrink. At the end of 2001, the lowest level yet was reached, with a population of only 2.318 people in the archipelago. By contrast, over 5.800 people lived in these municipalities at the beginning of the twentieth century.

Table 2.3: Number of municipalities and inhabitants in Åland, 1910-2003.

	Region:	Mariehamn	The countryside	The archipelago	Åland
	Number of municipalities:	1	9	6	16
Number of inhabitants per region, in total:	1910	1.090	14.485	5.803	21.378
	1950	3.273	13.886	4.531	21.690
	1960	6.685	10.513	3.783	20.981
	1970	8.546	9.335	2.785	20.666
	1980	9.553	10.778	2.452	22.783
	1990	10.263	11.926	2.415	24.604
	2000	10.488	12.940	2.348	25.776
	2002	10.632	13.279	2.346	26.257
	2003	10.626	13.367	2.354	26.347

Because of transportation problems, commuting to the main island is not possible for the majority of the archipelago population. Further, the archipelago is not a homogenous region, but in at least five of the archipelago municipalities, the municipality itself may be regarded as a functional labour market.⁷ In one or other municipalities, there are two functional labour markets. The only other, limited possibility for employment is work in passenger and cargo shipping. Shipping is very significant to the Åland economy. Nearly 40% of the Åland GDP, and around a quarter of the employment, is located within this sector. However, during the last few years, the competitiveness of the shipping trade has been greatly reduced and the registration of ships under foreign flags has started. These threats may affect the economy of Åland quite negatively.

In addition to transportation problems, the archipelago region is also geographically spread out, has an aging and slowly shrinking population, combined with an economy which, with few exceptions, lacks the

⁷ A functional labour market region is defined as a region where daily commuting is possible.

type of companies and work places which dominate the growth sectors of the contemporary economy. The combination of demographic and economic problems will require major change if the communities on the archipelago are going to survive.

2.4.1 Size and development of the municipalities

There have been 16 municipalities in Åland since Mariehamn was founded at the beginning of the 1860s. With the population growth during the last three decades the average size of municipalities in Åland has risen from approximately 1.300 in 1970 to approximately 1.650 in 2003.

The average size of municipal populations is, however, just a theoretical value, which does not say a great deal about the development of municipal structure in Åland – and even less about the situation within the individual municipalities. One gets a decidedly better grasp of how the basic population and economic conditions have developed if one examines the distribution of various municipalities by size over a longer period of time.

Table 2.4 below shows the changes in the number of municipalities by size of groups typical for Åland from 1950 to a few years into the new millennium.

Table 2.4: Changes in the number of municipalities in Åland by size, 1950-2003

Year with Number of Municipalities in varying Group Sizes	Number of Inhabitants					
	< 499	500 - 999	1.000- 1.999	2.000- 4.999	5.000- 9.999	>10.000
1950	2	6	4	4	0	0
1960	2	7	6	0	1	0
1970	5	6	3	1	1	0
1980	6	5	2	2	1	0
1990	6	4	3	2	0	1
2000	6	3	4	2	0	1
2003	6	3	4	2	0	1

Generally, one can note a tendency of polarization towards the ‘extreme categories’ of the table, that is, the groups with the smallest and the largest municipalities. The explanation for the latter phenomenon is, of course, the growth of Mariehamn, which has increased in size from 3.273 inhabitants in 1950, when it was not even the largest municipality of Åland, to 10.626 inhabitants in 2003. Growth was greatest during the pe-

riod from 1950 to 1980, when the population tripled. After that, the increase of the town's population has been considerably slower.

The increased number of municipalities in the category below 500 inhabitants has an altogether different explanation. The reason for this is simply that some municipalities in the size category with 500 to 600 inhabitants have lost so many people that they are now categorized with the smallest municipalities. This trend means that the number of inhabitants in Åland who reside in municipalities with below 1000 inhabitants, have been reduced from roughly 25% in 1950 to only 15 % of the total population in 2003. The increased number of municipalities in the smallest size category (under 500 people) has, however, resulted in an increase in the number of inhabitants who live in these very small municipalities, from roughly 3,6 percent in 1950, to roughly 8 percent in 2003.

The more typical municipal group size for Åland, with 1.000 to 2.000 inhabitants has, on the whole, retained its number of municipalities (4-6) and its share of the population (22-25%). The group with 5.000 to 10.000 inhabitants has been halved, though, both in the number of municipalities, and in the number of inhabitants. This is, to a large extent, due to the growth of Mariehamn, and moves to the largest municipal group with over 10.000 inhabitants.

During the last few decades, the real winners, in the relative, as well as in the absolute, size of municipal population, have been the closest neighbours of Mariehamn. Around the same time as the exceptionally quick population expansion of the town diminished at the beginning of the 1980s, strong growth in the municipalities surrounding the town began. The three municipalities closest to Mariehamn increased their population from 4.202 in 1980 to 7.562 inhabitants in 2003, a growth of 80%. Since all of these municipalities are directly connected to the expansive labour market in the economic and administrative centre of Åland, their growth is in reality a continuation of the growth of Mariehamn, but outside the administrative borders of the town. This expansion, which mainly affects municipalities in with 1.500 to 3.500 inhabitants, has since been extended to the municipalities beyond the closest neighbours of the town, and now affects all slightly larger municipalities within commuting distance of Mariehamn.

2.4.2 Changing areas of accountability in the middle of the 1990s

Current municipal structure and the division of responsibilities between the municipalities and the central level of government are rooted in Åland's history. In spite of their modest population size, the municipalities had authority over and were responsible for most of the demanding

service areas until 1994. This included large parts of health care and social services (including child care, geriatric care, care for the disabled, substance abuse care, social benefits, and the like). The municipalities were also central in compulsory education and parts of upper secondary school education; library, cultural, and leisure services; rescue services; residential construction; municipal planning and environmental conservation; and municipal technology (including water, drainage, energy supply, roads, harbors and parks).

Municipal service within these areas was in some cases taken care of by various types of municipal associations. These were often responsible for municipal commitments to a certain type of service within a geographically demarcated part of Åland. This applied to compulsory education, where junior secondary school education was concerned: responsibility was divided between a number of 'districts', such as South Åland, various parts of the archipelago, and the like. Despite having small, spatially dispersed municipalities, Åland had a division of responsibilities between the municipalities and the state, which resembled those in Sweden and Finland.

In those sectors where responsibility was shared between the municipal and the central level, mainly in health care and senior secondary school education, municipalities had lost their influence. They felt that they could no longer influence the shape or proportion of these sectors, and consequently the costs of the production of these services. To add to this, the financial systems which were to guarantee these services were very complex and expensive. It was difficult to predict costs, and the elements of the systems were costly.

Two alternatives were discussed: a strengthened and more powerful co-operation between municipalities, mainly in health care or a transfer to the central level of responsibility for all senior secondary school education and health care. There was hardly any actual discussion about a third alternative, that is, municipal amalgamation.

As a direct result of these discussions, public sector reform was achieved in 1994. The fundamental principle was that the agency, which makes the decisions, should also have economic accountability. The reform also aimed to strengthen the autonomy of the municipalities within their areas of control, and to encourage economically efficient thinking. The idea was that the new model should continue to level the differences in economic prospects among the municipalities, show predictable results, and create opportunities for more effective co-ordination of the public sector of Åland.

Municipal responsibility for health care and senior secondary school education was removed completely in the reform. In the future, the central level of government was to take responsibility for these areas. At the same time, the management of the financial flows was simplified. The resources flow only in one direction, are founded on objective, simple and independent criteria, and the one who is responsible for the services also controls the resources for them.

2.4.3 Development over the last few years

The years after the major health and education reform were characterized by economic decline, and a very cautious development of the public service in Åland. When economic growth resumed during the latter part of the 1990s, there was a obvious need for more staff in a number of municipal service areas, mainly in the social sector. At the same time as an ageing population calls for better geriatric care, the demand for childcare increases as more people join a stronger labour market. This development has meant increased net operating expenses for the whole public sector of Åland, not least in the municipal sector.

The municipal sector now faces significant challenges. Income has stagnated. Decisions made mainly at the central level of the Parliament of Åland ('Lagtinget') have meant increased income tax deductions, which affects the economy of the municipalities. At the same time, the government in Helsinki has continuously made decisions, which have meant that a larger share of company revenue accrues to the national government, at the expense of the municipalities. This also, indirectly, affects municipalities in Åland, since it is very difficult, in practice, to tax companies on Åland more severely than ones in Finland.

Furthermore, business conditions within the shipping sector have changed for the worse during the last few years. As discussed above, shipping is of great importance not only to the economy of Åland as a whole, but especially to the labour market in rural areas, where possibilities for commuting to Mariehamn are, on the whole, wanting.

