



Municipalities in the Arctic in challenging times

West Nordic local politicians and administrators on municipal structure, local democracy, service provision and adaptive capacity in their municipalities

Results from a survey among elected local officials and bureaucrats in the Faroe Islands, Greenland and Iceland.

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1 Introduction

In 2012, the research project *West Nordic municipal structure. Challenges to local democracy, efficient service provision and adaptive capacity* was first granted money from the Arctic Co-operation Programme 2012-2014. The overall aim of the project was to collect knowledge on the local level in the three West Nordic countries; the Faroe Islands, Greenland and Iceland by mapping the situation and development in the municipal sectors, focusing primarily on four aspects: first; the municipal structure, second; the democratic aspect – that is, which consequences the structural development has had for local democracy – to identify the main challenges to democracy, caused by the structural developments. Third; to map the service production capacity and effectiveness of the municipalities, and fourth; to try to map the municipalities' capacity to manage the development processes which often accompany municipal amalgamations – not least when looking at entrepreneurship in economic life as well as innovativeness in importing external management models. An overall research question was: What consequences have developments in municipal structure in the three countries had for democracy, local self-government and autonomy, as well as the ability to manage the processes accompanying amalgamations? In September 2014 a report containing this analysis was submitted (Eythórsson, Gløersen and Karlsson 2014).

In this second phase of the project, which was granted further support in 2013, we try to develop and deepen the insight into these matters by undertaking a survey among all elected local politicians and chief administrators (mayors) in all of the municipalities in the three countries. The total number of municipalities is 74 in Iceland, 30 in the Faroe Islands and 4 in Greenland. In the survey we asked questions aimed at deepening our understanding of the problems and challenges facing the municipal level in the three countries, with a special focus on the findings of the earlier mentioned overview report from 2014. How does municipal structure affect service effectiveness and local democracy, and how do the municipalities manage the resulting transformation? Not only did the questions focus on the impact of the varying experiences of amalgamations in the three countries, but also directly on connected themes such as local leaders' views on future municipal structure, inter-municipal cooperation as an alternative to amalgamations, transfer of tasks and responsibilities from state level to local level and relevant questions on democracy, as well as instruments used to enhance citizen democracy at local level. Furthermore, the emphasis was on local leaders' views on the quality of diverse services provided at the local level and their opinions on the prerequisites for meeting and adapting to changing times. In this context, innovation and entrepreneurship were seen as key questions.

The researcher team is the same as in the first phase of the project, but also this time supported by contact persons from the federations of municipalities in the countries involved; from *Kommunufelagið* in the Faroe Islands, Mrs Sveiney Sverrisdóttir and from *Kanukoka* in Greenland, Mrs Kisea Bruun. The researcher team consists of Dr. Grétar Thór Eythórsson, professor at the *University of Akureyri* in Iceland; Dr. Erik Gløersen, lecturer at the *University of Geneva* in Switzerland and senior consultant at *Spatial Foresight* in Luxemburg; and, finally, Dr. Vífill Karlsson, docent at the University of Akureyri and consultant at the *Federation of Municipalities in West Iceland*.

1.1 Methodology and data collection

The questionnaire sent out to the local politicians and administrators in the three countries was a net-survey conducted through a subscription to www.surveymonkey.com.

In Iceland there are at present 504 elected representatives, in Greenland 305 (including neighbourhood councils - bygderåd) and in the Faroe Islands there are 208 elected delegates. Only those with accessible e-mail addresses could be included in the population in this research. The e-mails were found by searching the web and with the help of our coordinators at the municipal federations in the Faroe Islands and Greenland. Furthermore, we were able to find the addresses belonging to various mayors. In no case we were able to find the e-mails of all elected local politicians; In Iceland we found 454/504 politicians and additionally 41 top administrator. In the Faroe Islands we found 200/206 politicians and, in addition, 14 top administrators. In Greenland we had the toughest problems. Nevertheless, we found the e-mails of 103/305 elected representatives either in municipalities or in the sub municipal units (Bygderåd), as well as 34 administrators. This gave us a population of 495 in Iceland, 214 in the Faroe Islands and 137 in Greenland.

The questionnaire was sent out 21st April 2015 and closed 2nd June. During these 6 weeks we sent three emails where we reminded people of the questionnaire which yielded gave results in all three cases. The final response rate varied from something that could be expected in Iceland and Faroe Islands down to a very low rate in Greenland. In Iceland 8 out of 495 addresses turned out to be “dead” so the final population was 487. With 263/487 responses the rate was 54.0%. In the Faroe Islands 4 out of 214 addresses were “dead” which gave us a final population of 111. With 111/210 responses the rate was 52.9%¹. In Greenland 7 out of 137 addresses were

¹ The response rate was similar in Iceland and the Faroes. In a survey among elected local politicians in Iceland in the autumn 2011 the response rate was 56.6% (Eythórsson and Arnarson 2012) and in a survey sent to mayors

“dead”. With a population of 130 we only received 38 answers, or 29.2%. In sum, this meant a final population of 827 and 412 answers, giving us a total rate of 49.8%. The collected data in Iceland and Faroe Islands is reasonably good and offers possibilities of providing a fairly good picture of the attitudes of the populations there. Greenland is another matter. Even though responses from 38 people can give us some valuable information, any generalization on the basis of such few answers is difficult. Therefore, we had to try to make the best possible use of answers to open-ended questions – especially from Greenland. Our results in the Greenland case have to be seen in this light and should perhaps rather be regarded as indications.

1.2 The structure of the report

In the second chapter we present and analyse the results from questions concerning municipal structure, inter-municipal cooperation and allocation of tasks between the state and local level. The focus is on whether inter-municipal cooperation could be the way to reinforce smaller municipalities instead of amalgamating which often has met with resistance. Besides, the emphasis is on interest and attitudes to transferring tasks and responsibilities from the state to local level. Local democracy is another focal point, both regarding amalgamations and their impact on democracy, as well as on democracy-related problems concerning to inter-municipal cooperation projects. Even questions about the connection between citizens and politicians at the local level are included. All this in connection with our earlier report in this project *West Nordic municipal structure. Challenges to local democracy, efficient service provision and adaptive capacity*. (Eythórsson, et al. 2014). In the third chapter we provide an overview of the efficiency of local government with respect to municipal population size as well as geographical disparity. We also try to investigate whether the three countries in question have experienced any benefits or losses from municipal amalgamations – with the main focus on changes in quality of services. In the fourth chapter we look at questions concerning economic development from three perspectives; first, perceptions of local economic situations focusing on diversity, resilience and sustainability; second, entrepreneurship and innovation and third the organisation and efficiency of local, regional and national economic development policies. In the fifth and last chapter we summarize our results from preceding chapters and look at differences and similarities among the West Nordic countries. In addition, we try to identify knowledge- and research gaps in this field.

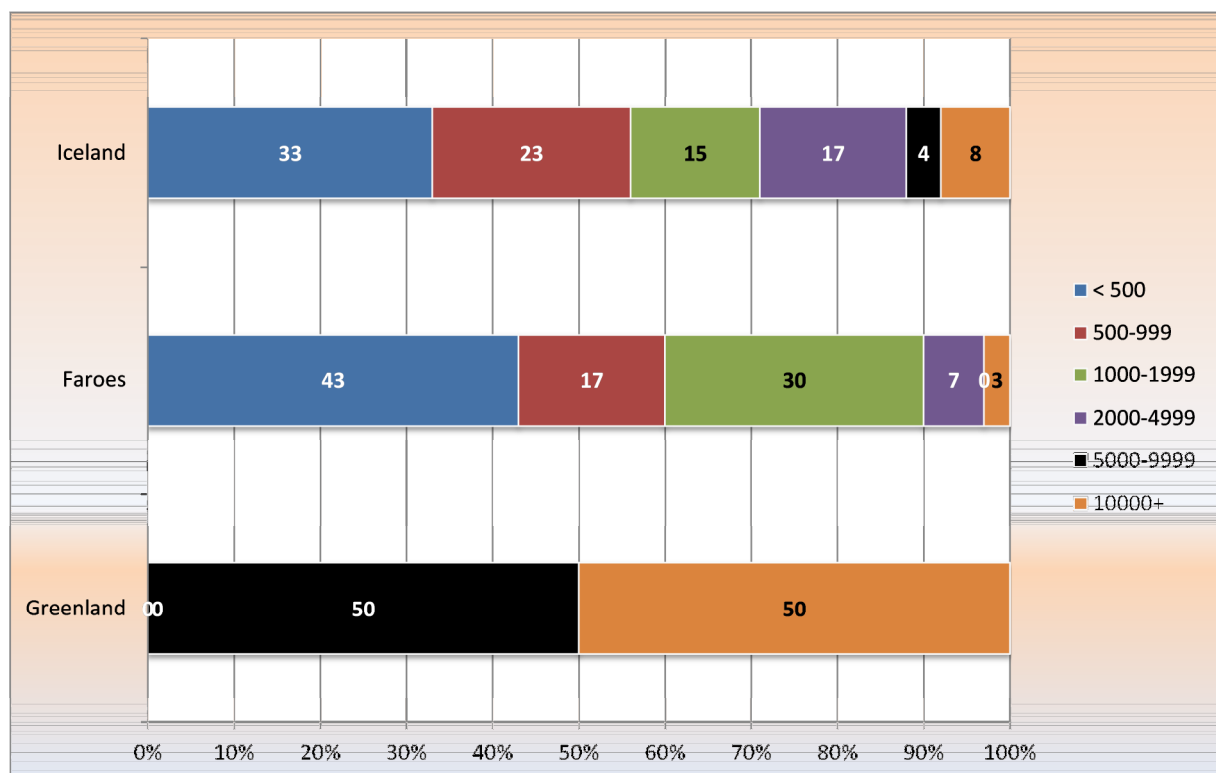
and administrative leaders in Iceland, the Faroes and Åland in 2004 the response rate was 61.2% in Iceland and 44.8% in the Faroe Islands (Hovgaard, Eythórsson and Fellman 2004).

2 Municipal structure, inter-municipal cooperation, allocation of tasks and local democracy

2.1 Main findings from the first project phase

Past and current municipal structure in the three case countries shows the most dramatic development to have been in Greenland, where the structure of local administration was changed after 2007 by amalgamating 18 municipalities into only 4. In this respect, the Greenland structure differs significantly from the Faroe Islands and Iceland. Greenland has now few and large municipalities, both measured in population and areal. The main characteristics of the municipal structure are in general the same in Iceland and the Faroe Islands - proportionally many small and very small municipalities (with a population of less than 500-1000) with limited capacity to take over welfare tasks and responsibilities and thereby provide modern services.

The following figure which is loaned from our earlier report in this project illustrates the municipal structure in the three countries at present:



2-1 Municipalities in the West Nordic countries in different size categories 2012.

Looking at democracy, the most emerging question about local democracy in Greenland seemed to be the geographical representation of small villages and neighbourhoods after the great reform. The concern, just before the amalgamations came into practice, was how these smaller and often very isolated neighbourhoods could be democratically included in the new municipalities and have something to say

or decide about their matters. In the Faroe Islands, the big issue was connected to the content of local democracy, since the numerous small municipalities have limited tasks and obligations and a low share of the public expenditure. The smaller municipalities claimed that they are doing well as they were. In the Icelandic case there were two main issues. Part of the discussion and debate on local democracy is about direct citizen democracy versus the more traditional representative democracy and how this will and can develop. Increased citizen participation in decision making between local elections and even at national level are the hot issues in Iceland nowadays – especially after the great financial collapse in 2008. Citizen democracy was clearly emphasized in the Local Government Act of 2011. The other emerging discussion in Iceland is about inter-municipal cooperation and its democratic consequences. A greater emphasis on inter-municipal cooperation instead of municipal amalgamations is believed to affect the power structure of local authorities involved, since the cooperation projects are run by boards which are not elected by the people.

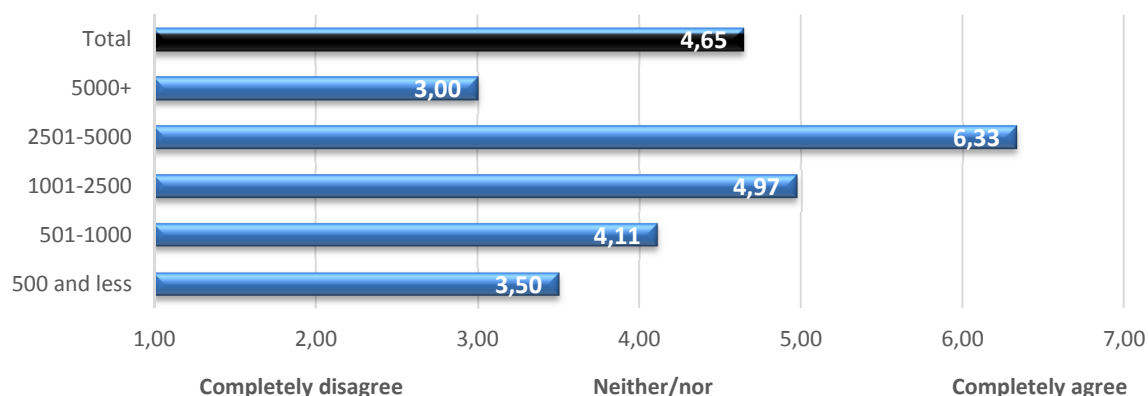
2.2 Municipal amalgamations

Attitudes to amalgamations can be affected by several things. The most obvious might be history – we know that the Greenland case is more extreme than the other two as the number of municipalities has rather recently gone down to as few as 4 with an average population of about 14,000. Of course this is likely to narrow the possibilities for amalgamations and thus reduce interest in further progress. Another possible impact factor on attitudes might be the experience from those changes.

The cases of both the Faroe Islands and Iceland might differ in this regard. In the Faroes the number of municipalities has been reduced by 1/3 since year 2000 and in Iceland the number has gone down by 2/3 in the past 20 years or so (Eythórsson et al. 2014). Nevertheless, in both cases municipal structure is characterized by proportionally numerous small administrative units and in both instances attempts to further advance amalgamation development have stranded – in Iceland in 2005 and in the Faroes in 2008. Compared with Greenland, the desire for change could be less than before, although need or circumstances might keep interest in further amendments alive.

In the instance of the Faroe Islands, the results from our survey generally show slightly more interest in further amalgamation than not. This is illustrated in Figure 2.2. below (4.65/7). However, this trend appears to be strongly size dependent.

We should amalgamate: the Faroe Islands

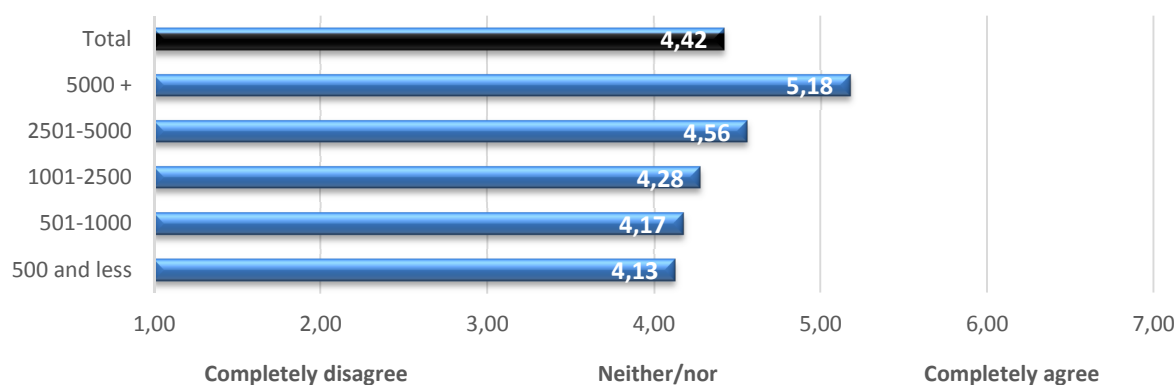


2-2 “My municipality should enter into amalgamations with the neighbour municipalities”. The Faroes.
 Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree).
 (N=99).