Population growth is, at the same time, failing in the smallest municipalities, mainly in the archipelago region. A sufficient population is an essential factor, not only to the economy of the municipality, but also to a satisfactory basis for various services. Demands among inhabitants in the municipalities for services do not tend to decrease.

2.4.4 Great uncertainty for the future

One can, in a somewhat simplified way, claim that municipalities in Åland have discussed and tried out two of the three most common strate-

gies for handling the ever-growing demands for basic social services. The third strategy, that is, direct amalgamations of municipalities, has so far not been much discussed in public debate. An important reason for this is, probably, the fact that one doubts the economic worth of amalgamating a number of small neighbouring municipalities into a larger, but still quite small and weak municipality. The alternative suggestion has been a more thorough reform, where nearly all municipalities in Åland are amalgamated into one (as, for example, on Gotland). To this point, this particular reorganization is not regarded as politically realistic.

The question is: what will happen in the future? Will the municipalities in Åland intensify their collaboration, and again extend their cooperation to new areas, in order to deal with a slow growth of income in the municipal sector? Will the current reforms manage to deal with the challenge of ensuring the individual municipality's influence over their sectors of activity, or will a new situation arise, where service areas are removed from the municipalities, and transferred to the central level? The latter alternative may arise because municipalities lack the funding necessary to be in charge of certain service areas, or of individual municipalities again finding their influence reduced within the co-operating organizations. Will the forms of co-operation develop, so that everyone feels a real sense of influence, or will external demands lead to a debate about more extensive municipal amalgamations in Åland?

2.5 Summing up

In this chapter the history of municipal structure and the demographic and economical development of the local level during the last years in our three countries have been summarized. In spite of different kind of reforms and voluntary municipal amalgamation, the municipal sector in all three countries of today is characterised by a relatively great number of small municipalities. Even in 2005 roughly two third of the municipalities in each country has less than 1000 inhabitants.

Though, in this report, we are not going to analyse the different decisions and different choices of the past any deeper. But rather look ahead, and examine the challenges of today and what solutions the local leaders consider as most effective for the future. Do the problems and the solutions differ between the countries due to the different constitutional and other institutional reasons that have been discussed above? Or could the challenges and the measures be explained by the size of the municipalities or by their geographical location?

3. On municipal problems, challenges, reasons and solutions

3.1 Introduction

This chapter takes three successive analytical steps in our exploration of small municipalities. It attempts to identify *problems* and challenges of small municipalities; it seeks to identify the *reasons* behind these problems and challenges, and it finally tries to discover what kind of reasonable *solutions* there are to the problems that small municipalities face. All three analytical steps are based on the views of the local leaders, and the categories used are primarily size categories, but also categories based on the centrality of the municipalities (see Chapter 1). The chapter is structured so that in section 3.2, the results of problem perception will be outlined, and this will be taken one step further in section 3.3 by a ranking of the problems and challenges that small municipalities face. In section 3.4 the reasons behind the problems of small municipalities will be explored, and possible solutions will be traced in section 3.5. Finally, in section 3.6, the results of the chapter will be summed up.

3.2 Problem perception

What do local leaders view as the main problems and challenges that their small municipalities face? Do some problems seem more obvious than others and how do these problems relate to the issue of size? In our survey thirteen possible problems/challenges were identified, and Table 3.1 below shows to what extent these problems/challenges were considered pressing ones. The figures show the difference between the percentage of those who considered the specific problem/challenge as not serious or not at all serious and those who considered them serious or very serious.

Table 3.1: Local leaders on the extent to which chosen issues are problems/challenges for their municipalities, by municipal size. (weighted percentages)

Problems/Challenges	< 250 inhabitants	250 – 999 inhabitants	1.000 – 1.999 inhabitants	2.000 – 10.000 inhabitants	> 10.000 inhabitants
Geographical Location	51	32	55	22	70
Demographic Development	-9	-26	10	32	50
Economic Development	-38	-31	-16	-7	-54
Support to Businesses	39	16	24	26	84
Meeting Demands of the People for Services	36	37	60	0	84
Supply of Real Estate	25	-5	8	5	17
Supply in House Rental Market	49	-10	-10	5	-60
Unemployment	51	54	62	25	-8
Road Communications	46	58	80	66	38
Ferry Communications	30	53	54	42	84
Flight communications	80	19	58	14	-8
Lack of Entrepreneurial Spirit	0	33	28	45	72
Insufficient Municipal Revenues	-2	-40	-24	0	-20

Note: The most serious problems (over 50% in difference) are highlighted with darkest shading in the cell, those with a difference between 30% and 49% with medium shading and all other with negative sum are highlighted with lightest shading. Negative sum means problematic, the higher the negative value the more problematic.

Table 3.1 shows that economic development and insufficient revenues are the factors which most of the small municipalities agree are the problematic ones. Not surprisingly, the smaller the municipality, the more problematic demographic development is considered. But smaller does not necessarily mean more peripheral, so there is also a question regarding the connections among problem perception and the marginality of the municipality? We have divided the municipalities into three different categories: 1) central places; 2) within daily commuting distance to a central place; and 3) outside daily commuting to a central place. The results for this question are shown in Table 3.2 below.

Table 3.2: Local leaders on the extent to which chosen issues are problems/challenges for their municipalities, by peripherality. (weighted percentages).

Problems/Challenges	Central Place	Within daily Commuting Distance of a Central Place	Outside Daily Commuting to Central Place
Geographical Location	40	66	14
Demographic Development	22	42	-58
Economic Development	-22	0	-56
Support to Businesses	34	42	12
Meeting Demands of the People for Services.	28	58	26
Supply of Real Estate	-22	22	-12
Supply in House Rental Market	-24	-2	16
Unemployment	-12	72	36
Road Communications	40	74	46
Ferry Communications	46	74	20
Flight communications	-14	44	44
Lack of Entrepreneurial Spirit	66	38	2
Insufficient Municipal Revenues	0	-16	-26

Note: The most serious problems (over 50% in difference) are highlighted with darkest shading in the cell, those with a difference between 30% and 49% with medium shading and all other with negative sum are highlighted with lightest shading. Negative sum means problematic, the higher negative value the more problematic.

Table 3.2 shows that economic development and insufficient revenues are categories, which most municipalities agree are problematic. What we can also see is that the more central a place is, the more factors seem to be considered problematic. Not surprisingly, demographic and economic development is considered as more problematic the more peripheral the municipality is. In the following we will go through the findings in each category, and discuss the meaning of them.

Geographic location does not seem to be any major problem or a serious challenge in the minds of the leaders involved in this survey. Also, smallness of a municipality or peripheral geographic location is not considered as a major problem. This may be seen as somewhat surprising, but is probably connected to the fact that infrastructure is quite good in all three countries. Another possibility is simply that local leaders do take

their geographical placement as a given fact, and – in contrast to many central authorities – see their way of living as a possibility, not a problem.

Demographic development, on the other hand, is considered a problem in the smallest municipalities as well as the most peripheral ones. In all three countries peripheral municipalities considered demographic development very serious, with a striking difference of 58%, meaning that 79 percent of all respondents think demographic development is a serious or very serious problem. The seriousness of demographic development as an issue in peripheral municipalities is probably the result of a trend over the last decades in which these municipalities are specifically losing their youth. In the Faroes, for instance, it is more and more normal to go to Tórshavn or abroad (typically to Denmark) to get an education. The relevant jobs when people return from their educational stay abroad are also located in Tórshavn. This means that towns and villages outside commuting distance of the capital are seriously challenged with the question of how they can get ‘their’ youngsters back. Towns and villages within commuting distance of Tórshavn do not experience these problems in the same serious manner, because they have turned into being ‘commuter-communities’ (Holm 2004). The same phenomenon occurs in Åland and its archipelago region, where most of the youngsters go to Mariehamn to get their upper secondary, and from there, leave for Sweden or Finland (ÅSUB 2003).

Economic development is clearly a general municipal problem in all three countries, but it is rather surprising that respondents from the biggest municipalities regard economic development as a more serious problem than others do. Still, the problem is connected with smallness and especially with being on the periphery (-56).

A shortage of economic opportunities could be an argument for local leaders to view *lack of support to businesses* as a major problem in furthering development; however nothing in this survey seems to support the idea. An explanation for this could be that many local leaders see municipal responsibilities as being restricted to the economic sphere.

Meeting the demands of the people for services is an issue concerning local (public) services, and one should probably expect to see bigger difficulties in smaller municipalities. Nevertheless, from the viewpoint of local leaders there are no major differences in the ways that they view the difficulties they have in meeting the demands of their inhabitants. The fact that municipalities in the size category 2.000 – 10.000, and those geographically closer to the centres, are least content suggests that inhabitants in larger settlements have higher services expectations. In other

words, these results do not necessarily show us that the smallest municipalities have services, which are as the larger ones, but simply reflect the fact that their citizens do not expect a higher level of services.