While the statement does not gain very much support in the category of the smallest and largest municipalities, it seems to be much more positively received in communities of 1,000-5,000 inhabitants.

In Iceland, the general interest in amalgamations seems to be similar to that in the Faroes as is shown in figure 2.3.

We should amalgamate: Iceland

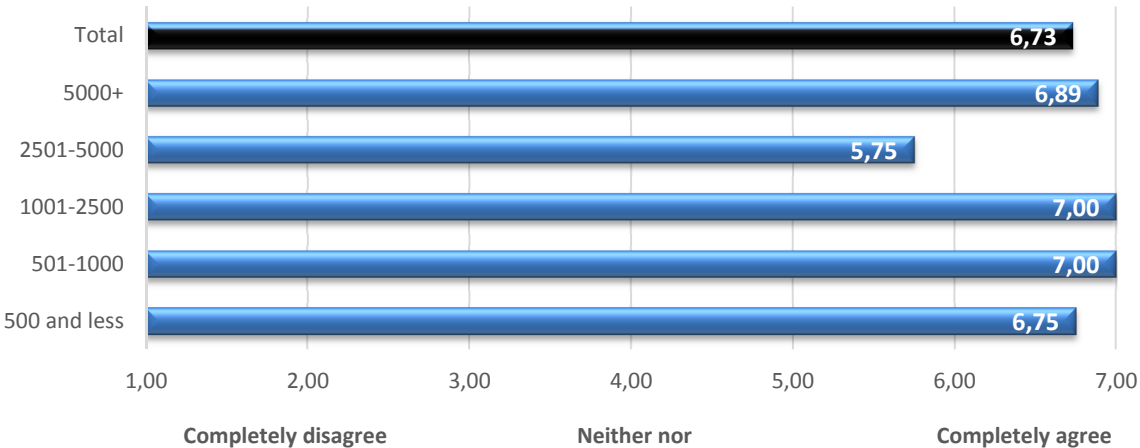


2-3 “My municipality should enter into amalgamations with the neighbour municipalities”. Iceland.
 Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree).
 (N=243).

The difference between size categories is, however, much less than in the Faroes; only in the largest nine municipalities (>5000) does support for the statement appear to be stronger than in others. In all categories the mean score is over 4.00 which is the mid-point between “completely disagree” and “completely agree”.

The results from Greenland need more careful treatment. With only 30 answers to the question and with all four municipalities having a population of more than 5,000, we see in figure 2.4. below that the views are derived from both the municipalities and the sub-municipal units (bygdebestyrelser). What the numbers tell us is that those who represent local councils in the large administrative units seem to badly want more amalgamations and the same applies to those in the smaller ones.

We should amalgamate: Greenland



2-4 “My municipality should enter into amalgamations with the neighbour municipalities”.
 Greenland.
 Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree).
 (N=30).

2.3 Inter-municipal cooperation

Mainly in Iceland, cooperation between municipalities has been an issue in the development of the local government sector. Reinforcing the municipal level with transfers of tasks taken care of by the municipalities through inter-municipal cooperation projects (IMC) instead of amalgamating, seems to have been an increasingly popular solution for at least a decade (Eythórsson 2012, 2014a, 2014b). An important step was taken in 2011 when services for handicapped were transferred from the state to local level. Interest in this approach has been steadily growing as surveys have shown (Eythórsson et al. 2006; Eythórsson and Arnarson 2012). Greenland has been more occupied with merging the 18 municipalities into four with the intention of transferring tasks from state level. In the Faroe Islands, the question of inter-municipal cooperation does not seem to have been an important issue in the context of the future of local government.

Several questions in our survey touched the cooperation topic and even though this could be seen as more relevant in the case of Iceland than in the others, attitudes in the other countries might be interesting – especially in the Faroes.

2.3.1 Advantages of inter-municipal cooperation

Looking at statements from our survey that were positive towards inter-municipal cooperation, the first suggested it would be beneficial for the municipalities and would also strengthen them, if the cooperation solution was used to a greater extent. The second statement indicated that this was a more efficient way for municipalities to provide services than acting by themselves.

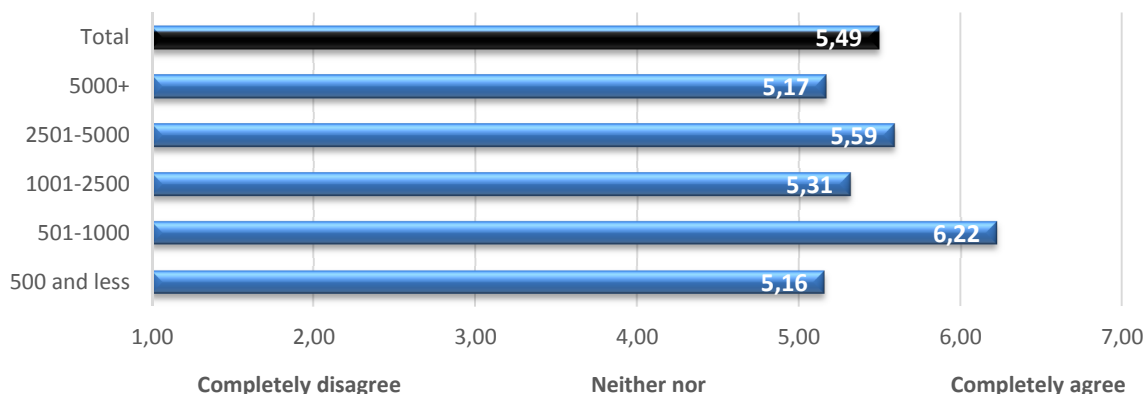
Earlier research has shown that the main idea behind entering into inter-municipal cooperation most often concerns fiscal benefit, service quality, service capacity and administrative capacity.

This has, for example, been shown in Lundtorp and Weber (2001) in their study of IMC projects in Denmark which indicated that professional capacity (faglig bæredygtighed) and service quality clearly increased for those municipalities which joined the cooperation and costs were even reduced by getting the same or higher quality at lower or at least the same prices (Lundtorp and Weber 2001, p. 77-78). Icelandic studies have also shown this. In his study from 2003, Ragnarsson found clear signs of economies of scale and therefore reduction of expenditure. In his study, local leaders, especially in the smaller municipalities, believed that inter-municipal cooperation was a more flexible alternative than amalgamations (Ragnarsson 2003, p. 86-87). Results from several other studies on IMC projects in Iceland point in the same direction (Sveinsson 2014; Hlynsdóttir 2004). The most recent finding pointing this way is by Wiberg and Limani (2015) who found clear signs of the collaborative profile meeting needs for higher cost efficiency and competence among staff in three Swedish municipalities.

Local leaders in the West Nordic countries turned out to be more positive than negative towards inter-municipal cooperation as a way to solve problems often facing smaller municipalities in their service provision.

In the Faroese case, the general attitude was highly positive, or 5.49 on the 1 – 7 scale and variations by size were not significant, except that leaders in smaller communities (501-1,000) tended to agree more with the statement on IMC as generally strengthening for municipalities.

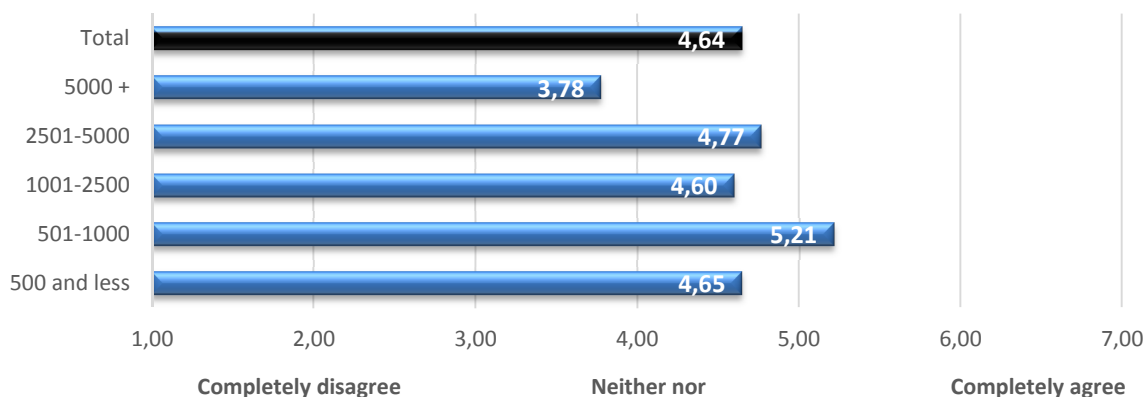
Strengthen with cooperation: The Faroe Islands



2-5 “We should strengthen the municipalities with more inter-municipal cooperation”. Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=95).

In the case of Iceland, the attitudes were in general more positive than negative (4.64). In all size categories below 5000 inhabitants interest still appears to exist, but significantly less in the largest category (9 largest) where the need for efficiency and increased capacity is less urgent than in the smaller ones. As in the Faroes we see the highest interest score in the category 501-1,000.

Strengthen with cooperation: Iceland

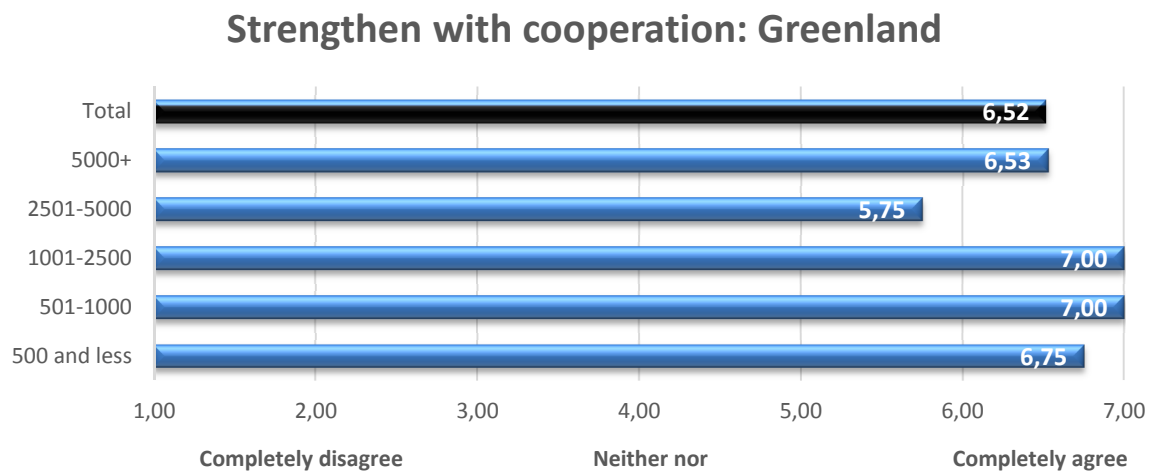


2-6 “We should strengthen the municipalities with more inter-municipal cooperation”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=242).

Lower scores in Iceland than in the Faroes might be explained by the fact that IMC is more extensive in Iceland than it is in the Faroes.

In the Greenland case, the results have to be interpreted with some reservation due to few answers. Interest appears strong, however, more or less in all size categories. We must also keep in mind that respondents in the categories below 5,000+ are all from

sub-municipal units, since the smallest municipality has a population of a little under 8,000.



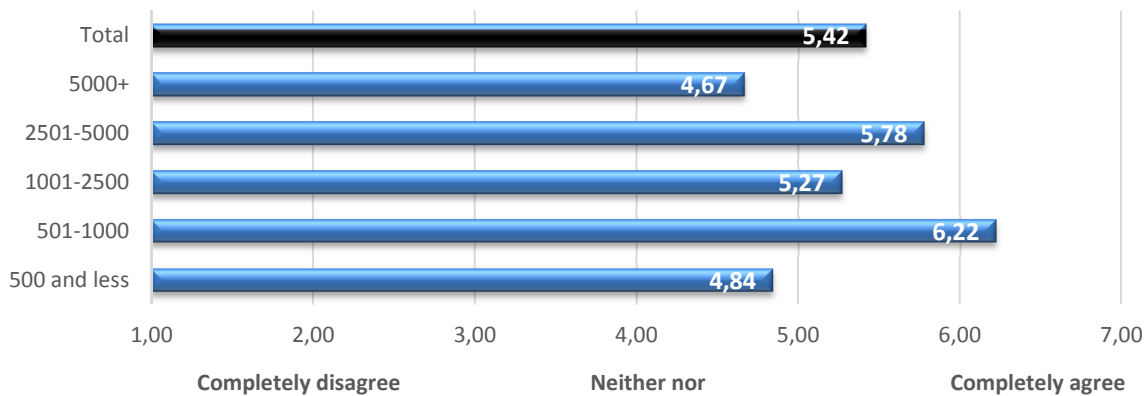
2-7 “We should strengthen the municipalities with more inter-municipal cooperation”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=31).

Here we might have to keep in mind that earlier intentions, combined with the great reform in 2009, were to transfer tasks and responsibilities to the then newly strengthened local level. That this has not yet been achieved might be result of implementation problems in some of the geographically isolated villages. Perhaps, however, the answers give us the hint that cooperation between sub-municipal units is something to look for?

With regard to the more concrete statement as to what could be gained by inter-municipal cooperation - *Inter-municipal cooperation is a way to run municipalities more efficiently* - the results point very much in the same direction: Interest is high, but depends on size, and seems stronger in the Faroes than in Iceland.

With a mean score of 5.42 on the 1-7 scale it seems clear that the Faroese local leaders feel efficiency is to be achieved through cooperation (Figure 2.8). Again, however, this depends on population size. The larger and the smallest units rather agree with the statement more than not (4.67 – 4.84), but the categories between (501 – 5000) seem to be more into this – especially in the category 501-1,000 (6.22) – those who also see cooperation as a tool for strengthening or reinforcing the municipal level.

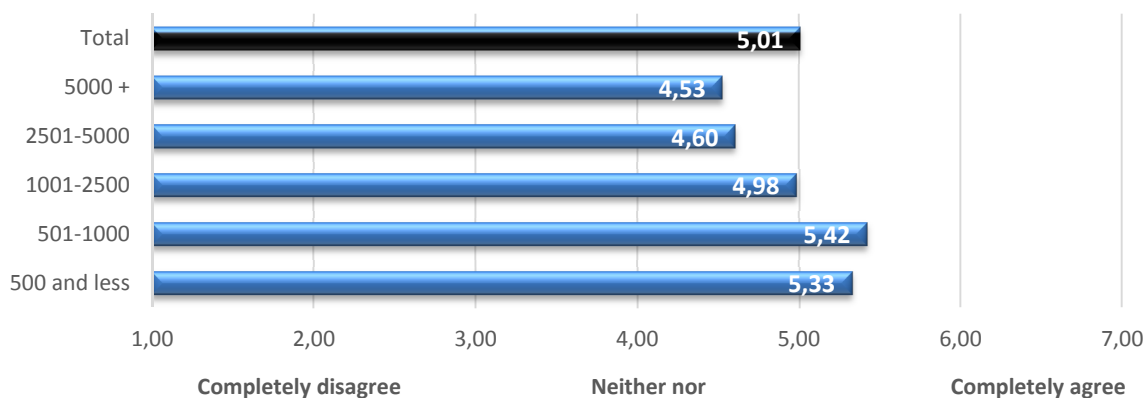
Cooperation is more efficient: The Faroe Islands



2-8 “*Inter-municipal cooperation is a way to run municipalities more efficiently*”. *The Faroes*. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=98).