In all three countries people in small towns and villages are very likely to own their own houses, and only in a few cases will people rent a house. In Iceland and Åland municipalities have public houses and apartments to rent, but this practice is not common in the Faroes. In the larger towns in Iceland, and in Tórshavn and Mariehamn, it is more common to rent houses on the open market. These areas have a high demand for rental houses or apartments as a result of the continuing growth of the central areas in the three countries. For the same reason rents in the central areas are quite high. One effect of this is that people are looking for other housing opportunities in the towns and villages outside the capitals, i.e. within daily commuting distance of the center.

Unemployment is also considered more of a 'city' problem than a smallness/peripheral problem. In Åland, unemployment is generally not considered as a problem. In Iceland, due to migration from the area outside Reykjavik and the ensuing expansion of the capital area, unemployment has also moved to the capital. In the Faroes, the extensive unemployment in the early 1990s was followed by out migration from the islands. Over the last 6 to 8 years, unemployment has not been a major issue, but with the recent downsizing within aquaculture and the fishing industry, unemployment is again rising. This is especially true in areas outside daily distance of Tórshavn, since they are much more dependent on fluctuations in the fisheries. Commuting municipalities in the Faroes clearly have less unemployment than remote ones. But again, we also believe we are dealing with a matter of qualitative difference between views on unemployment in central and peripheral places. In the centres people are more dependent upon stable labour market incomes, while people in peripheral places are more used to unstable or fluctuating incomes, for instance the seasonal incomes of fishing and tourism and the like. Being outside the established labour market for a period may therefore not be considered as the same major problem in the periphery as in the centre.

Communications, as already argued, do not seem to emerge as a problem when local leaders are asked whether it is a problem or a challenge to their municipality.

Lack of entrepreneurial spirit also does not come out as a major problem, at least as seen by local leaders. It has been argued that lack of entrepreneurial spirit is a hindrance, especially for the smaller and more peripheral municipalities (Aradóttir 2004, forthcoming). This hypothesis

is also supported here, because it is only in the smallest and most peripheral municipalities that there is partial support for this category.

Insufficient municipal revenues are generally considered a problem among the respondents, though they are more problematic the more peripheral the municipality is. This pattern may also be an expression of dissatisfaction with central government regulations or laws, or an expression of general discontent with the communications between the national and local levels. The questions that these answers raise are obviously ones that should be subject to further investigation.

3.3 Ranking of problems and challenges

In this section we will take one step further in problem perception and continue with the ranking of the problems and challenges of small municipalities. The leaders were asked to mention the three most important problems in their municipalities. In Tables 3.3 and 3.4 the answers are again listed in accordance with size categories and geographic location.

Table 3.3: Local leaders on the most important problems in their municipalities, by municipal size (weighted percentages)

Sum of first, second and third most important problems	< 250 inhabitants	250 – 999 inhabitants	1 000 – 1.999 inhabitants	2.000 – 10.000 inhabitants	> 10.000 inhabitants
Demographical Development	52	34	31	30	
Insufficient Municipal Revenues	34	53	42	68	49
Road Communications	31	36		21	44
Economic Development	23	33	27		22
Lack of Entrepreneurial Spirit	21	16	18		
Supply on House Rental Market			28	21	
Meet Peoples Demands for Services.				22	
Primary schools					25
Flight communications					22
Elderly care					22

Note: The figures show the cumulative percentage of those who mentioned the problem as the most, second most or third most important problem. Only five highest values are shown in the table. The highest value in each size category is shaded.

Table 3.4: Local leaders on the most important problems in their municipalities, by peripherality. (weighted percentages)

Sum of first, second and third most important problems	Central Place	Within daily Commuting Distance of a Central Place	Outside Daily Commuting to Central Place
Demographical Development			13
Insufficient Municipal Revenues	52	24	18
Road Communications		6	14
Economic Development	17	23	28
Lack of Entrepreneurial Spirit		6	4
Supply on House Rental Market			
Meeting the Demands of the People			
Primary Schools	9		
Flight Communications			
Elderly Care			
Unemployment	4		
Supply of Real Estate	4	10	
Other	17		

Note: The figures show the cumulative percentage of those who mentioned the problem as the most, second most or third most important problem. Only five highest values are shown in the table. The highest value in each geographical category is shaded.

Looking only at the most important problem in each size category, the results clearly show that the leaders think insufficient municipal revenues are the far greatest problem. These are the clear results for every category except two of the above. In the smallest and most peripheral municipalities, economic development and demography are again considered as the pressing issues. And again we see tendencies for the bigger municipalities to regard social services as a bigger problem. This ranking of the problems tells us that there are clear differences in problem perception, differences that clearly are related to size and geography.

3.4 The reasons for the problems

This section continues with the second aim of the chapter, which is identifying the views of the local leaders for the *reasons* behind the greatest problems and the challenges that they are facing. Again we are dividing the answers into the size and geographical categories, as shown in Tables 3.5 and 3.6 below.

Table 3.5: Local leaders on the causes for the problems in their municipalities, by municipal size (weighted percentages)

The Main Causes for Municipal Problems	< 250 inhabitants	250 – 999 inhabitants	1 000 – 1 999 inhabitants	2 000 – 10 000 inhabitants	> 10 000 inhabitants
Lack of People in Community	68	41	17	23	29
Government Regional Policy	58	62	50	48	8
One Sided Local Economy	46	56	35	36	36
Insufficient Municipal Revenues	42	57	56	52	64
The National Economy	36	39	40	36	29
Government Agricultural Policy	35	18	8	15	0
Bad Municipal Economy	32	35	29	55	29
Lack of Municipal Autonomy	32	31	35	33	36
Government Communication Policy	25	31	35	26	31
Municipality Sparsely Populated	13	24	12	23	8
Government Fishing Policy	9	20	17	26	8

Note: Reasons mentioned by more than 50 percent are shaded.

Table 3.6: Local leaders on the causes for the problems in their municipalities, by peripherality (weighted percentages)

The Main Explanations to Municipal Problems	Central Place	Within daily commuting to central place	Outside daily commuting to central place
Lack of People in Community	26	28	57
Government Regional Policy	32	42	74
One Sided Local Economy	34	35	60
Insufficient Municipal Revenues	66	59	43
The National Economy	32	37	39
Government Policy in Agriculture	10	16	26
Bad Municipal Economy	31	37	36
Lack of Municipal Autonomy	29	30	36
Gov. Communication Policy	38	26	31
Municipality Sparsely Populated	19	18	19
Government Fishing Policy	23	13	19

Note: Reasons mentioned by more than 50 percent are shaded.

In most categories insufficient municipal revenues are mentioned as the major explanation for municipal problems. The exception, again, is in the small and peripheral municipalities, where the profile of the reasons behind their problems is that they have lost people, and that their economy is not diversified. Again these are factors that seem to be blamed on the central government's regional policy. In the Icelandic case, this might be explained by the fact the central government has abandoned a generalist policy of trying to save or strengthen all areas of the country towards a growth centre policy, where only three places outside the capital area have been designated as growth centers. In the cases of the larger and more centrally located municipalities, the reasons as well as the problems seem to be found in the relationship between the state and the municipalities. In the Faroes, regional issues have played a significant role in policymaking, but without any specifically defined regional policy strategy behind it (Hovgaard 2002). Regional policy has had the general ambition of developing all parts of the country, but in fact it has been the voting power of larger places that has decided concrete policy initiatives.

In the Åland case the strained central government resources have had an effect on the municipal revenues (ÅSUB 2004).

Generally speaking, the findings show us that the two factors which involve the most direct relationship between central and local (municipal) authorities – regional policy and state revenues – are also the factors that are viewed as the most problematic for the development of small municipalities.

3.5 Solutions

This section takes us to the third and final step of this chapter, which is to extract data on what kind of solutions local leaders see as the important ones in municipal development. The results can be seen in the Tables 3.7 and 3.8 below. While the categories are the same – size and geographic location – the picture that turns up is somewhat more differentiated.

Table 3.7: Local leaders on the solutions to the problems in their municipalities, by municipal size (weighted percentages).

Solutions to Problems	< 250 inhabitants	250 – 999 inhabitants	1 000 – 1 999 inhabitants	2 000 – 10 000 inhabitants	> 10 000 inhabitants
Communication Improvements	56	64	34	44	72
Privatizations	- 68	- 48	- 44	- 14	0
Outsourcing	- 44	- 10	- 34	26	34
General Rationalizations	- 24	- 2	- 8	24	78
Increase Support to Businesses	34	6	26	28	75
Revision of Division Tasks State/Local	52	78	54	94	100
Increased State Funding to Municipalities	44	72	32	48	100
Increased Municipal Cooperation	58	74	46	56	60
Municipal Amalgamations	30	14	- 18	62	28

Note: The scores show the differences between those who agree or strongly agree and those who do not agree or do not agree at all with the solution mentioned. The cells shaded show the values where leaders agreed to the greatest extent (over 50% difference). Here a positive value means that the respondent agrees on the mentioned solution.

Table 3.8: Local leaders on the solutions to the problems in their municipalities, by periphery (weighted percentages).

Solutions to Problems	Central Place	Within Daily Commuting to Central place	Outside Daily Commuting to Central Place
Communication Improvements	84	26	72
Privatizations	- 14	- 38	- 64
Outsourcing	12	- 14	- 26
General Rationalizations	30	- 2	- 8
Increase Support to Businesses	40	10	34
Revision of Division Tasks State/Local	92	68	66
Increased State Funding to Municipalities	92	36	64
Increased Municipal Cooperation	54	54	72
Municipal Amalgamations	38	20	16

Note: The scores show the differences between those who agree or strongly agree and those who do not agree or do not agree at all with the solution mentioned. The cells shaded show the values where leaders agreed to the greatest extent (over 50% difference). Here a positive value means that the respondent agrees on the mentioned solution.

The smallest municipalities, i.e. those with less than 1.000 inhabitants, very much point to communication as a strategic factor that needs to be improved. This may seem somewhat paradoxical, because communication issues did not get any high scores in problem perceptions. In the biggest municipalities communication improvements are also considered very important, but while peripheral locations typically think of communication as communications to a regional/national centre, communication for the centre probably means communication to an outside centre, e.g. Copenhagen or Helsinki/Stockholm.

In conjunction with the findings on problem perception, it now becomes clear from the point of view of local leaders that the solution to their problems are to be found in a changing relationship towards the state. This picture is clear in the size categories, but becomes even more so in the geographic categories.

The most general solution to the problems of small municipalities lies in changing the division of responsibilities between central and local governments, including increased revenues from the state (though not

that manifest), and by favoring more municipal cooperation. It is also clear that the smaller the municipality the more it is in favor of cooperation. This view clearly has to do with the fact that resistance to amalgamation is greatest in the smallest municipalities. The popular solutions of 'new public management' as privatizations and outsourcing do not get any high scores, and neither does it seem that local leaders can find latitude for economic rationalization in their own environments.

4. National comparative perspectives

4.1 Introduction

While the aim of the foregoing chapter was to extract knowledge based on size and local geography, this chapter will take a comparative perspective, and analyze our findings on a national basis. Again, we will follow the structure of the preceding chapter, and focus on identifying *problem perception* (4.1.); identify the *reasons* behind the problems (4.2.); and also identify the possible *solutions* to the problems (4.3). The numerous possibilities in the dataset make it necessary to restrict the analysis of the data. This will be done by focusing on the problems, reasons and solutions, which are chosen as the most important ones by the municipal leaders. Also, we will omit data on the largest municipality size category and centrally-located municipalities, because these categories have mostly been employed as a ‘control’ for the smaller and more peripheral units on which we are primarily focusing in this study. In each section the most important findings will be summarized, and similarities and differences discussed.

4.2 Problem perception

In Table 4.1 to 4.3, we take a general perspective on problem perception among the countries, based on both size and geography. As already stated, in order to make things less complicated, we will only focus on the leaders’ first choice as the greatest problem/challenge for their municipalities.

Table 4.1: Icelandic local leaders' on the most important problem for their municipalities. Municipalities in size and geography categories.

ICELAND	All	< 250	250 - 999	1000 – 1999	2000 – 10000	Daily commuting	Peripheral
Geographic Location	2	6	3			3	3
Demographic Development	6		13		6	6	9
Economic Development	30	29	19	46	39	26	38
Insufficient Support to Businesses	6	6	6	18		6	9
Meeting the Demands of the People for Services	1	6				3	
Supply of Real Estate	2	6			6	6	
Supply in House Rental Market	2	6	3			4	
Unemployment	1						
Road Communications	5	12	3	9		6	6
Insufficient Municipal Revenues	33	24	39	27	33	29	28
Other mentioned:							
The Municipal Economy	1		3				3
Primary Schools	5	10	6		6	9	-3

Note: The most frequently mentioned problems in each category are shaded.

Table 4.2: Faroese local leaders' on the most important problem for their municipalities. Municipalities in size and geography categories.

FAROE ISLANDS	All	< 250	250 - 999	1000 - 1999	2000 - 10000	Daily commuting	Peripheral
Geographic Location	8		11	18		10	6
Economic Development	25	31	11	27	33	26	24
Meeting the Demands of the People for Services	5	8					6
Supply of Real Estate	10	0	11	9	67	21	
Supply in House Rental Market	2			9		5	
Unemployment	5			9			12
Road Communications	18	23	33			10	24
Ferry Communications	5	15					12
Lack of Entrepreneurial Spirit	8	8	8	18		10	6
Insufficient Municipal Revenues	5	8				5	6
Other mentioned:							
The Municipal Economy			2				
Kindergartens	2			9		5	
Elderly Care	2		2			5	
Primary Schools	2	4	3				

Note: The most frequently mentioned problems in each category are shaded.

Table 4.3: Åland local leaders' on the most important problem for their municipalities. Municipalities in size and geography categories.

ÅLAND ISLANDS	All	< 250 ⁸	250 - 999	1000 - 1999	2000 - 10000	Daily commuting	Perip-heral
Geographic Location	2		5				6
Demographic Development	22		33			5	50
Economic Development	10		10	22		10	6
Insufficient Support to Businesses	2				25	5	0
Meeting the Demands of the People for Services	5		4		25	5	6
Supply in House Rental Market	2			10		5	
Road Communications	5		10				12
Lack of Entrepreneurial Spirit	5		10			10	
Insufficient municipal revenues	32		24	50	25	43	12

Note: The most frequently mentioned problems in each category are shaded.

From a general perspective, insufficient municipal revenues are considered as the main problems in both Iceland and Åland, while revenues are quite insignificant in the Faroes. Municipal revenues in Iceland and Åland are not seen as sufficient for mandated duties, not to mention the voluntary tasks they have. The fact that municipal revenues are much less important in the Faroese context may have to do with the fact that Faroese municipalities do not have the same responsibilities for social services and other welfare provisions. In the Åland case, positive demographic development is typically viewed as a precondition for increasing municipal revenues, and economic growth because revenues from income taxation are the most important source of income for the municipal sector in Åland.

The Faroese lack of emphasis on demographic development may have to do with the fact that for a long time it has been normal for young people to leave for higher education. The relative short distance between

⁸ Åland has only one municipality in this size category, that's why the Åland result is not shown in this table. The same goes for all other tables on Åland in this chapter.

the main areas on the Faroes, and the anticipated functional connection of 85% of the inhabitants may also explain this. This argument is partially contradicted by road communication as one main problem in the Faroes, but the percentage is relatively low, and reflects the situation of municipalities, which face enduring geographic impediments. Finally, it is typically believed, perhaps due to the short distances on the Faroes, that better communication possibilities are also a way to solve demographic problems.

In the Icelandic case we see no major differences between the smallest municipalities and the country as a whole. As in the Icelandic case, the analysis of Faroese small municipalities shows no major differences from the whole, except in the case of demographic development. However, some signs of significant differences show up when looking at communications, which – again – may have to do with the problems in road communication that many small, and sparsely populated, municipalities have during wintertime and, not the least, the poor linkages the outer islands have.

There are no great differences among municipalities with 250 to 999 inhabitants, but demographic development in Åland and communication in the Faroes have a slight tendency to be viewed as problematic. (This size category corresponds to the median-size municipality in Åland).

For municipalities in the 1.000 to 1.999 range, we again see geographical location and insufficient revenues as problem categories in the cases of the Faroes and Åland. In the Faroese case, a lack of entrepreneurial spirit is also a factor. The explanation is that we are probably dealing with the industrial municipalities that have based their economic lives on the fishing and fish processing. These municipalities are facing big challenges in restructuring their economies to meet the demands of current lifestyles, but one could say that this also signifies hopes and prospects. In the Icelandic case, this municipality size is the category, which varies from the rest of the country in having greater problems. The explanation may be that these municipalities, those who can be considered as the median size municipalities in Iceland, have more pressure to maintain an independent economic life, with local industry, and the like. That seems consistent with seeing economic development and lack of support to business as the major problems.