Seeing inter-municipal cooperation as a means of running municipalities more efficiently is not as strongly felt among the Icelandic local leaders as it is among the Faroese leaders. Nevertheless, opinion in Iceland is definitely more positive than negative in all categories (Figure 2.9). The scores are highest in the smaller ones and the anticipated gain in efficiency by IMC appears most widespread in municipalities with 1,000 inhabitants or fewer (5.33 – 5.42).

Cooperation is more efficient: Iceland

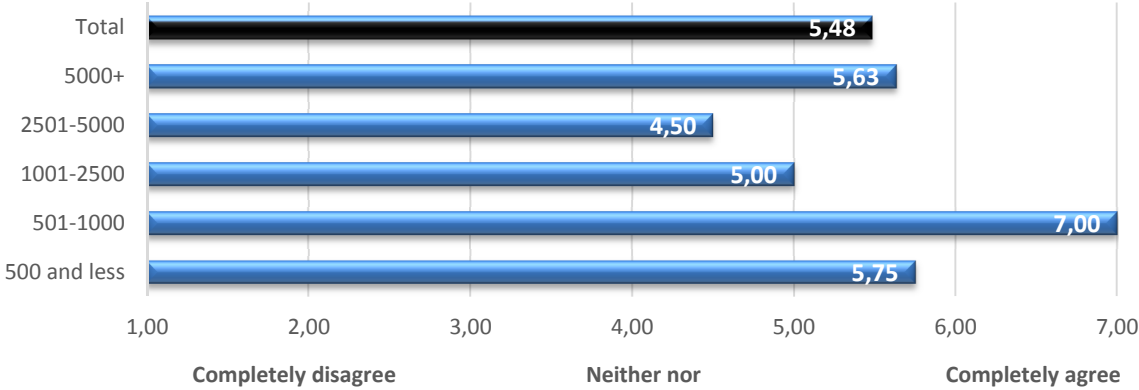


2-9 “*Inter-municipal cooperation is a way to run municipalities more efficiently*”. *Iceland*. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=241).

Greenland shows some variations, but, compared to the others, presents a near-consistent high score for the statement about cooperation leading to more efficiency. With all reservations about response rate and possible generalisations from the figures,

the pattern here is not so far removed from that of the other countries, especially looking at the group of the smallest sub-units where the leaders agree on the statement.

Cooperation is more efficient: Greenland



2-10 “Inter-municipal cooperation is a way to run municipalities more efficiently”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=31).

To sum up what we have discovered about the perceived advantages of inter-municipal cooperation in the survey, we can state that local leaders in all countries appear to see cooperation as a realistic way to strengthen the municipalities and feel this is an efficient approach to providing municipal services. This particularly applies to local leaders in smaller municipalities and in Greenland sub-municipal units.

2.3.2 Problems with inter-municipal cooperation

Democratic concerns with the inter-municipal cooperation form have been raised by some scholars, relating to the complexity of accountability and decision making. The voters in the municipalities delegate their power to their directly elected politicians which in itself is a delegation of authority and, in principle, could be a problem. But this is a fundamental aspect of our representative democracy. What is not necessarily included our representative democracy, however, is when those elected in municipal councils further delegate their authority to another board, which is not in any way elected by their people. Thus, a democratic dilemma can occur. In his report on inter-municipal cooperation (IMC) in Denmark, the Danish political scientist Ulrik Kjær (2000) mentions several “potential concerns on democracy” connected to inter-municipal cooperation projects. The first is that the political minority in each municipal board involved in cooperation is, or can be, undermined, since it is more commonly a representative from the majority in council who represents the municipality in the IMC board. The second concern is that having only one representative in these IMC boards there are fewer possibilities of monitoring that the

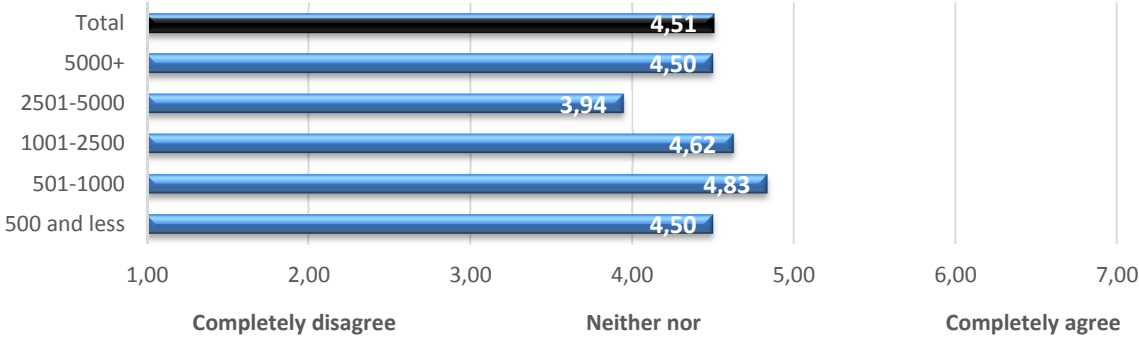
interests of each municipality are taken care of. The third is that political accountability can be diffuse. The voters have problems realizing which politician in their municipality is responsible for the decisions of an IMC board (Kjær 2000, p. 11ff).

In other research on inter-municipal cooperation these concerns receive less support. Lundtorp and Weber (2001) argued that their research findings did not confirm the democratic concerns expressed by Kjær (2000) (Lundtorp & Weber 2001, p. 73-74).

In an earlier mentioned study by Ragnarsson (2003) a survey on IMCs among Icelandic local politicians showed findings that were much in line with those of Lundtorp and Weber (2001). The answers from the Icelandic local politicians did not indicate that they were concerned about political accountability and they felt that people did in fact have opportunities to express their views, even on IMC projects.

In our survey from the spring of 2015 local leaders were asked questions connected to these problems. The earlier statement was: *“Inter-municipal cooperation can be problematic due to complex accountability”*. In the Faroese part of the study, the general score and most of the sub-categories are pretty close to the “neither nor” score in the middle of the 1-7 scale with no significant variation by size (3.94 – 4.83). However, the Faroese leaders can be said to rather agree than disagree with the statement that accountability can be a problem. (Figure 2.11).

Cooperation - complex accountability: The Faroe Islands

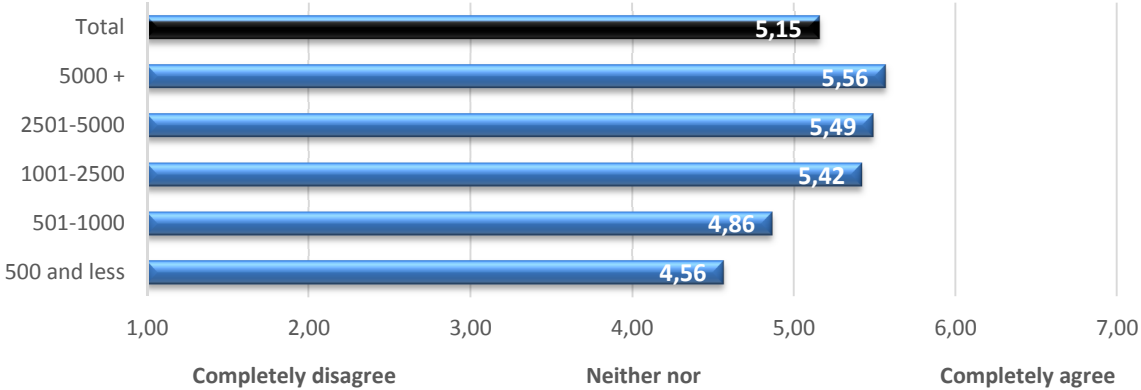


2-11 *“Inter-municipal cooperation can be problematic due to complex accountability”*. The Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=99).

When looking at answers from Icelandic leaders different results show up. The general mean score here is 5.15 against the 4.51 in the Faroes, and the Icelandic leaders definitely agree more with this statement. Besides, this seems to be more size

dependent in Iceland (Figure 2.12). This kind of problem seems to be more actual in municipalities with a population of more than 1,000 (5.42 – 5.56) compared with scores in smaller units (4.56 – 4.86).

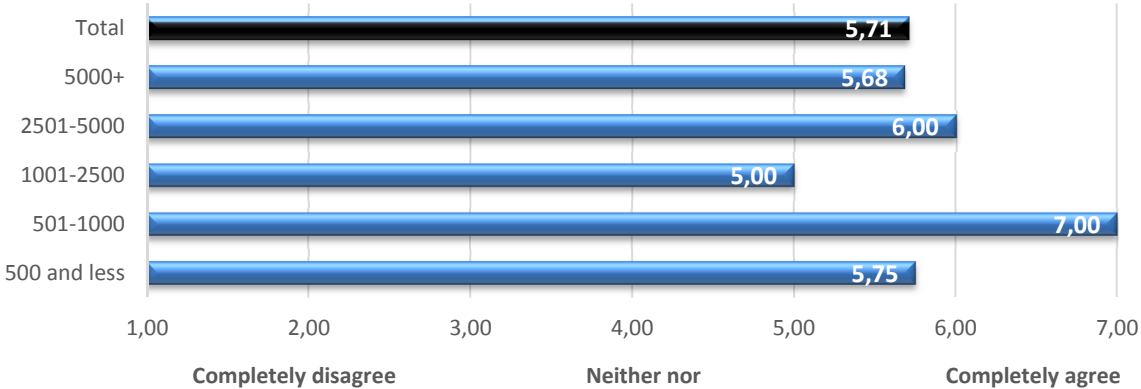
Cooperation - complex accountability: Iceland



2-12 “Inter-municipal cooperation can be problematic due to complex accountability”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=243).

Looking at the results for Greenland raises questions. A general mean score is 5.71 which tells us that local leaders feel this concern is really to be taken seriously. Not knowing the magnitude of inter-municipal cooperation in Greenland, neither at municipal nor sub-municipal level, we would have to further explore the reasoning behind this.

Cooperation - complex accountability: Greenland



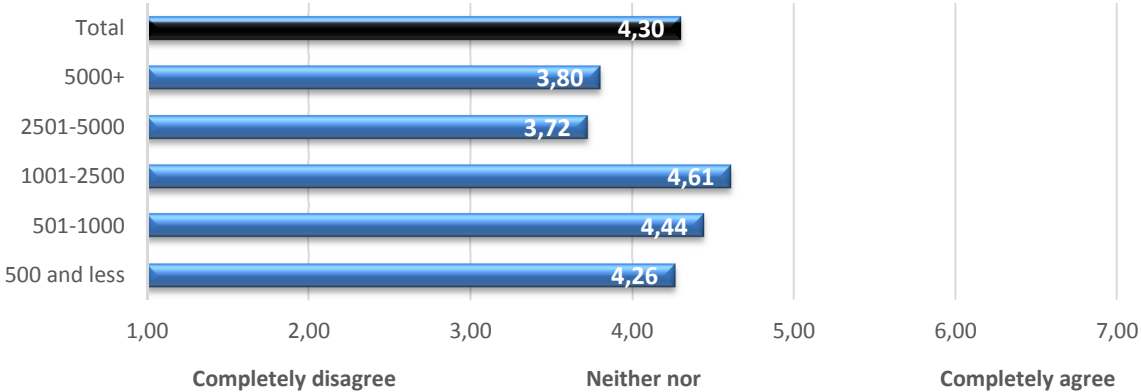
2-13 “Inter-municipal cooperation can be problematic due to complex accountability”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=31).

Concern about complex accountability is apparently stronger in Iceland than in the Faroes. This might be caused by the fact that the cooperative form is more widespread in Iceland and experiences – good and bad – more extensive. The other explanation might of course be that this is not as much of a concern in the Faroes as it is in Iceland.

The second question (statement) for our respondents was about complexity of decision making in inter-municipal entities. The statement was: “*Inter-municipal cooperation can be problematic due to complex decision making*”. Here we see very similar patterns as in the earlier question dealing with accountability.

In the Faroese case, this seems rather mixed and in general a “neither nor” attitude towards the statement with scores between 3.72 and 4.61. The complexity concern, however, appears to be somewhat higher in the smaller municipalities than in those with more than 2500 inhabitants.

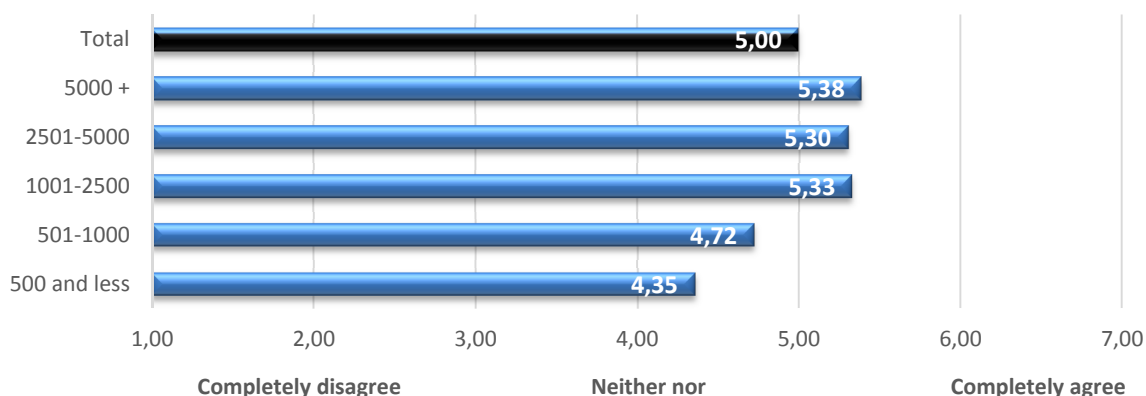
Cooperation - complex decisions: The Faroe Islands



2-14 “*Inter-municipal cooperation can be problematic due to complex decision making*”. The Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=96).

The scores for Iceland are much higher, with a general score of 5.00 – higher than in any category in the Faroes. As in the earlier question on democratic concerns, we see the difference between smaller and larger where these problems are much less in evidence in municipalities with fewer than 1,000 people (4.35 – 4.72) than in the larger ones (5.30 – 5.38). IMC seems to lead to much more complexity in Iceland than in the Faroes, unless the experience is more widespread in Iceland.

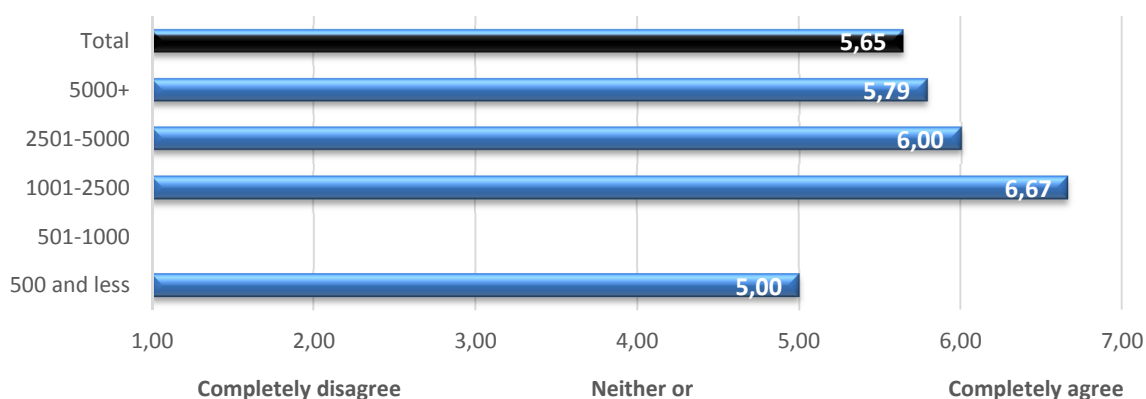
Cooperation - complex decisions: Iceland



2-15 “Inter-municipal cooperation can be problematic due to complex decision making”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=242).

As is the case with the other questions/statements, the data collected from Greenland does not give us much space to generalize. High scores in all categories, however, give us the hint that in Greenland local leaders see cooperation as being problematic in the sense that decision making can be complex.

Cooperation - complex decisions: Greenland



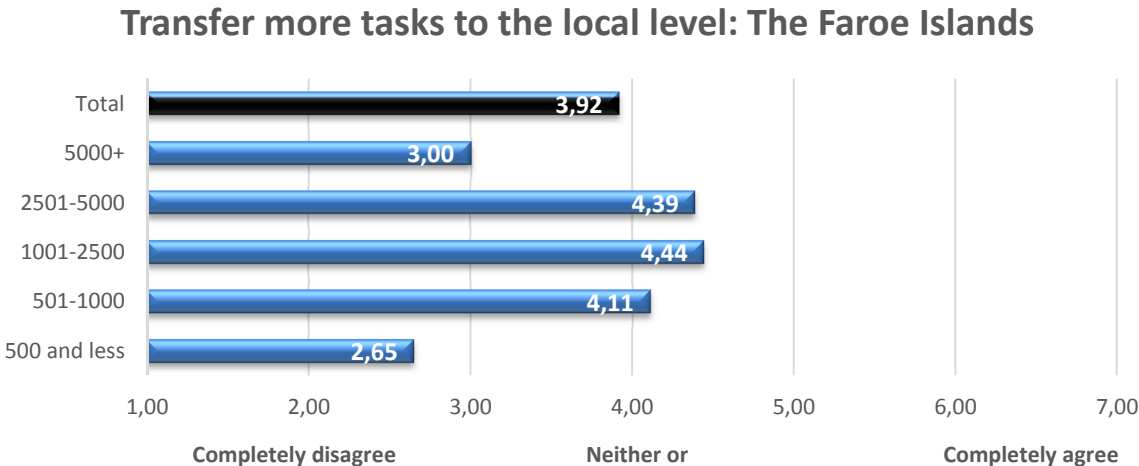
2-16 “Inter-municipal cooperation can be problematic due to complex decision making”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=31).

2.4 Transfer of tasks and responsibilities

The three West Nordic countries differ in the share of the municipal level in total government purchases. Comparative figures from 2010 show Greenland on top with 43%, Iceland with 32% and Faroe Islands with the smallest share, 24% (Eythórsson, Gløersen and Karlsson 2014, p. 38). In Iceland, *Education* and *Social Services* are the

main posts under the responsibility of the municipal level – both *Primary School* (1996) and *Handicap Services* (2011) have been transferred from the state in the past few decades. In Greenland *Educational and Cultural Affairs* and *Social Services* are the largest posts and the same applies in the Faroes. In the Faroese case, *Social Services* are larger than *Education* since the *Primary School* has not been transferred from state responsibility. These facts could possibly impact local leaders’ interest in taking over new tasks. A simple hypothesis would be that the interest was strongest in the Faroes, less in Iceland and weakest in Greenland. But our data tells a different story.

When inquired about interest in transfer of tasks, leaders in the Faroe Islands show a general mean score which is just above the middle of the scale (3.92). In the capital, Torshavn, and in the very smallest municipalities interest in transfer of tasks from the national level is significantly lowest (2.65 – 3.00) while leaders in the rest of the municipalities are close to the “neither/nor” point of 4.



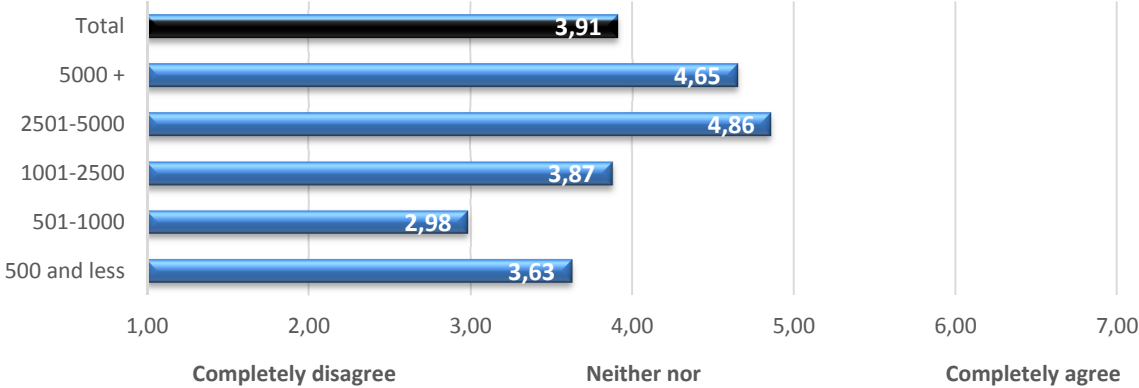
2-17 “More tasks and responsibilities should be transferred from the state to local level”. The Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=98).

Even though the tasks and responsibilities of the Faroese municipalities are limited and their share in total public expenditure is low, Faroese local leaders show little interest in taking over more tasks. These results fit with our findings in the first report in the project; that is, in the smaller municipalities leaders were satisfied with the situation and thought they were doing well. So, why change?

Local leaders in Iceland express similar attitudes. However, here the situation seems to be more size dependent: The leaders in the smallest units show no interest in this, while in larger municipalities (2501 and bigger) the idea is more favourably received, even though interest is not very strong (4.65 – 4.86). However, no data has shown any

disappointment or special problems with the takeover of the handicapped services in 2011 which could have affected the attractiveness further takeovers. Problems in negotiations with the state about the takeover of *Elderly Care* might, on the other hand, be a factor in this context.

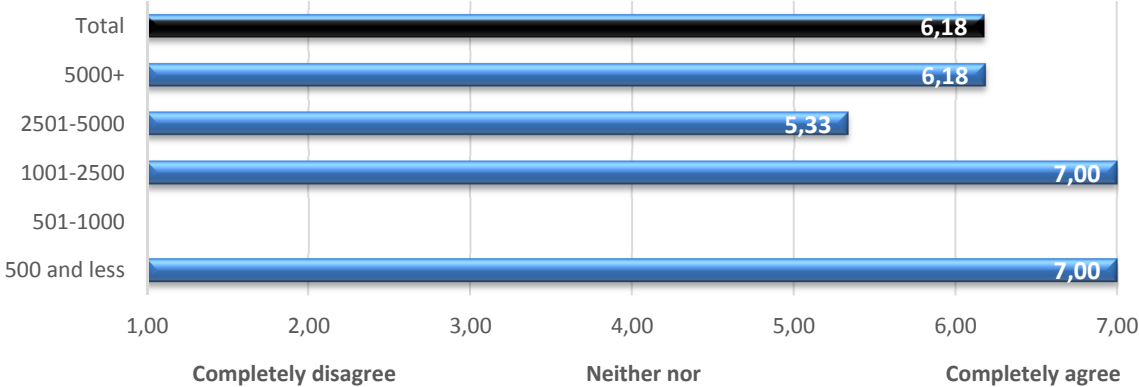
Transfer more tasks to the local level: Iceland



2-18 “More tasks and responsibilities should be transferred from the state to the local level”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=244).

The results from the two countries with the relatively low municipal share in public expenditure show a rather limited inclination to change that situation by taking over new tasks. Greenland has a higher share in total public expenditure (43%), even though not as high as in the rest of the Nordic countries (East Norden). The results from Greenland show stronger interest in transfer from the state than in the two other West Nordic countries; much stronger, in all size categories.

Transfer more tasks to the local level: Greenland



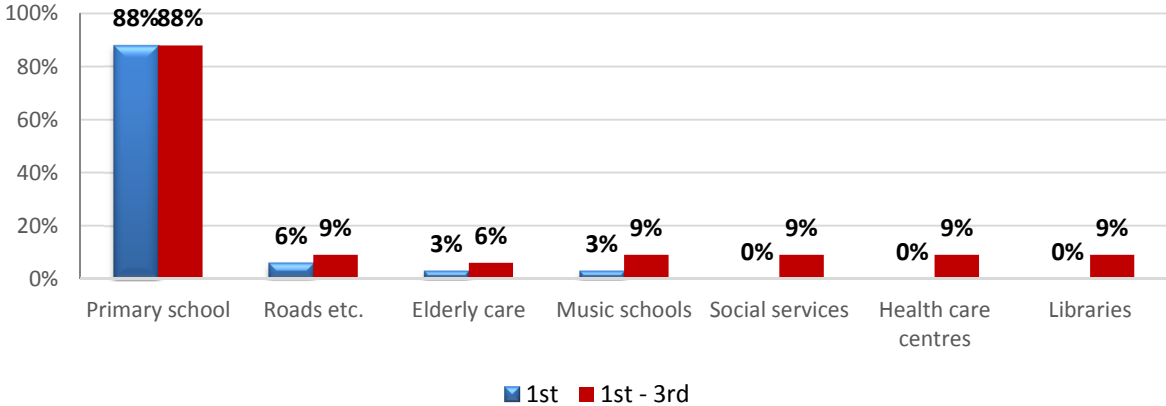
2-19 “More tasks and responsibilities should be transferred from the state to local level”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=17).

We learnt from the first report emanating from this project that intended transfers of tasks with the great structural reform 2009 had not been realized but are still planned (Eythórsson et al. 2014). This might be an expression of the interest in realizing those intentions. Nevertheless, we have to keep in mind the few answers which to this particular question numbered only 17.

In the survey we asked those who answered the earlier question about transfer of tasks positively (score above 4 on the 1-7 scale) to identify tasks they think should be transferred (up to three) if they agreed or, somewhat agreed, with the last statement.

In the Faroe Islands the results were crystal clear. An overwhelming majority of local leaders who wanted further tasks transferred mentioned *Primary School*. Out of these 88% named Primary school as the first alternative and none as second or third. Roads were mentioned by 6% as the first alternative and as 1st to 3rd by a total of 9%. The message seems to be clear. If any transfers were to occur from national to local level, *Primary school* would be first choice.

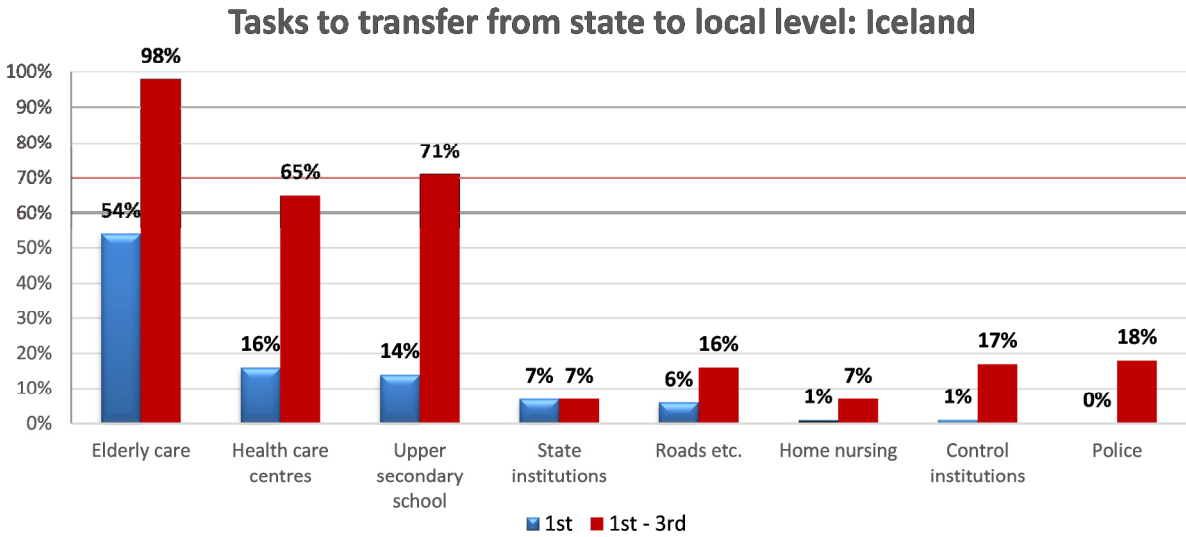
Tasks to transfer from state to local level: The Faroe Islands



2-20 Faroese local leaders’ answers to the question “Which tasks do you think should be transferred?(Mention up to three)”. (N=33).

The case of Iceland is more complicated. Two large tasks have been transferred since 1996; the *Primary School* and the *Handicap Services*. Further interest still exists, but the choice is not as clear as in the Faroes. *Elderly care* has the highest score of 54% mentioning it as the first alternative and 98% positioning it in 1st to 3rd place. The interest in which tasks to transfer has been measured earlier in Iceland; in 2006 and 2011. In both cases elderly care scored highest. Transfer of responsibility for *Health Care Centres* and the *Upper Secondary School* is also popular among Icelandic local leaders. While 16% respectively 14% mention those as the first alternative both get

very high scores when looking at what is referred to as 1, 2 or 3 (65 – 71 percent). Others get much less.

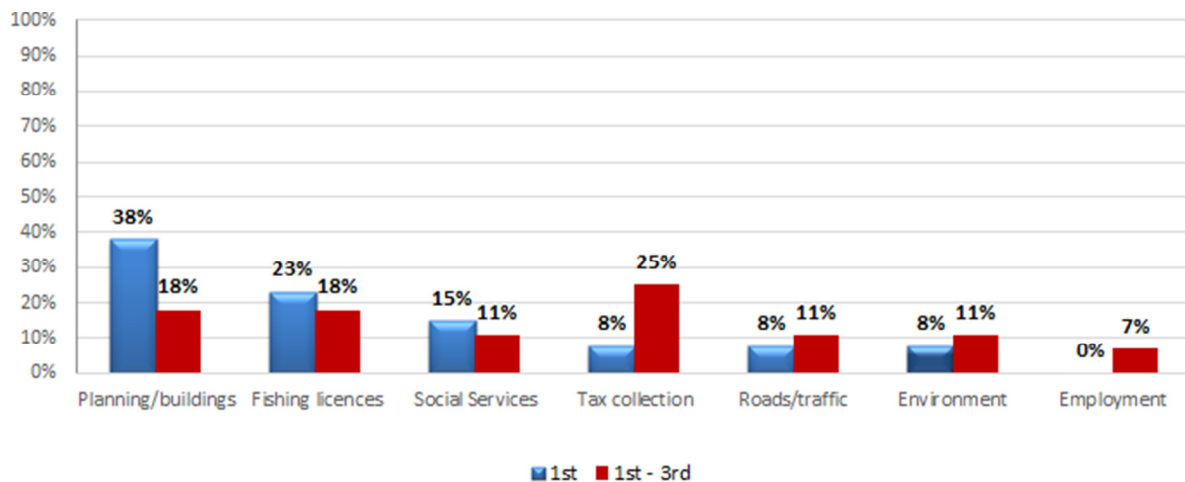


2-21 Icelandic local leaders’ answers to the question “Which tasks do you think should be transferred?(Mention up to three)”. (N=69).

This seems to be where the main interest lies today among local leaders in Iceland and has done for some time, since the two (health care and the upper secondary school) were also the top three in a survey from 2011 (see Eythórsson and Arnarson 2012).

From the few answers we managed to collect from Greenland we got a picture that is not as cut and clear as in the other two countries. Following figure shows us that the tasks desired to be transferred are very different. If we look at the task most frequently mentioned first in row out of three, *Planning and building* (d. stýring av anlægsprojekt) scores highest (38%). *Responsibility for fishing licences* is mentioned 23% and *Social services* score 15%.

Tasks to transfer from state to local level: Greenland



2-22 The Greenland local leaders answers to the question “Which tasks do you think should be transferred?(Mention up to three)”. (N=28).

When we look at the cumulative percent for tasks mentioned either 1, 2 or 3 the picture changes. Responsibility for Tax collection (25%) and Fishing licences (18%) score highest together with Planning and buildings. These three tasks seem to stand out judging from our however not significant results for Greenland.