The largest municipalities in the Åland and Faroe cases are quite important. The Faroese real estate market is fully privatized and there is a need for more differentiated forms of building arrangements, public housing for instance. Some of the faster-growing Faroese municipalities

are also experiencing problems finding new building areas, and this probably magnifies the result. This municipal size category in Åland also represents fast growing municipalities, where the local leaders experience some problems in meeting the growing demand for public services.

The geographic analysis produces no great differences. Insufficient municipal revenues and demographic development have some significance in the Åland case, and the supply of real estate again has modest importance in the Faroes. In addition to the minor worry with economic development in the Icelandic periphery, there is little to comment on. Given that the leaders ranking of the greatest problem or a challenge for their municipality tells us something about these matters in their municipalities, the geographical location, that is, whether the municipality is peripherally located or not, has no great significance for the municipality. In general, this might mean that the geographical factor does not have any greater significance, at least when looked at the number one problem. The only exception might be the demographic development in the Åland periphery. This periphery is identical with the archipelago region, a region with total lack of daily commuting possibilities. In this region local leaders consider demographic development as the main cause of many of their challenges of today.

4.3 The reasons for the problems

If we now turn to the reasons to the problems that small municipalities are facing, there are much more significant findings that show up, as illustrated in the tables 4.4. to 4.6. As earlier the findings are based on answers from the local leaders, so what we see here – again – is their perception of things.

Table 4.4: Icelandic local leaders on the reasons for their problems. Municipalities in size and geography categories.

ICELAND	All	< 250	250 - 999	1000 - 1999	2000 - 10000	Daily commuting	Peri- pheral
Lack of People in Community	40	56	38	36	30	35	51
Government Regional Policy	56	48	69	64	50	55	66
One Sided Local Economy	56	67	62	64	45	50	76
Insufficient Municipal Revenues	60	65	65	64	60	55	56
The National Economy	26	26	31	18	30	22	32
Government Policy in Agriculture	19	22	23	9	20	20	22
Bad Municipal Economy	38	30	36	54	50	42	39
Lack of Municipal Autonomy	28	26	26	27	35	22	34
Gov. Communication Policy	36	26	38	46	35	35	34
Municipality Sparsely Populated	24	22	28	18	30	20	32
Government Fishing Policy	25	17	28	18	35	22	27

Note: Reasons mentioned by more than 50 percent are shaded.

Icelandic local leaders consider three main reasons for the problems their municipalities face. The first is that their share of the tax money is too small, i.e. they do not get enough public tax money to finance their duties. This is the intergovernmental explanation. The two others are of a different kind. Facing an undiversified economy is a common problem, mostly in the Icelandic periphery and outside the capital area. The third of the main reasons is government regional policy. Exactly what it is about the government policy that disadvantages the municipalities is not evident from the survey data, but it is possible that the need for a diversified economy is connected with better regional policy.

Table 4.5: Faroese local leaders on the reasons for their problems. Municipalities in size and geography categories.

FAROE ISLANDS	All	< 250	250 - 999	1000 – 1999	2000 – 10000	Daily commuting	Peripheral
Lack of People in Community	37	81	22	0	0	19	61
Government Regional Policy	54	75	44	46	33	29	89
One Sided Local Economy	26	25	44	27	0	24	33
Insufficient Municipal Revenues	33	19	56	36	0	38	22
The National Economy	46	50	50	46	33	43	50
Government Agricultural Policy	16	44	0	0	0	10	10
Bad Municipal Economy	28	38	22	18	67	29	33
Lack of Municipal Autonomy	30	38	33	27	0	24	33
Government Communication Policy	26	25	22	36	0	19	33
Municipality Sparsely Populated	9	6	22	9	0	19	0
Government Fishing Policy	5	0	10	18	0	19	6

Note: Reasons mentioned by more than 50 percent are shaded.

In the Faroes, government regional policy is by far the most significant explanation that local leaders give for the problems they face. But we have to remember that regional policy in the Faroes is difficult to define, because it has rather broad implications, and is clearly connected to economic issues. What it therefore may also mean is that local leaders are dissatisfied with public policy, included intergovernmental relations.

Table 4.6: Åland local leaders on the reasons for their problems. Municipalities in size and geography categories.

ÅLAND ISLANDS	All	< 250	250 - 999	1000 - 1999	2000 - 10000	Daily commuting	Peripheral
Lack of People in Community	43		62	20	0	29	65
Government Regional Policy	43		57	40	50	33	65
One Sided Local Economy	43		52	10	25	19	65
Insufficient Municipal Revenues	60		33	30	75	81	41
The National Economy	57		57	60	75	67	41
Government Agricultural Policy	24		19	30	0	14	41
Bad Municipal Economy	38		48	66	75	38	35
Lack of Municipal Autonomy	52		33	70	75	62	53
Government Communication Policy	14		16	22	0	14	18
Municipality Sparsely Populated	10		14	10	0	10	12
Government Fishing Policy	10		13	10	0	5	18

Note: Reasons mentioned by more than 50 percent are shaded.

The most interesting difference among the three countries is that Ålanders seem to be particularly dissatisfied with their degree of local autonomy. Although the three main causes pointed out by local leaders in Åland are, in some way, connected, many local authorities find that local services are too subject to central laws and regulations.

Looking at the three countries in general, there seems to be some commonality. One third of Faroese municipal leaders are dissatisfied with their share of public revenues, a dissatisfaction that may grow as more and more responsibilities are taken over by the municipalities. As in Iceland, the Ålanders are not pleased with their share in tax revenues and rates; this is an explanation for their problem perceptions. It is also clear that the local leaders in all three countries are unhappy with government regional policy.

If we now move from the general perspectives to the municipal size categories, the results from the smallest Faroese and Icelandic municipalities may be seen rather unsurprising. In many cases these – typi-

cally peripheral – municipalities face a lack of people, and are most dependent upon regional and agricultural policy. Somehow surprising in the Icelandic case is that the smallest municipalities do not connect their problems with the central government's regional policy, even though the newly adopted growth centre policy should generally disadvantage them.

Faroese municipalities with the size between 1.000-2.000 inhabitants are very much dependent upon the fisheries, but not particularly experiencing population decline, either because they are regional centres themselves, or are places within good distance to the capital area. The municipalities that became most indebted during the crisis of the 1990s are approximately between 800 and 2.000 inhabitants, and most of them have struggled for years to lower their debts. For both these reasons, it is natural to state that their problems are primarily caused by the national economy and by regional policy. The Icelandic case does not have many great variations. However, a poor municipal economy turns out as important for municipalities with over 1.000 inhabitants. These results may be connected to an imbalance between revenues and services in these municipalities.

In Åland, municipal leaders with less than 1.000 inhabitants again stress the demographic aspects, whereas the leaders of the other two groups of municipalities points out causes which are more directly associated to the local economy.

If there is any general pattern to be discerned in this material, it appears that the smaller and typically also the more peripheral, a municipality is (< 1000), the more reasons for their problems. That is, the relative absence of people is connected to a small tax base and, in turn, with a one sided economy. But when it comes to define the reasons behind their problems, the governmental explanation is important. In particular, it is regional policy that is to blame, but low revenues and other national areas of responsibility are also significant (i.e. the intergovernmental explanation). A cautious conclusion could be that modern regional policies do not favor small and peripheral municipalities, but from a scientific point of view, this is a hypothesis that is in need of further examination.

Another interesting finding is that the smaller and more peripheral municipalities are, the less they seem to think that a lack of revenues from the state is a problem category for them. Their main problems are definitely of another sort. Nor do they seem to think that their main problems are to be found in the need of their citizens for services. The conclusion from these findings may well be that small municipalities mainly face structural problems, problems which they, for the same reasons, do not think they can control themselves. This again explains why regional

policy is thought of as one of the major problems. Another cautious conclusion is that small municipalities do not seem to face the same kind of legitimization crisis as the larger ones. They do not have problems related to social services, hence problems with revenues and the financial situation in general.

4.4 Solutions

After having seen what these leaders in different countries define as problems, and their causes, we now want to look into what they see as possibilities for solving their problems (if any). In the following tables, we will analyze general country differences, and then introduce size and geography as specifying conditions.

Table 4.7: The Icelandic local leaders on what are the best solutions to the problems their municipalities are facing. Municipalities in size and geography categories.