2.5 Perceptions of democracy

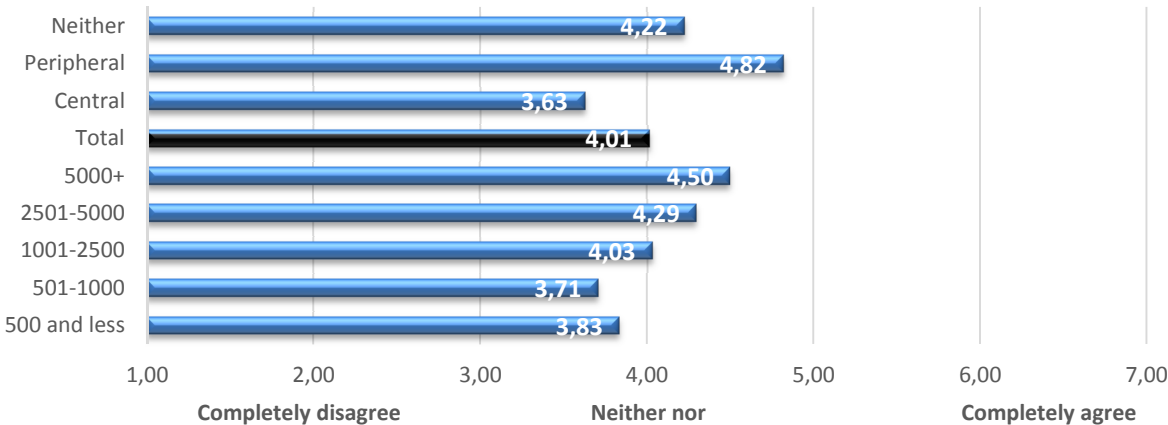
When taking territory into consideration; that is, territory within municipal boundaries, there are, or can be, different views on democratic aspects such as equality between parts of the municipality or neighbourhoods. The main idea is that citizens in more peripheral and/or sparsely populated parts of the municipality are at a disadvantage for influencing decisions, making contact with the elected officials and, in general, find it more difficult to access the administration, compared with those living in, or close to, the central area of service and administration. This general assumption is more linked to municipal amalgamations where municipalities merge into one, despite different population structures, varying degrees of peripherality and different preconditions for acting as centres for administration and service. In such cases there are winners and losers. The largest units usually attain a central role while the smaller ones and those more distant from the centre have to live with the fact that they are peripheral with a view to administration and services. Both Swedish and Icelandic studies have shown the fear or scepticism of people and politicians in prospective peripheries facing amalgamations with this upcoming situation (Brantgärde 1974, Eythórsson 1998). An evaluation study by Eythórsson and Jóhannesson (2002) in 37 municipalities which were amalgamated into 7 in the 1990s showed considerably more discontent with democratic aspects and administrative structures among people and local leaders in

municipalities that had now become the smaller and more peripheral neighbourhoods of a new amalgamated municipality (See also in Eythórsson 2009 and Eythórsson 2011).

In our survey in the West Nordic countries we asked the question (as a statement): *Small and peripheral neighbourhoods in the municipality have less influence*. This was done in order to see whether this attitude still persisted in Iceland and, as well as in the other two countries. In this case we do not only show an analysis by municipal size but also by the leaders’ perceived status of a former municipality after amalgamation – whether it was perceived as a central area or a periphery.

The Faroese case does not show strong support for this statement. What is anticipated is the lowest score among leaders from centrally placed municipalities (3.63) and the highest score among those from the peripheries (4.82). Scores in size groups are more confusing. In smaller units, the leaders give the statement less support than in larger ones! Here we have to bear in mind how tight the scores are, only ranging from 3.63 to 4.82, just a small part of the scale.

Small/peripheral neighbourhoods have less influence: The Faroe Islands



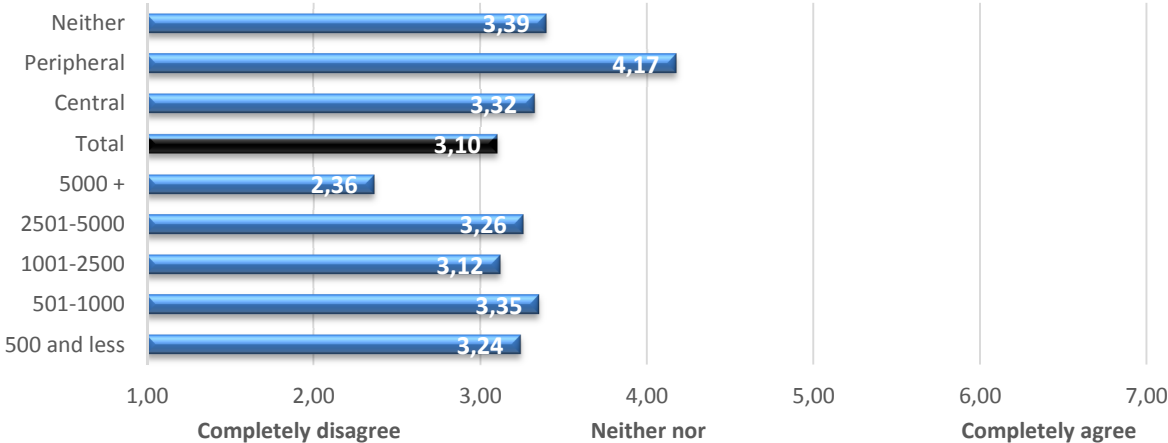
2-23 “*Small and peripheral neighbourhoods in the municipality have less influence*”. The Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=91).

To sum up, Faroese local leaders do not give much support to the statement that people in smaller and peripheral parts of municipalities are less influential.

More variations show up in Iceland, but support for the statement is clearly weaker than in the Faroes; only 3.10 in general compared with 4.01. However, leaders in peripheries in Iceland demonstrate the strongest support (4.17) much more than in the

centres (3.32). Variations by municipal size are very small, with the exception that leaders in the 9 largest units strongly disagree with the statement (2.36) while others show scores just above 3.

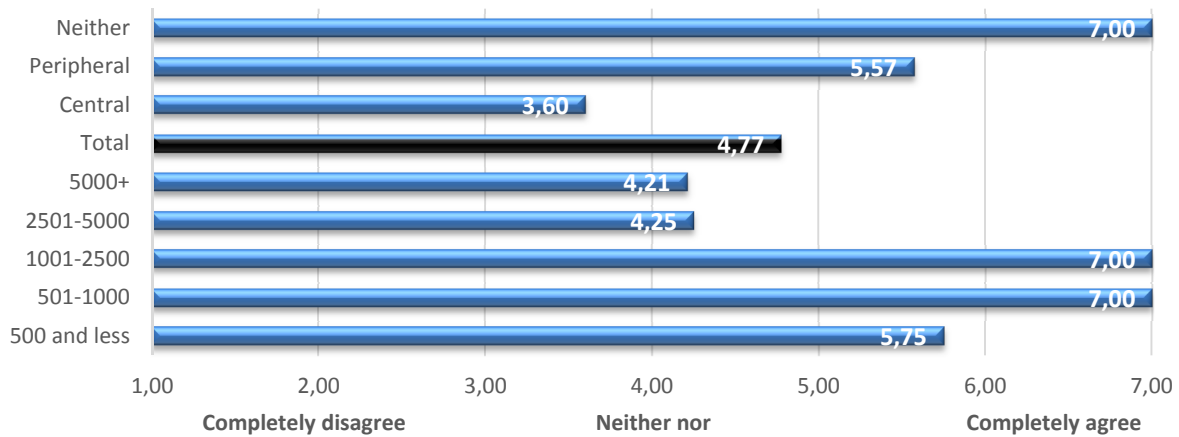
Small/peripheral neighbourhoods have less influence: Iceland



2-24 “Small and peripheral neighbourhoods in the municipality have less influence”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=225).

As we have seen and said earlier, analysing the limited data collected from Greenland has to be done with caution, since the response rates and number of responses do not allow strong conclusions to be drawn. We can instead try to look at some of the results as indicating possible trends; the qualitative data collected in the questionnaire can also contribute to such an approach. Looking straight at the numbers and scores tells us that in some categories the statement of small and peripheral communities having less influence on decisions, receives support. By contrast with the other two, this seems to vary by size. In the smaller sub-units (less than 2500) and in the municipalities (5000+) the statement has less support. This might tell us that leaders in the smaller sub-municipal units (bygder) perceive lack of influence compared with the larger units. We even see differences when comparing central places and peripheries, since leaders in the peripheries (5.57) seem to have much less influence than in the central places (3.60).

Small/peripheral neighbourhoods have less influence: Greenland



2-25 “Small and peripheral neighbourhoods in the municipality have less influence”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=31).

A person in a very small subunit who received our survey, wrote the following answer, in support of the statement:

Before the great amalgamation we had a common meeting in the ”bygdebestyrelse” (sub-municipal board) together with the mayor (kommunaldirektøren) once a year, where we got information on what had been done or changed for the better in the services to the citizens. All this has now totally disappeared after the amalgamation in 2009. Since then the ”bygdebestyrelse” no longer has any tasks or responsibilities. Other sub-units (bygder) that need more support for development than we do are now prioritized.

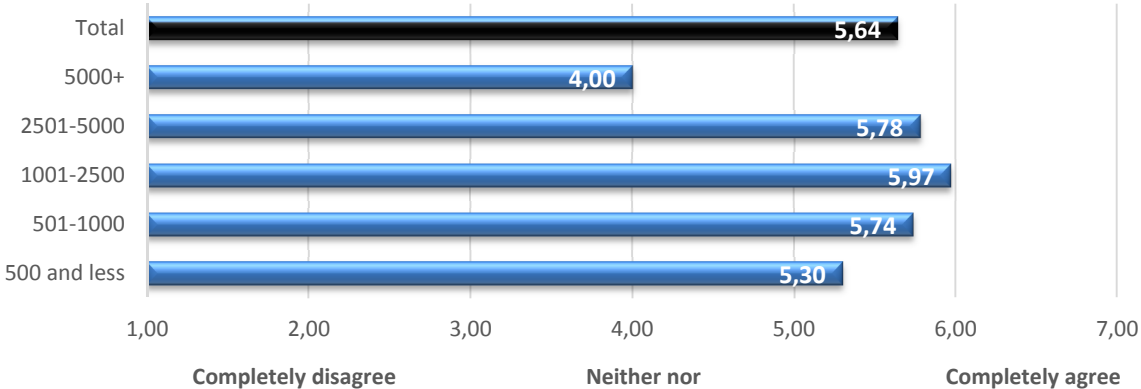
Thus, the quantitative analysis receives support in a letter sent to us. We can argue that there is some truth in the results we have provided. It would appear that the small and peripheral communities in Greenland are undermined, while this can hardly be said in the Faroese case and not at all in the Icelandic case. This is according to information from local leaders.

Accessibility to municipal administration is part of the democracy, influence and power issues we have been discussing. In an earlier mentioned study by Eythórsson and Jóhannesson (2002), where seven amalgamations in the 1990s were evaluated, clear signs were found, both among the general population and elected officials in the smaller and peripheral parts of the new municipalities, of experiencing increased distance from the administration – in other words reduced accessibility. In our study, we build results on answers from local politicians and administrators – not from citizens. Whether this makes a difference or not is not easy to say, but our results

imply that this is hardly the case, at least not in the Faroe Islands and Iceland. One of the statements presented was: “People have good accessibility to the administration”.

In the Faroes this seems to be highly accepted by the local leaders. The mean scores are high in all categories (5.30 – 5.97) except in the capital where the result is “neither nor”. We can at least exclude a peripheral dimension in that case!

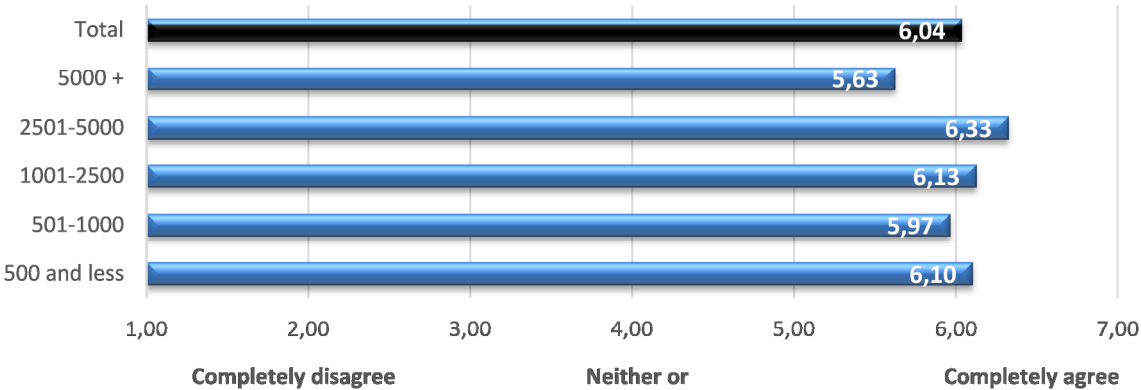
Access to administration is good: The Faroe Islands



2-26 “People have good accessibility to the administration”. Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=100).

In Iceland, satisfaction among local leaders is even stronger. The scores are mostly around 6 on the 1-7 scale, which has to be considered high, with a slight exception in the case of the largest 9 where the score was 5.63; the local leaders in Iceland are satisfied with access to the administration.

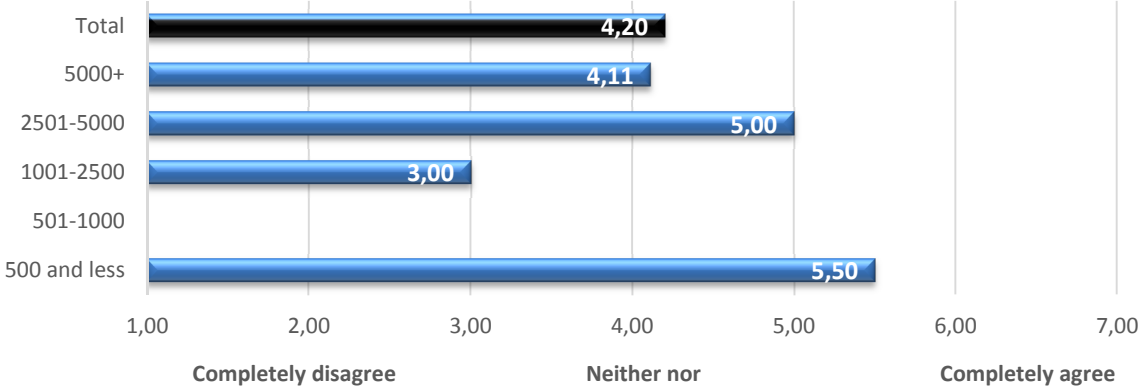
Access to administration is good: Iceland



2-27 “People have good accessibility to the administration”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=245).

As before, the results from Greenland differ from the other two. Here the statement enjoys much less support and there are some variations between groups. How to evaluate these results, with the few answers, low response rate and, last but not least the huge confidence gap, is difficult to determine.

Access to administration is good: Greenland



2-28 “People have good accessibility to the administration”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=30).

The letter from the sub-municipal bureaucrat cited above also dealt with this matter, expressing severe criticism with regard to access to administration after the amalgamations in 2009:

The administration of the big municipality in X has now taken over all administrative tasks. The services to the citizens have been significantly reduced, with a long time waiting for an answer and in some cases the administration has not even answered. Services and those responsible for them have become invisible or have disappeared. All administration and tasks of the sub-municipal council have been transferred to the town. At the same time they have reduced personnel in the sub units and the result is less quality in the administration. Many people from different sub-units have complained about this situation but this has neither been responded to nor led to any changes. It is as if the person responsible has become the enemy of the village.

Another person in Greenland who mailed us wrote:

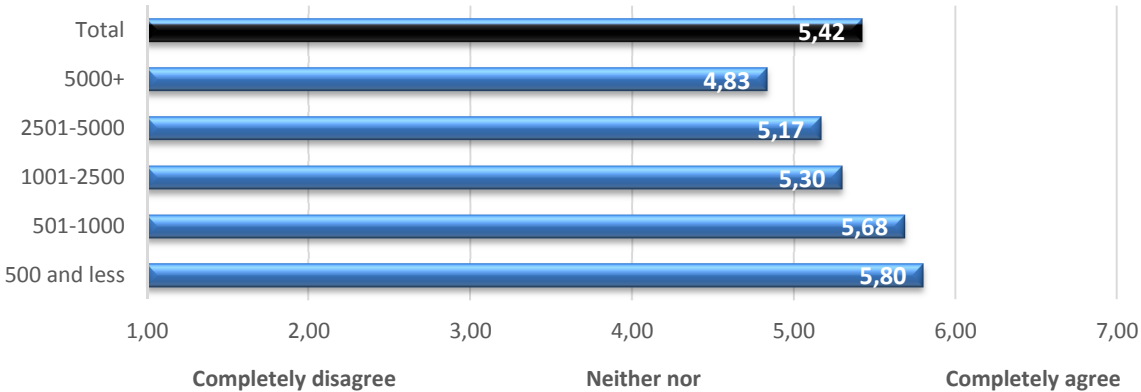
The amalgamation of municipality X, leading to very spread neighbourhoods and villages has not been good for the people compared with the situation before. The head administrative office has difficulties in understanding the issues brought up and has problems adapting to this new situation.

While the survey results show varying attitudes, both negative and positive, towards accessibility to administration, the letter we received from a small sub municipal unit is highly critical. We can at least presume that the views on this are mixed among the Greenland local leaders.

The last of our questions reported here on perceptions of local democracy deals with closeness between citizens and politicians. Traditional theories on size and democracy tell us that these two are connected and we should expect closer ties in smaller units (Dahl and Tufte 1973). The evaluation study by Eythórsson and Jóhannesson in Iceland in 2002 found that citizens in smaller and more peripheral municipalities, after recent amalgamations, felt the distance between them and their representatives had increased. This supports the famous general theory of Dahl and Tufte. So, in the survey, we brought up the statement “*There are tight and close ties between the people and the local politicians*”.

The results from the Faroe Islands show a correlation between closeness and size of municipality. Even though the differences in scores between size groups are not strikingly large, the picture shows a clear correlation: Closeness increases with decreasing size. In general there seem to be close ties in the Faroes.

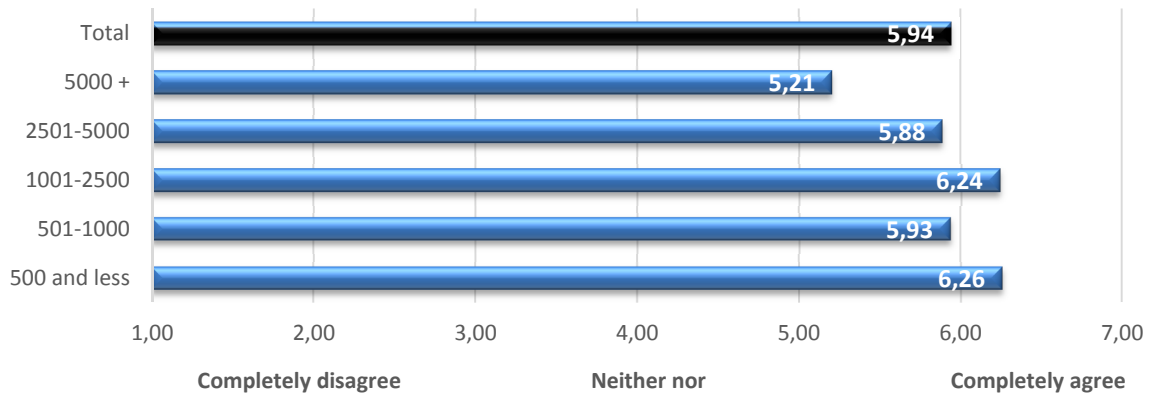
Close ties citizens/politicians: The Faroe Islands



2-29 “*There are tight and close ties between the people and the local politicians*”. Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=100).

Looking at the results from Iceland we see some clear evidence of closeness between the elected and the electorate. However, this is not as size dependent as indicated in the Faroes. The deviants are the nine largest municipalities which differ from the rest in not being as strongly aware of these ties.

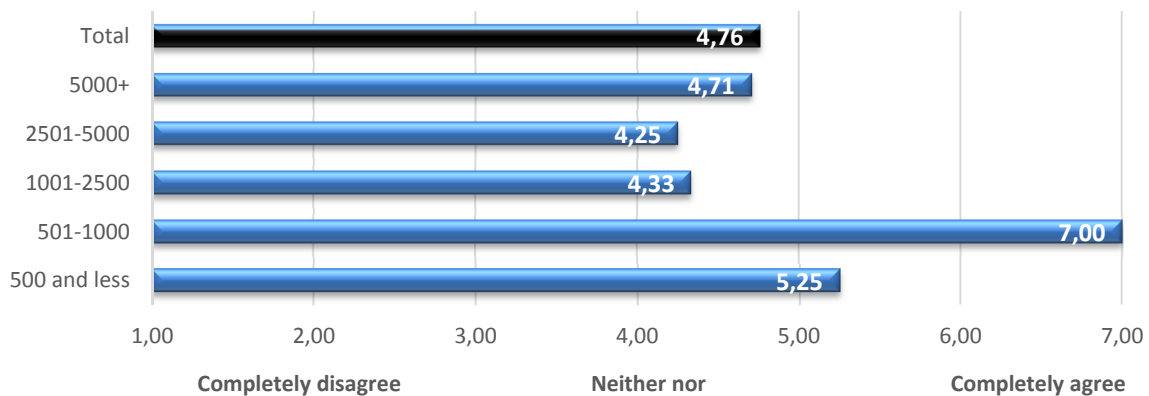
Close ties citizens/politicians: Iceland



2-30 “There are tight and close ties between the people and the local politicians”. Iceland.
 Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree).
 (N=242).

The survey results from Greenland do not show such strong perception of closeness between citizens and politicians. What we can single out here is what appears to be a difference between the smallest (1,000 and less) and the larger ones – the ties seem to be closer in the smaller context.

Close ties citizens/politicians: Greenland



2-31 “There are tight and close ties between the people and the local politicians”. Greenland.
 Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree).
 (N=29).

These three figures above more or less support theories about the connection between closeness and size. In smaller units the ties are closer – least so, however, in Iceland. Keep in mind that this is what politicians and administrators believe. We have not asked citizens in this study.

2.6 Instruments of citizen democracy

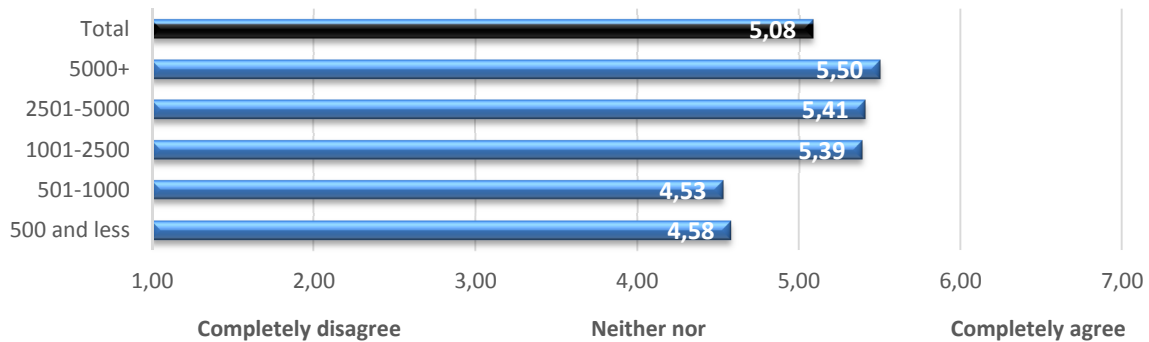
The emergence of participatory democracy and direct democracy has been growing as part of local democracy on the Icelandic political agenda for the past ten years or so. An emphasis on increased participatory and citizen democracy was actualized in the new and revised Local Government Act of 2012. For the first time there was a chapter on citizen democracy – called “consulting with citizens”. Clauses on, for example, citizen assemblies, citizen meetings and local referenda were all found in the new Act. Furthermore, a minimum percentage of voters required to enforce citizen meetings and referenda on issues, was defined (see Eythórsson, 2012). In a survey among Icelandic local leaders in autumn 2011 by Eythórsson and Arnarson they found that the three democracy instruments, citizen assemblies, citizen meetings and local referenda were considered highly important. The importance of the participatory part; assemblies and meetings was found to rank high in all size categories and to be only slightly size dependent with importance growing with size. When asked about local referenda, the importance was generally high but more dependent on size as it was significantly higher in municipalities with more than 2,500 inhabitants (Eythórsson and Arnarson 2012, p. 37-45). Experience of local referenda exists in Iceland, even though this cannot be said to be frequent. Kristinsson found that a total of 153 such have taken place since 1950, most of them on municipal amalgamations (Kristinsson 2014).

Less evidence of referenda at local level is found in the Faroe Islands and Greenland. In the newest Act on Local Government in the Faroes from the year 2000 nothing specific is found on participatory or direct democracy. Other issues seemed to be more important (See Larsen 2008).

In our survey we asked the local leaders questions about the use of and interest in these instruments of citizen democracy. The first question was on *citizen meetings* and was thus formulated (here in the English version) “*More citizen meetings would be a good way of improving citizen democracy*”.

The response from the Faroes was positive towards meetings, even though somewhat size-dependent. In the bigger municipalities (1,000+) the scores were close to 5.5 on the 1-7 scale but in smaller communities the scores were around 4.5. These differences might tell us that the need for this instrument is greater in the larger units.

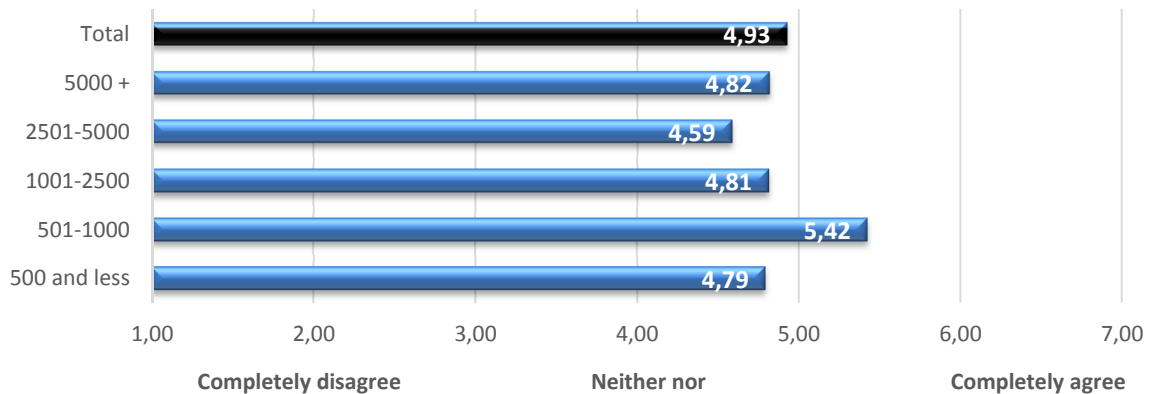
Citizen meetings good for democracy: The Faroe Islands



2-32 “More citizen meetings would be a good way of improving citizen democracy”. The Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=95).

The scores in Iceland resemble those in the Faores, although they do not follow population size of municipality to the same extent. With the exception of the smaller municipalities with 500-1,000 inhabitants (5.42), the others have similar mean scores (4.59 – 4.81). The general result is, however, positive for citizen meetings but slightly weaker than in the Faroes.

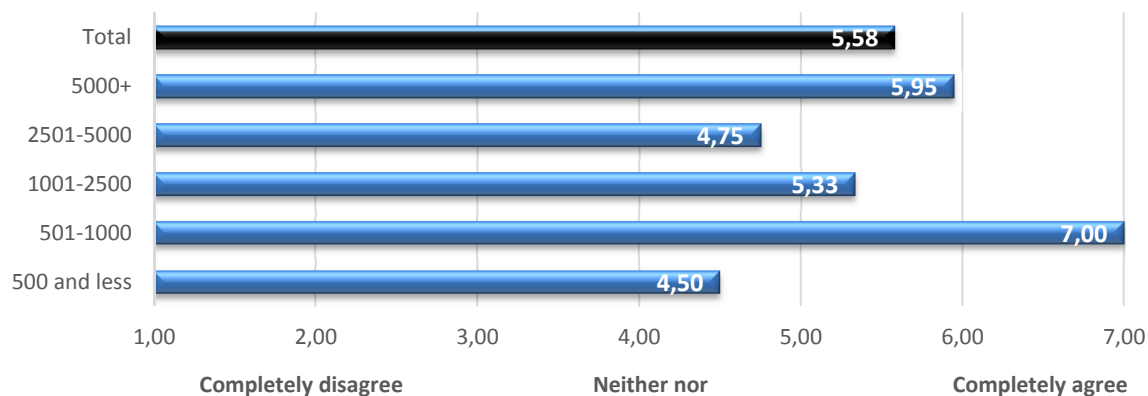
Citizen meetings good for democracy: Iceland



2-33 “More citizen meetings would be a good way of improving citizen democracy”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=229).

As we have the problem of the limited number of answers from Greenland we cannot generalize as we do in the other cases. Anyway, looking at the next figure we can say that leaders’ opinion is much more positive than negative towards the citizen meeting instrument.

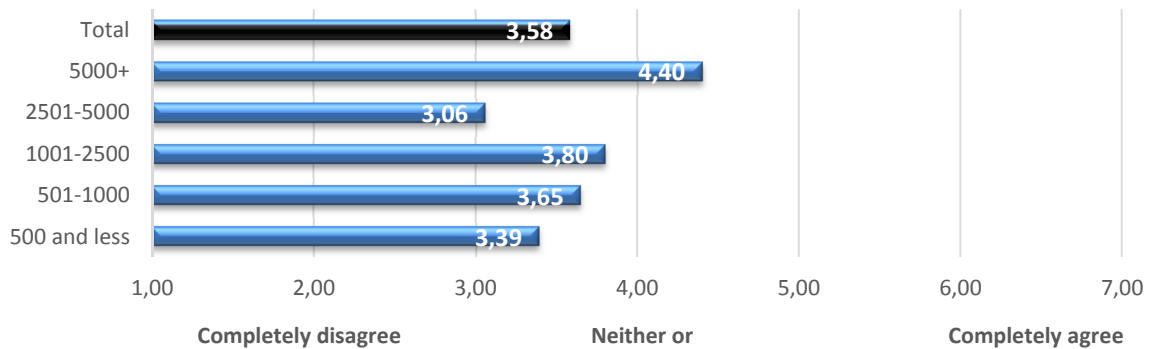
Citizen meetings good for democracy: Greenland



2-34 “More citizen meetings would be a good way of improving citizen democracy”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=31).

The next instrument of citizen democracy we focused on was citizen assemblies. These have been frequently used in Icelandic municipalities but we lack information on the other countries. Citizen assemblies (Burgerforum) was originally a term used for meetings between German tribes to make decisions on tribal affairs. Today, the term refers to a group of people who have been elected to make decisions on certain issues in the name of the whole population. It is a forum where specifically elected or selected people exchange ideas, information and views in the beginning of the policy process. We asked the local leaders about this: “More citizen assemblies would be a good way of improving citizen democracy”. The Faroese leaders did not seem to be keen on this democracy instrument – perhaps because of lack of experience.