ICELAND	All	< 25	250 - 999	1000 - 1999	2000 - 10000	Daily commuting	Perip-heral
Communication Improvements	58	10	70	75	80	50	58
Privatisations	- 56	-100	- 45	- 67	- 16	- 58	- 64
Outsourcing	- 16	-56	- 14	- 25	36	- 20	- 18
General Rationalisations	- 4	-22	- 26	25	22	- 11	- 6
Increase Support to Businesses	- 14	-12	- 34	12	0	- 18	- 24
Revision of Division Tasks State/Local	84	62	84	100	90	84	78
Increased State Funding to Municipalities	84	72	94	100	67	74	94
Increased Municipal Cooperation	60	40	70	50	58	60	58
Municipal Amalgamations	26	14	40	25	58	30	28

Note: The scores show the differences between those who agree or strongly agree and those who do not agree or do not agree at all with the solution mentioned. The cells shaded show the values where leaders agreed to the greatest extent (over 50% difference). Here a positive value means that the respondent agrees on the mentioned solution.

Table 4.8: The Faroese local leaders on what are the best solutions to the problems their municipalities are facing. Municipalities in size and geography categories.

FAROE IS- LANDS	All	< 250	250 - 999	1000 - 1999	2000 - 10000	Daily com- muting	Perip- heral
Communication Im- provements	44	86	50	28	-100	12	88
Privatisations	- 42	- 38	- 72	- 56	0	- 24	- 74
Outsourcing	- 9	- 34	0	- 34	0	- 14	- 33
General Rationalisa- tions	0	- 33	72	- 56	0	- 6	- 20
Increase Support to Businesses	68	84	75	20	100	30	100
Revision of Division Tasks State/Local	48	28	75	40	100	50	47
Increased State Fund- ing to Municipalities	- 16	8	- 14	- 40	- 100	- 38	0
Increased Municipal Cooperation	50	70	42	20	0	12	75
Municipal Amalgama- tions	38	58	11	10	100	36	38

Note: The scores show the differences between those who agree or strongly agree and those who do not agree or do not agree at all with the solution mentioned. The cells shaded show the values where leaders agreed to the greatest extent (over 50% difference). Here a positive value means that the respondent agrees on the mentioned solution.

Table 4.9: The Åland local leaders on what are the best solutions to the problems their municipalities are facing. Municipalities in size and geography categories.

ÅLAND ISLANDS	All	< 250	250 - 999	1000 - 1999	2000 - 10000	Daily commuting	Peripheral
Communication Improvements	25		60	0	-100	- 14	76
Privatisations	- 25		- 40	0	0	- 4	- 50
Outsourcing	- 15		- 10	- 40	50	- 4	- 25
General Rationalisations	22		0	70	50	24	12
Increase Support to Businesses	44		40	60	100	42	50
Revision of Division Tasks State/Local	60		62	20	100	52	64
Increased State Funding to Municipalities	70		62	100	50	62	88
Increased Municipal Cooperation	96		100	100	100	100	100
Municipal Amalgamations	- 45		- 50	- 60	0	- 42	- 62

Note: The scores show the differences between those who agree or strongly agree and those who do not agree or do not agree at all with the solution mentioned. The cells shaded show the values where leaders agreed to the greatest extent (over 50% difference). Here a positive value means that the respondent agrees on the mentioned solution.

The picture of solutions that shows up is rather similar among the countries, in particular in the Åland and Icelandic cases. Increased state funding, as well as a revision of the allocation of responsibilities between the national and the local level, are viewed as important solutions in both Iceland and Åland. A reallocation of responsibilities also receives good support in the Faroes, and these findings clearly show the need for improving intergovernmental relations between the national and the local level. Strengthening the local level by increasing municipal cooperation also seems to be a solution that leaders in all three countries believe might work, while Municipal Amalgamations only receives some support in the Faroes and in Iceland.

In the Faroese case, responses differ, especially when it comes to support to businesses, which is strongly believed to be a solution to the problems of the municipalities. Given that there is nearly no business support system on the Faroes (e.g., a National System of Innovation) and

that the ability of municipalities to function as proactive developers is tightly restricted, may provide some insight to this significant finding.

Neither the Icelandic, the Faroese nor the Åland cases show any difference in patterns of solutions based on different size and geographical categories; this is also true for the biggest size category, which was not presented above.

These findings are quite interesting, as they give us a clear indication that local leaders think intergovernmental relations are in a need of reorganization. The leaders seem to think that the municipalities do not get a sufficient amount of the tax money to provide services and fulfill their duties (imposed by the state). Another interesting finding is that there is no difference in municipal size groups regarding municipal cooperation or amalgamation as tools for meeting future challenges. Earlier research has clearly shown that attitudes opposing amalgamations and favoring intermunicipal cooperation are dependent on municipal size. That is, people and leaders in smaller municipalities anticipate amalgamations, but prefer municipal cooperation (Brantgärde, (1974; Eythórs-son, 1998; Eythórs-son and Jóhannesson, 2002). This might again be an indication that the problems and challenges to small municipalities lie more in intergovernmental and governmental relations than in the municipal structure.

5. Future challenges to small municipalities: Concluding remarks

5.1 Introduction

As stated in the beginning of the report, it is a well-known fact that many peripheral areas in our three countries, as well as many others, have over the last decades experienced substantial structural changes over the last few decades. These changes involve population decline, negative economic development caused by undiversified economies, value changes among increasingly mobile youth, and the expansion of a knowledge society, to mention some important explanatory factors. These structural changes manifestly challenge municipal governments, since the municipality—over the last decades—has taken great responsibilities in welfare and service provision, and in local and regional development in general. In particular there is a challenge to small municipalities, since these municipalities typically face problems of scale and peripherality at one and the same time. A focus on small municipalities is relevant as a research objective, and our ambition here has been to get a first glimpse of the future of small municipalities. For these reasons, the main purpose of the research project reported here has been to identify the problems and challenges that small municipalities face. We also found smallness and peripherality to be interconnected components in this problematic. Our research area has been three small and peripheral Nordic Countries: the Faroes, Iceland and Åland.

Since we are dealing with a new area of research, our ambition has been to broadly map the problems, reasons and solutions for the challenges that small municipalities face. Our research was pursued through a mail survey among the political and administrative leaders in every municipality in these three countries. In total, questionnaires were sent to 314 persons in leading positions, of which 190 replied. This survey method permitted us to map the situation of the small municipalities in the Faroes, Iceland and Åland. Obviously, the survey provides view of the situation from the perspective of municipal leadership, and not the municipalities in general. This strategy was followed purposefully, since we think that the leaders are the persons who most manifestly define the ‘official opinions’ at the municipal level. We have considerable reason to believe that the picture drawn by the local political elite is a realistic one.

When looking at the reasons for the problems and possible solutions, things may be somewhat different. Views on reasons and solutions may be idiosyncratic, or they may have to do with political ideologies.

While these variables are not controlled for, we believe they do not affect the analysis, due to the broad sample we have drawn.

In this chapter, we will summarize our findings, and conclude the analysis. We will also discuss shortcomings of the study, and future research agendas.

5.2 Main findings

Looking at the municipalities as a whole, we are able to conclude that small and peripheral municipalities in the three countries have three main types of problems; economic development, demographic development and insufficient municipal revenues. There are some slight differences. First, communication (roads and ferries) in the Faroes seems to be at least part of the problem in the Faroes. Second, demographic development comes as an important issue for Åland leaders.

A main pattern for all three countries is that the smaller the municipalities are, i.e. those with less than 1000 inhabitants, they are facing structural problems as well as intergovernmental problems, while the bigger municipalities are more likely to have problems with service provision.

The main patterns in causal factors across all three countries consist of four factors. First, the central governments have not provided municipalities with enough resources to handle their responsibilities (alternatively, municipal tax revenues seem to be insufficient). Second, government regional policy disadvantages smaller and more peripheral municipalities. These two causes can be classified as the *intergovernmental* and *governmental* explanations. In short, local leaders seem to blame their problems on central government). However, our findings on governmental troubles can have various interpretations. In his book on municipal revenue systems in the Nordic countries, the Norwegian researcher Jan Mönnesland argues that in the Åland case, it is difficult to see to what extent the real fiscal differences between municipalities are taken into account in the calculations used for the transfer system. Mönnesland argues that in some cases, a regional political situation could force some municipalities to assume extra costs, which the cost analysis has not taken into account (Mönnesland 2001:145). Looking at the Icelandic situation, Mönnesland argues that the Icelandic transfer system is complicated, and the fact that many municipalities got an extra grant in 1999 and 2000 shows that the system needs revision (Mönnesland 2001:138). Our results are somewhat in line with Mönnesland's findings, though bearing in mind that this analysis is less applicable to different sizes of municipalities in the Faroes.

A cautious conclusion on government policy could be that modern regional policies do not favour small and peripheral municipalities because of the growth centre policy, which have been adopted. From a scientific point of view, this is a hypothesis that is in need of further explanation. More generally, we might ask why regional policy is actually seen as a problem rather than a facilitator in developing small and peripheral municipalities.