Citizen assemblies good for democracy: The Faroe Islands

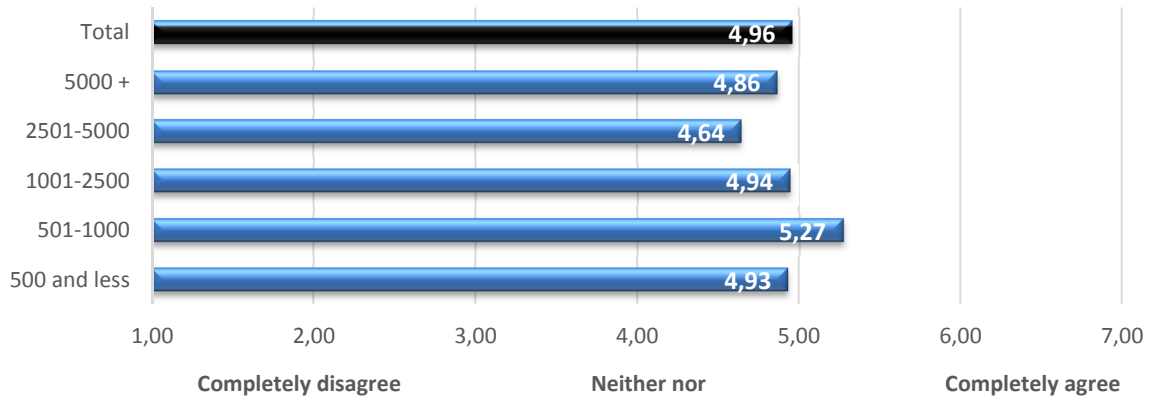


2-35 “More citizen assemblies would be a good way of improving citizen democracy”. The Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=93).

Only in the largest municipality in the Faroes did the score reach the middle of the 1-7 scale (4.40). In others the score was roughly between 3 and 4; that is, they rather disagreed than agreed with the statement.

The situation is much more positive in Iceland as next figure shows:

Citizen assemblies good for democracy: Iceland

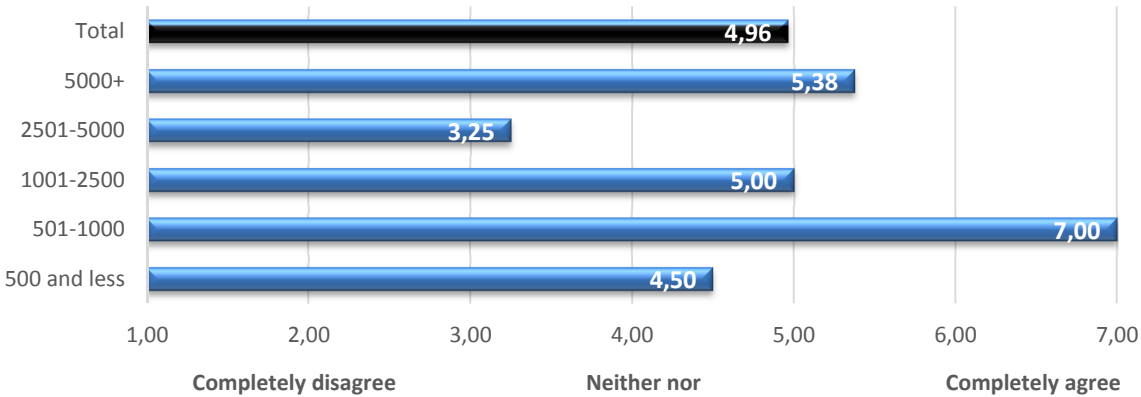


2-36 “More citizen assemblies would be a good way of improving citizen democracy”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=233).

There does not seem to be any major difference between size groups – the scores lie between 4.64 and 5.27 with almost all under 5.00. The views of Icelandic local leaders seem to be significantly positive towards citizen assemblies.

Greenland is difficult to judge from the scores shown in the figure below; they are spread and range between 3.25 and 7. Even though 4 scores are above middle, it seems safer not to interpret them as saying too much about the views of Greenland leaders.

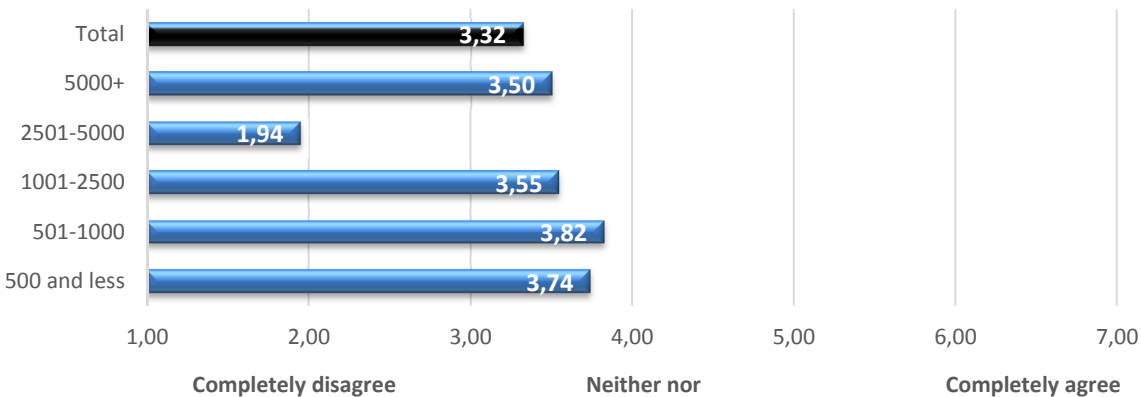
Citizen assemblies good for democracy: Greenland



2-37 “More citizen assemblies would be a good way of improving citizen democracy”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=28).

The last instrument for local democracy we tackle here are local referenda – general votes by the local electorate on certain issues, often those that are controversial or seen as very important. The Icelandic Local Government Act, for example, contains a paragraph on local referenda stating that 20% of the local electorate can enforce referenda on certain issues. However, each municipal board can decide to raise this level up to 33% of the electorate. It is our assumption that referenda are the most frequent instrument carried out.

Local referenda good for democracy: The Faroe Islands

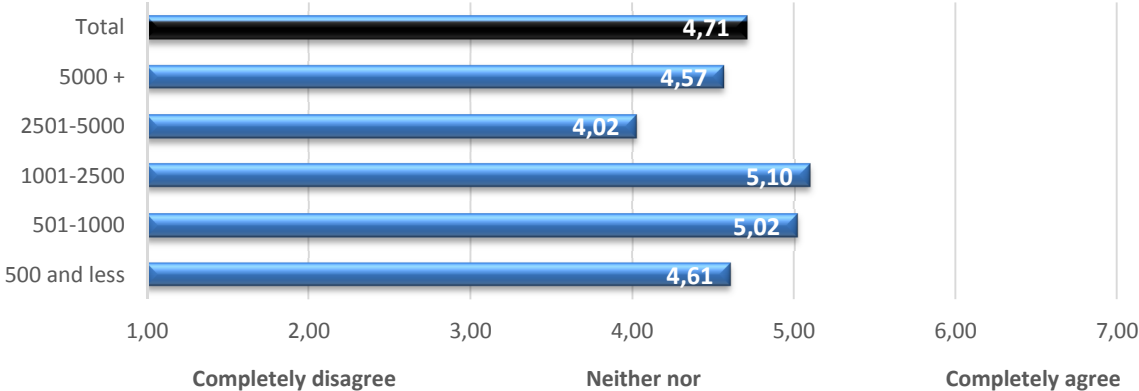


2-38 “More local referenda would be a good way of improving citizen democracy”. Faroes. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=93).

The Faroese leaders do not show a positive reaction to our statement “*More local referenda would be a good way of improving citizen democracy*”. No group reaches the middle, which is 4 on the 1-7 scale, – one of them is below 2 – and the average score is 3.32. We have to consider this as an expression of disagreement with our statement.

In the Icelandic case we see something different, above the middle in all groups and 4.71 in average score. This might of course be the result of Icelandic local leaders being more familiar with local referenda than the others and therefore more positive. Another explanation could be that national referenda have been frequent in Iceland in the years after the collapse.

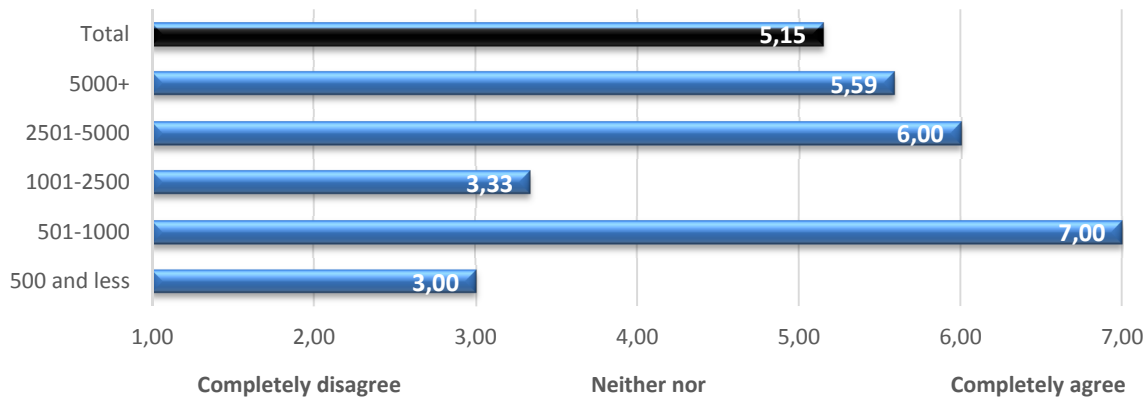
Local referenda good for democracy: Iceland



2-39 “*More local referenda would be a good way of improving citizen democracy*”. Iceland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=225).

Finally, Greenland. Except for results from the size group 1001-2500 inhabitants we see difference by size in the attitude towards this statement.

Local referenda good for democracy: Greenland



2-40 “More local referenda would be a good way of improving citizen democracy”. Greenland. Mean scores on a scale 1-7 on the above statement (1=Completely disagree; 7=Completely agree). (N=27).

Leaders in larger communities could be keener on local referenda. That, however, is not a pattern we see when looking at the other two countries.

2.7 Summary

In this chapter we have been looking at local leaders’ attitudes towards municipal structures and reforms, as well as towards the allocation of tasks and responsibilities between the state and local level. Transfer of tasks from state to local is the theme in that context. Furthermore, we have looked at the leaders attitudes towards local democracy – both their perceptions of the democracy in general and also towards some of the more modern instruments of citizen democracy which have aimed at increasing the participation and influence of citizens on decision making.

Looking at attitudes towards the emergence of municipal amalgamations, results from the Faroe Islands show some interest in amalgamating further than already done. In the Icelandic case, interest in amalgamations seems to be similar and, rather surprisingly, this interest exists in all size categories – despite the newly implemented dramatic reduction in the number of municipalities from 18 to 4. Above we have, however, seen some serious critiques of the situation after the 2009 structural reform. In Iceland, there have been two serious attempts to try to change the municipal structure through voluntary measures – as stipulated in The Local Government Act. After some limited success in two referenda, the emphasis and interest has focused much more on trying to enhance the municipal level through inter-municipal cooperation. Still, there exist local leaders who strongly believe in the importance of doing this by having fewer and stronger municipalities. One of these answered in our open-ended questions: “The parliament should go forward and amalgamate municipalities with the force of law!

Otherwise we will see the municipal level end up as in the final scene in the film *Thelma and Louise*.”

When trying to sum up what the local leaders in the three countries believe about democratic concerns of inter-municipal cooperation, we see some mixed results. We note, for example, complexity of accountability and complexity of decision making in the entities. While leaders in the Faroes seem somewhat neutral or having mixed attitudes about that, Icelandic leaders seem a lot more concerned about this complexity and the same appears to be the case in Greenland. So, local leaders’ attitudes towards inter-municipal cooperation in the three West Nordic countries might be summarized by saying that while they see its advantages such as strengthening small municipalities and providing more efficient ways of running services – they also see and admit the concerns around decision making and accountability. The results regarding efficiency are in line with earlier research results in Denmark, Sweden and Iceland as presented above. Even though the studies by Lundtorp and Weber (2001) and Ragnarsson (2003) did not show many democratic concerns connected to inter-municipal cooperation as presented by Kjær (2000), such concerns seem to exist in this study, especially in Iceland and Greenland.

In the section where the issue was transfer of tasks and responsibilities from the state to local level, interest in further transfer was in general not so extensive in the three countries. With reservations due to lack of significance in the Greenland case, interest appeared to be highest among local leaders there. This may not be so surprising since, in Greenland, intentions on transfer to local level following amalgamations in the structural reform in 2009, have not become reality yet. In the Faroe Islands the results were very clear. An overwhelming majority of local leaders (88%) who wanted further tasks transferred mentioned *Primary School* as the first alternative of posts to transfer. The results in Iceland were not as explicit. Here, *Elderly care* had the highest score of 54% selecting it as the first alternative and 98% naming it in 1st to 3rd place. Transfer of responsibility for *Health Care Centres* and the *Upper Secondary School* was also popular among the Icelandic local leaders and seems to be rising. Open ended questions, both in Iceland and the Faroes, also gave some impression of discontent among local leaders as regards their cooperation with the state. This might be an indication of more takeovers and less cooperation between the two levels.

Our results on the perception of local democracy more or less support theories which claim that closeness between citizens and politicians is connected with size; that is, the bigger the municipality the less the closeness and vice versa. In the smaller entities the ties seem to be closer – but least so in Iceland. Here we have to keep in mind that this is what the politicians and administrators believe. It seems as if the small and

peripheral sub-municipalities (Bygder) in Greenland are undermined, while the same can hardly be said in the Faroese case, nor, apparently, in the Icelandic case.

When looking at the instruments for citizen democracy we find good support for citizen meetings in all three countries; to some extent size dependent – that is, more interest in bigger municipalities. Citizen assemblies gain less support among local leaders. Support is strongest in Iceland, less in the Faroes and considerably split in Greenland. This might very well be explained in terms of the experience of the instrument in Iceland and lack of it in the other two countries. The same can be said about local referenda. The concept does not seem to be popular in the Faroes, but much more so in Iceland. In Greenland, support is split – and seems to be size dependent, with stronger support among leaders in the larger municipalities. However, the results in Greenland cannot be confirmed by statistical significance.

3 Service provision and effectiveness of the municipalities

As noted in the beginning of the project's previous section, this chapter provides an overview of the efficiency of local government with respect to municipality size and geographical disparity. An attempt will also be made to investigate whether the countries in question have experienced any benefits following municipal amalgamations – mainly changes in the quality of service. Furthermore, the author addresses any possible difference in the efficiency of each service independently. To detect the potential effect of efficiency of local government with respect to municipality size and geographical disparity, the respondents were asked to answer the following question:

“In this question, we ask you to evaluate the service quality in your municipality in several areas. The scale is between 1 and 7 where 1 stands for very low quality and 7 for very high”. Then the individual types of services were listed as in the leftmost column of next table and the respondents were asked to grade the quality of the services on the scale 1 to 7 where 1 was very low and 7 very high. The following chapter will address the results by ranking individual service types from the highest to the lowest level of quality. Since we have 18 different service types, three quality groups will be implemented in the analysis: the highest 6 service types will be called the highest quality group, the next six the middle group, and the lowest six the lowest quality group. Then the chapter will discuss the service types that seem to change quality with respect to size of the respondents' home municipality in order to gather evidence as to whether service quality tends to increase by municipality size. Instead of implementing a descriptive analysis only and drawing figures for each of the 18 different types of services for all of the three countries, a preliminary analysis² was used to detect a possible relationship and figures were drawn if this was present. The results are listed below (

² It was by running the first step of an ordered response model for survey data in the computer program STATA where no specification tests were implemented at this stage of research.

) with a plus sign if the relationship is most likely positive, minus sign if negative, and nothing if the preliminary analysis does not confirm the relationship to be significant at least at the 10% level.