Local economies, which lack diversification and the absence of an adequate population base in the municipality, are also major concerns here. It is a fact that many small and peripheral municipalities have had difficulties in developing their economic life due to monoculture economies, either in fisheries or agriculture. This dependence has led to depopulation, which is both cause and a consequence (in this context).

The solutions suggested by local leaders are of several kinds, but a frequent solution is improvements in communication. This result may seem somewhat paradoxical, since this factor did not show up as a major problem in the problem perceptions of municipal leaders. Improving road and ferry communications improve economic development, eliminate a distorted population growth, and other problems as well. Transportation improvements could shorten distances, and bring some areas into commuting distance of bigger and more central municipalities.

Another preferred solution is a revision of the division of responsibilities between the central and local levels. Reorganization is frequently mentioned in conjunction with increasing state funding to the local level, since a lack of revenues often has to do with imbalance between the tasks undertaken and the revenues provided to cover them.

Municipal cooperation also comes out strongly in the listing of frequently mentioned solutions. Municipal leaders seem to believe more in intergovernmental and governmental solutions as well as networking, than in trying to change their situation by restructuring the local level through amalgamations. But, even though municipal cooperation is much preferred to amalgamation in our survey, some respondents favour amalgamation over cooperation. A study of attitudes to municipal amalgamation in Suðuroy in the Faroe shows that a majority of the local politicians did not want to amalgamate, while the public in general was in favour of amalgamation. Furthermore, the development in Iceland since 1993, where the number of municipalities has gone down from 196 to 104, almost totally through what are considered voluntary municipal amalgamations, indicates that there is a wide support for a structural change. However, research has shown that increased interest in amalgamations in some of the smallest municipalities was caused by indirect pressure, since

the municipalities were financially forced to amalgamate after taking over the responsibility for primary schools in 1996 (Eythórsson 1998).

Earlier we emphasized the importance of municipalities in regional development. We believe this significance is mainly twofold. Municipalities create infrastructure for economic life and produce services that meet citizens' demands. This is important to keep regions competitive, and retain people who otherwise would have moved to more central and densely populated areas or places.⁹

Our findings do not give any greater support to these hypotheses. Local leaders do not see business infrastructure or the production of municipal services as emerging problems for their municipalities. However, in some cases, they believe that improvement of road and/or ferry communications can be one of the main solutions to their problems. Since the central government is viewed as mainly responsible for these changes in all three countries, they can hardly be viewed as a challenge for the municipalities, other than in lobbying for the changes. But we can also ask why our respondents have not given any greater support to our hypotheses? The simple answer could be that we were wrong, but could it be that they are wrong? Looking at small municipalities in all three countries, we find that meeting peoples' demands for services does not show up as a perceived problem. However, we know that the smaller municipalities do not provide service at the same level as the larger ones. This pattern may be an indication that the pressure to provide services is lower in small municipalities than in the larger ones. This suggests that authorities in the smallest municipalities are not dealing with the same legitimacy crises as municipalities with over 1000 inhabitants. In other words, municipalities with a higher level of services – more modern municipalities – are dealing with more imbalance between service production and the resources they get to implement it.

⁹ In this sense, we look at the role of the municipalities in a narrow sense, i. e., their role in the proximate environment. In the research project *Coping Strategies and Regional Policies – Social Capital in the Nordic Peripheries*, the role of municipalities is seen in a broader sense, that is in a more global sense. In the summarizing report, the author, Jørgen Ole Bærenholdt, argues that the small Faroese municipalities hardly play a significant role in what are now globally oriented development strategies. (Bærenholdt 2002:34). This is one way to look at things; many of the smallest municipalities in our three countries lack size, strength, resources and administrative competence. However, the focus of our project is to see how small municipalities of different relative sizes define their own situation and what they think can be done about it.

Since relatively smaller, peripheral municipalities are shown to have problems of mainly three kinds – structural, intergovernmental and policy-related – is it possible that similar municipalities in the other Nordic countries, especially in the northern parts of Sweden, Norway and Finland, have such problems? This study cannot answer such a question, but it is a fairly well known fact that peripheral municipalities in these other Nordic countries have experienced depopulation, due to structural changes and rationalisation of their resource-based economies. However, we do not know to what extent these municipalities have similar problems with their relationships to the central level as their ‘sister-municipalities’ in Iceland, the Faroes and Åland do. If these patterns are universal, at least in a Nordic sense, our findings may help illuminate other, similar situations. But more research would be necessary to broaden and generalize our findings.

Finally, we think that one of the most remarkable findings in this research project is that differences between municipalities of different size do not seem to be very much attributable to different regional or institutional settings. In other words, much of our findings on small and peripheral municipalities are not explained with regional (national) differences nor any different institutional rules, laws or traditions. Much of this seems to be ‘universal’ at least when looked at Iceland, Faroe Islands and Åland Islands. A research project including the same type of municipalities in other Nordic countries maybe could answer if these common problems have to do with the peripheries in the Nordic peripheries or if it has to do with small and peripheral municipalities in general.

The authors

Eythórsson, Grétar Thór, is the director of The Icelandic Institute for Research on Regional Development and Policy, University of Akureyri. He is a Ph. D. in Political Science from the University of Göteborg, Sweden. gretar@unak.is

Fellman, Katarina, is the head of research at Statistics and Research Åland in Åland. She is a Master of Political Science (economics) from Åbo Akademi University, Finland. katarina.fellman@asub.aland.fi

Hovgaard, Gestur, is the acting director of the Center for Local and Regional Development in the Faroes. He is a Ph. D. in Social Sciences from the University in Roskilde, Denmark. gestur@region.fo

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**Future Challenges to
Small Municipalities**

**En undersökning bland kommunala ledare om
småkommuners betydelse för den framtida
regionala utvecklingen**

Först kommer här några frågor som rör regional utveckling och näringslivsutveckling samt kommunernas roll i detta

1. Vad är, enligt din uppfattning, den viktigaste näringsgrenen i Din kommun?

(Endast ett kryss!)

- Fiske
- Fiskodling
- Jord- och skogsbruk
- Fiskindustri och annan livsmedelsförädling
- Övrig industri
- Handel, hotell och restaurangverksamhet
- Transport, samfärdsel, kommunikationer
- Annan service
- Annat _____

2. Hur problematiska är följande frågor i Din kommun?

(Kryssa för endast ett alternativ i varje rad!)

	Inte	ut-	I liten	I ganska	I stor
		alls	stor ut-	ut-	sträckning
			sträckning	sträckning	sträckning
a. Kommunens geografiska läge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Befolkningsutvecklingen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Näringslivets utveckling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Otillräckliga stödfunktioner för näringslivet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Att tillgodose invånarnas krav på service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e1. Vilken service svårast tillgodose? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e2. Vilken annan service problematisk? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Kommunens inkomstkällor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f1. Vilken mest problematisk? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
g. Tillgång på ägobostäder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
h. Utbud av hyresbostäder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
i. Arbetslöshet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
j. Vägkommunikationer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
k. Färjekommunikationer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
l. Flygkommunikationer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
m. Brist på företaganda i lokalsamhället	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>Andra utmaningar eller problem för kommunen som inte nämns ovan:</i>					
n. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
o. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Välj de tre största problemen/utmaningarna från fråga 2 och rangordna dessa så att det största får nummer 1, det näst största får nummer 2 osv.

Rangordning	Bokstavsrad (från fråga 2)
1	_____
2	_____
3	_____

4. Vilka av nedanstående faktorer anser Du kunna vara de främsta förklaringarna till de tre största problemen du nämnde ovan? (Kryssa för alla relevanta alternativ!)

- Den samhällsekonomiska utvecklingen
- Den förda regionalpolitiken
- Den nationella kommunikationspolitiken
- Fiskepolitiken
- Jordbrukspolitiken
- Ensidigt lokalt näringsliv
- Kommunens ekonomi
- Ojämn finansiell fördelning mellan stat och kommun
- Kommunens begränsade handlingsutrymme
- Den spridda bosättningen i kommunen
- Kommunens låga invånarantal
- Annat _____

5. De problem/utmaningar som min kommun står inför skulle bäst kunna lösas med:

	Instämmer helt	Instämmer delvis	Instämmer knappast	Instämmer inte alls
Kommunikationsförbättringar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Privatisering av vissa kommunala uppgifter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Outsourcing ¹	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Allmänna rationaliseringsåtgärder i kommunen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ökade kommunala näringslivsfrämjande insatser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ny kompetensfördelning mellan stat/kommun	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ökade statsbidrag till kommunerna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Andra statliga insatser				
Vilka: _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ökat samarbete med andra kommuner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sammanslagning med någon/några andra kommuner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

¹ Outsourcing = Att lägga ut verksamhet på andra aktörer, t ex genom entreprenad

6. Hur bra eller dåliga förutsättningar anser du att Din kommun har att möta framtida utmaningar?

- Bra
 Ganska bra
 Ganska dåliga
 Dåliga

7. Min kommuns styrka att möta framtida utmaningar ligger framför allt i följande faktorer:

	Instämmer helt	Instämmer delvis	Instämmer knappast	Instämmer inte alls
Kommunens inkomstutveckling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Närdemokratin i kommunen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunens serviceutbud	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Befolkningsutvecklingen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunens geografiska läge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Näringslivsutvecklingen i kommunen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Öppenhet för nya lösningar/modeller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annat, vad? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Kommentar:

8. Min kommuns svaghet att möta framtida utmaningar ligger framför allt i följande faktorer:

	Instämmer helt	Instämmer delvis	Instämmer knappast	Instämmer inte alls
Kommunens inkomstutveckling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Närdemokratin i kommunen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunens serviceutbud	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Befolkningsutvecklingen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunens geografiska läge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Näringslivsutvecklingen i kommunen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Öppenhet för nya lösningar/modeller	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annat, vad? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Kommentar:

9. Den framtida regionala utvecklingen är en relevant politisk fråga. Anser Du att kommunerna, generellt sett, har någon roll i denna utveckling?

- Ja, stor
- Ja, ganska stor
- Nej, ganska liten
- Nej, liten

9b. Hur stor är kommunernas roll i följande:

	Mycket stor	Ganska stor	Liten	Mycket liten	Vet ej
Att erbjuda bra social service	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Att utgöra en front gentemot statsmakten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Att bygga upp offentlig fysisk infrastruktur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Att erbjuda bra grundskolor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Att ha ett stort kulturutbud	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Att bidra till uppbyggnad av gymnasieskolor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Att erbjuda rådgivning och annat stöd till näringslivet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Att garantera utbud av bostäder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annat _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Nedan kommer några frågor om kommunalt samarbete

10a. Vilka former av kommunalt samarbete deltar Din kommun i?

(Kryssa för alla relevanta alternativ!)

- Kommunal intresseorganisation
- Kommunalförbund
- Gemensamt kommunalt bolag
- Köper (alt. säljer) tjänst från (till) annan kommun
- Samarbete med annan/andra kommun(er) i tidsavgränsade projekt
- Gemensamma tjänster (tjänstemän)
- Kollegialt samarbete i öppen form (t ex erfarenhetsutbyte/gemensam intressebevakning med kollegor i andra kommuner som inte baseras på avtal)
- Annan form _____
- Deltar inte i något samarbete > Gå direkt till fråga 13

10b. Merparten av samarbetet sker genom (Endast ett kryss!)

- Samarbete mellan två kommuner
- Samarbete mellan flera kommuner

10c. Värdera hur ofta Din kommuns samarbetsparter väljs på basen av

	Alltid	Ofta	Ibland	Sällan	Aldrig
Samarbetskommunens geografiska läge	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Samarbetets uppgiftsområde (inriktning)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Tradition, samarbetar med samma kommun(er)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Samarbetsparterna varierar mellan olika perioder	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Annat, vad? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

11. Vilka kommunala uppgifter anser Du vara mest fördelaktigt att driva genom samarbete?

Uppgift _____ Form (välj bland alternativen i fråga 10a)

- Inte någon uppgift

12. Anser Du att Din kommuns möjligheter att påverka de uppgifter kommunen löser i samarbete med andra kommuner är: (Endast ett kryss!)

- Betydligt mindre än när det gäller uppgifter kommunen handhar ensam
- Lite mindre än när det gäller uppgifter kommunen handhar ensam
- Ungefär de samma som när det gäller uppgifter kommunen handhar ensam
- Större än när det gäller uppgifter kommunen handhar ensam

13. Ta ställning till följande påståenden:

	Instämmer helt	Instämmer delvis	Instämmer knappast	Instämmer inte alls
Kommuninvånarna har svårt att påverka beslut som fattas inom kommunala samarbeten	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beslutsfattande i kommunala samarbeten är svåra, eftersom alla kommuner har vetorätt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Beslutsfattande i kommunala samarbeten går oftast i den största kommunens riktning	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Med samarbete kan kommuner uppnå stordriftsfördelar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunala samarbetsprojekt är ett önskvärt sätt att förbereda sammanslagningar på	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Med samarbete kan kommuner undvika sammanslagningar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Genom samarbete kan kommuner erbjuda ett större serviceutbud	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Genom samarbete mellan kommuner kan verksamheter behållas i kommunal regi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Här kommer några frågor om kommunsammanslagningar

14. Är Din kommun en sammanslagen kommun från en sammanslagning de senaste 10 åren?

- Nej (om nej, gå direkt till fråga 15)
- Ja
- Beslut om sammanslagning har fattats, men beslutet har ännu inte verkställts

Om Du besvarat fråga 14 med ja:

14b. Generellt sett, anser Du att sammanslagningen har lyckats bra eller dåligt?

- Mycket bra
- Ganska bra
- Ganska dåligt
- Mycket dåligt

14c. Om Du i fråga 14b har ansett sammanslagningen ha gett dåliga resultat, varför?

15. Ta ställning till följande påståenden om kommunsammanslagningar generellt sett:

	Instämmer helt	Instämmer delvis	Instämmer knappast	Instämmer inte alls
Kommunsammanslagningar är generellt sett önskvärda pga de rationaliseringar de medför	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar innebär oftast besparingar för kommunerna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar är kostnadsdrivande på sikt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar innebär starkare förvaltningsapparat och ökad professionalism	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar leder på sikt till att invånarna flyttar mot det nya kommuncentrat	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Med kommunsammanslagningar kommer medborgarna längre ifrån beslutsfattandet	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar ger enheter som är slagkraftigare aktörer i regional utveckling	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar medför att det blir längre mellan servicepunkterna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar innebär oftast mångsidigare service till invånarna	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Kommunala samarbetsformer nämns ibland som alternativ till kommunsammanslagningar. Nu vill vi be Dig ta ställning till några påståenden som jämför dessa två alternativ. Vänligen svara utifrån Din kommun.

16. Instämmer Du eller instämmer Du inte med följande påståenden?

	Instämmer helt	Instämmer delvis	Instämmer knappast	Instämmer inte alls
Kommunalt samarbete är generellt ett bättre alternativ än kommunsammanslagningar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Samarbetsformen garanterar medborgarnas inflytande bättre än vad sammanslagningar gör	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
En röst från en sammanslagen kommun är starkare än fler röster från många mindre, även om de samarbetar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kommunsammanslagningar är ett mer demokratiskt sätt att förstärka kommunerna än vad samarbetsalternativet är	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

17. Om man ser till den framtida regionala utvecklingen i Din region, vilka är de främsta fördelarna med att kommuner hellre samarbetar än slås ihop?

18. Om man ser till den framtida regionala utvecklingen i Ditt distrikt, vilka är de främsta fördelarna med att kommuner hellre slås ihop än samarbetar i olika projekt?

Till sist kommer här några bakgrundsfrågor. Det poängteras här att dina svar på inget sätt kommer att presenteras på personnivå, utan efter grupper och typer av kommuner.

19. Vad är Din roll i kommunen? (Kryssa i alla relevanta alternativ!)

- Kommundirektör
 Styrelseordförande
 Fullmäktigeordförande

20. Hur länge har Du innehaft rollen?

Kommundirektör Sedan år _____

Fullmäktigeordförande Sedan år _____

Styrelseordförande Sedan år _____

21. Vilken är Din kommun? _____

22. Födelseår? _____

23. Kön?

- Man
 Kvinna

Tack för att Du deltog!

Nordregio

The Nordic Centre for Spatial Development

An Independent Centre for Research, Documentation and Information Dissemination

Established in July 1997 by the Nordic Council of Ministers on behalf of the governments of the five Nordic countries, Nordregio serves as an independent research centre on questions concerning spatial planning and regional development. Our staff come from all the Nordic countries, as well as from other European countries. Located in Stockholm, Sweden, the Centre applies a Nordic and comparative European perspective in its investigations, which include:

- ◆ initiating and carrying out research projects and analyses where the comparative perspective is central;
- ◆ offering internationally attractive educational programmes, where the sharing of experience provides new angles of approach to national issues and activities;
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Nordregio grew out of the consolidation of three former Nordic institutions: *NordREFO* (The Nordic Institute for Regional Policy Research, established 1967), *Nordplan* (The Nordic Institute for Studies in Urban and Regional Planning, established 1968) and *NOGRAN* (The Nordic Group for Regional Analysis, established 1979).

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