Table 3-1. Relationship between municipality/community size and the individual service

Service item	All countries	Faroe Islands	Greenland	Iceland
Primary school				
Kindergarten	+			+
Music schools	+			+
Social services				(+)
Culture	+			+
Sports and recreation	+	(+)		+
Water supply	+			+
Garbage				
Health care				
Roads, streets				
Snow cleaning				
Housing	+	(+)		(+)
Public transport	+	(+)		+
Hygiene			-	+
Environment		-		(+)
Waste management		(-)		
Business development		+		
Overall quality of service	+			+
The sign is marked by parentheses if the relationship was significant at 10% level. A sign without parentheses indicates a relationship significant at 5% level.				

The first impression of the results is an astonishing difference between the three countries where the size of the municipalities seems matter the most in Iceland and the least in Greenland. This raises many questions that will be addressed more properly later in the manuscript.

In order to obtain information of a potential benefit or improvement following a municipality amalgamation, the respondents were asked reveal their opinion of four different statements. The statements were presented as follows: *Below are some statements about municipal services. We ask you to tell us to what extent you agree or disagree with them when thinking of your own municipality.*

1. *Amalgamations have led to more efficient service provision (more efficient service)*
2. *Amalgamations have led to improved quality in the services (better service)*
3. *The service quality is equal between neighbourhoods after the amalgamation (spatially equal service)*
4. *Amalgamations have led to better and more professional administration in the municipality (Professional service)*

A preliminary analysis was used to determine which relationships would be presented graphically in the report with respect to municipality size.

Table 3-2. A potential relationship between service and municipality size following an amalgamation

Result of amalgamation	All countries	Faroe Islands	Greenland	Iceland
More efficient service	+	(+)		+
Better service	+			+
Spatially equal service				(-)
Professional service	+			+
Note: A sign is marked by parentheses if the relationship was significant at 10% level. A sign without parentheses indicates a relationship significant at 5% level.				

Once again, the difference is noticeable between Iceland, where municipality size seems to matter the most, and the two other countries where it is down to almost nothing.

Table 3-3. Services in the Faroe Islands and Greenland which differ considerably from Iceland

Service item	The Faroe Islands	Greenland
Primary school		-
Kindergarten		-
Music schools	-	-
Social services	-	-
Culture		-
Sports and recreation		-
Water supply		-
Garbage	+	-
Health care	+	-
Roads, streets		-
Snow cleaning	-	-
Housing	-	-
Public transport		-
Hygiene		
Environment		-
Waste management		-
Business development	-	-
Overall quality of service	-	-
Note: A sign is marked by parentheses if the relationship was significant at 10% level. A sign without parentheses indicates a relationship significant at 5% level.		

Next, the preliminary analysis was used to investigate whether a considerable difference existed in the grading of service types between those three countries. The test was constructed in the following manner: The Faroe Islands and Greenland were tested for not being significantly different from Iceland in each of the 18 different

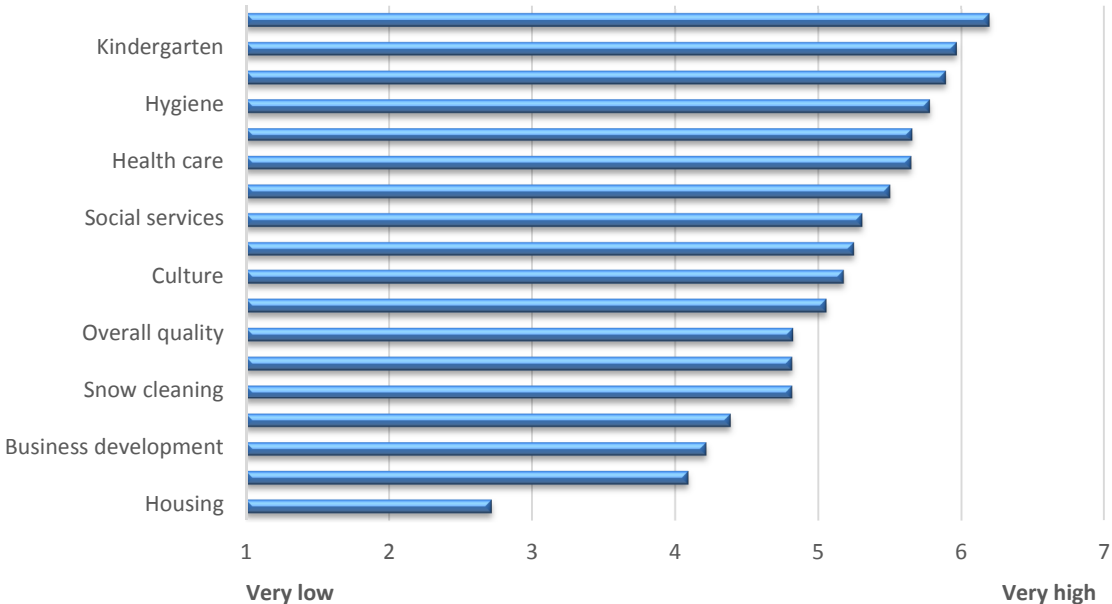
service types. The comparative results suggest that Greenland was always significantly lower than Iceland in service quality, apart from hygiene which returned no significant difference. Note that the grades are assumed to be completely comparable between countries – which does not have to be the case. This is an abstract comparison, since cultural differences between the countries, translation of the survey and varying semantic spectra between those three languages can affect grading and thus skew the results of the survey.

There is a considerable difference between the Faroe Islands and Iceland in six types of services, with garbage and health care scoring considerable higher the in Faroe Islands than Iceland, whereas results were the other way around for snow cleaning, housing, business development, and overall quality.

3.1 Local service quality in the Faroe Islands

In the Faroe Islands the quality of different types of services was on average somewhere between 2.7 to 6.2 (on the scale 1 to 7). Garbage, kindergartens, primary schools, hygiene, sports and health care were ranked as of highest quality, while housing, public transport, business development, roads, snow cleaning, and waste management were of lowest quality, with housing being considerably worse than all other services and the only category that fell below average grade – with services being ranked from high to low (cf. 3-1).

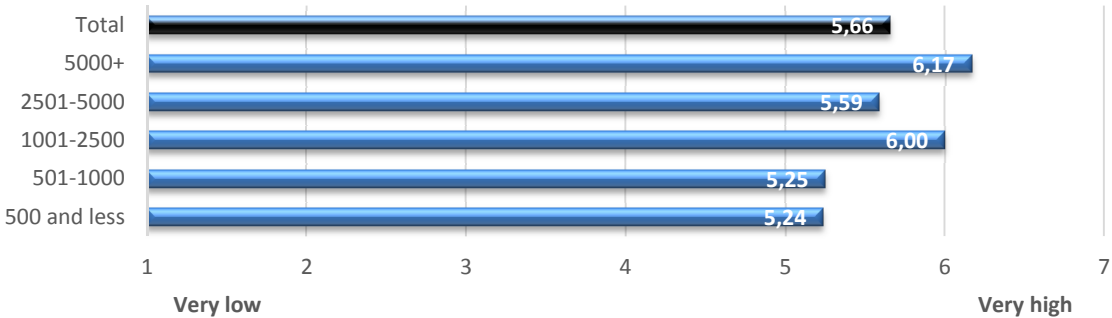
The Faroe Islands: Ranking the quality level of single services



3-1. Quality ranking for public services in the Faroe Islands

The test for a possible impact of municipality size on different types of services showed that sports and recreation were most likely to be affected by this variable (Figure 3-2) and that this category is among top quality services in the Faroe Islands (Figure 3-1). Note that even though quality level does not increase gradually with respect to municipal size, the difference is detectable between municipalities with fewer than 1,000 inhabitants and higher with a significant cutback for municipalities of 2,501-5,000 inhabitants. Tórshavn, the capital city, is the only municipality that falls in the 5,000+ group.

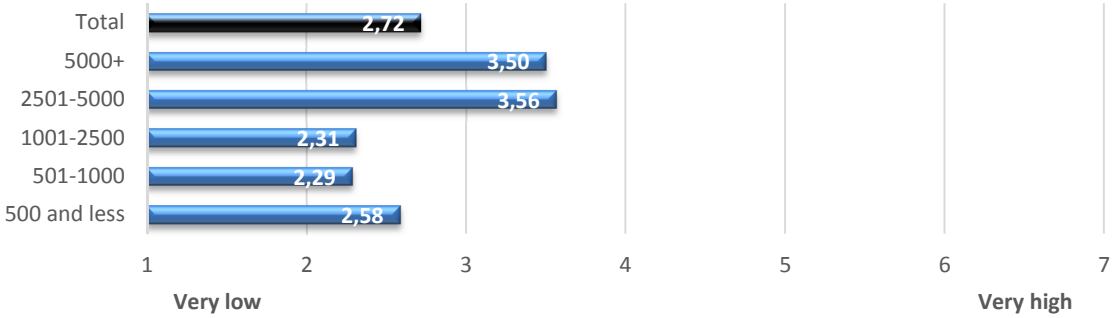
The Faroe Islands: Sports and recreation



3-2. The quality level of sports and recreations with respect to municipality size in the Faroe Islands

Housing was also dependent on size of municipality. Housing returned by far the lowest service level in the Faroe Islands (Figure 3-1). Even though housing is of a higher quality in municipalities with more than 2,500 inhabitants, service level there was still assessed as low (Figure 3-3). For the less populous municipalities, the service level is considerably lower. Once again, no gradual progress was noted in the relationship between housing service level and municipal size; for example there appear to be two separate groups with a population of 2,500 as a dividing line.

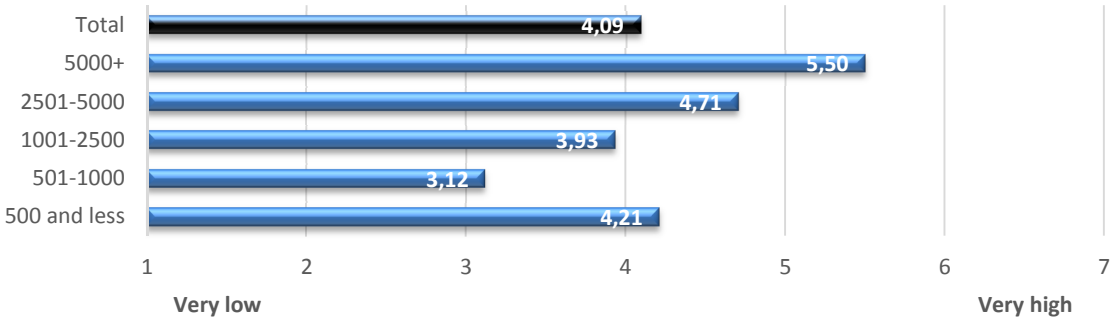
The Faroe Islands: Housing



3-3. The quality level of housing with respect to municipality size in the Faroe Islands

Public transport returned a significant correlation between level of service and size of (figure 3-4) service quality in the Faroe Islands (figure 3-1). Note that the smallest municipalities (fewer than 501 inhabitants) seemed to have a better service level in public transport than municipalities with 501-2,500 inhabitants. However, the four groups larger than 500 inhabitants show a strong, gradually growing, improvement in service level the larger the municipality becomes; that is, the service level in public transport is lowest in municipalities of 501-1,000 inhabitants and highest for the largest municipality. Thus, the bad average result of public transport (figure 3-1) was traced back mainly to the opinion of respondents in municipalities of 501-1,000 inhabitants (figure 3-4).

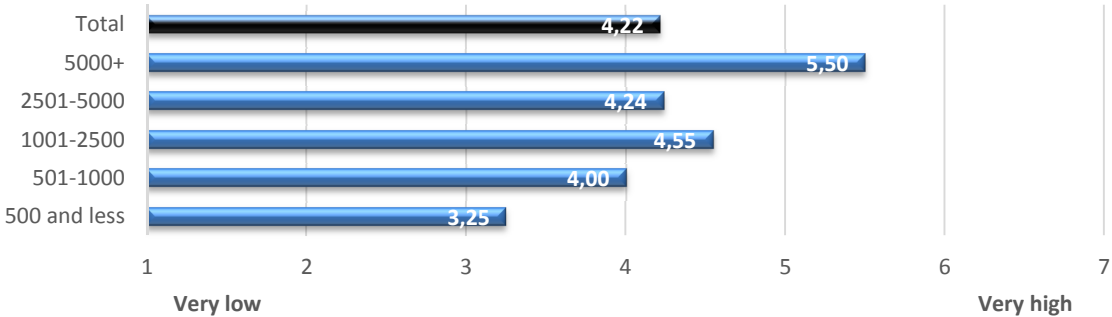
The Faroe Islands: Public transport



3-4. The quality level of public transport with respect to municipality size in the Faroe Islands

Business development, which fell into the third lowest service quality class, showed the most convincing pattern of the smaller the municipality, the poorer the service (figure 3-5). This is both logical and tragic, since smaller municipalities have a weaker budget while the need for business development is greatest there.

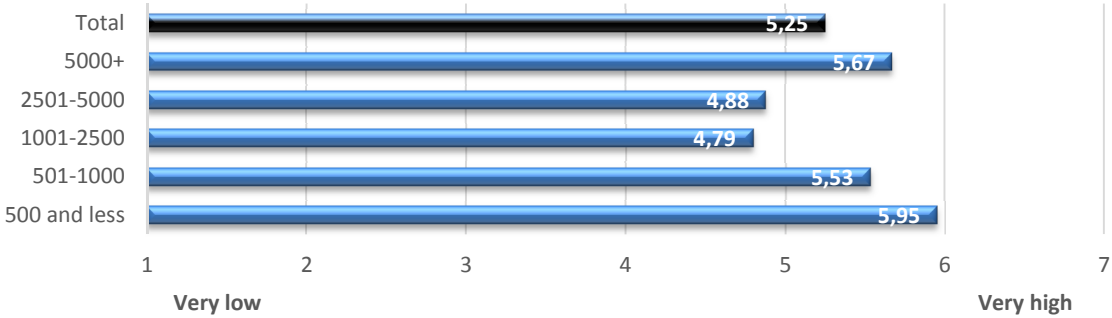
The Faroe Islands: Business development



3-5. The quality level of business development with respect to municipality size in the Faroe Islands

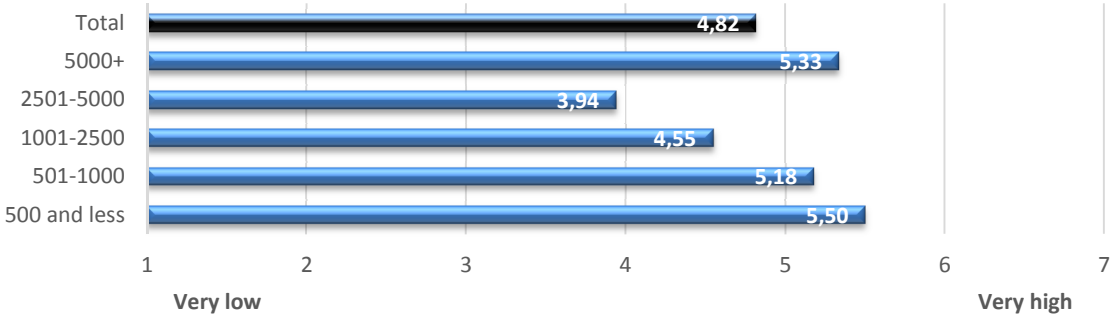
Two related types of service, environment and waste management, returned a relationship opposite to the anticipated one of “the smaller the municipalities the worse the service” (figure 3-6 and figure 3-7). The grades are relatively high for the largest municipalities in both services while the third and the second largest municipalities are observed as providing the worst service and the two smallest units return a similar and better quality compared to the largest municipalities.

The Faroe Islands: Environment



3-6. The quality level of environment with respect to municipality size in the Faroe Islands

The Faroe Islands: Waste management



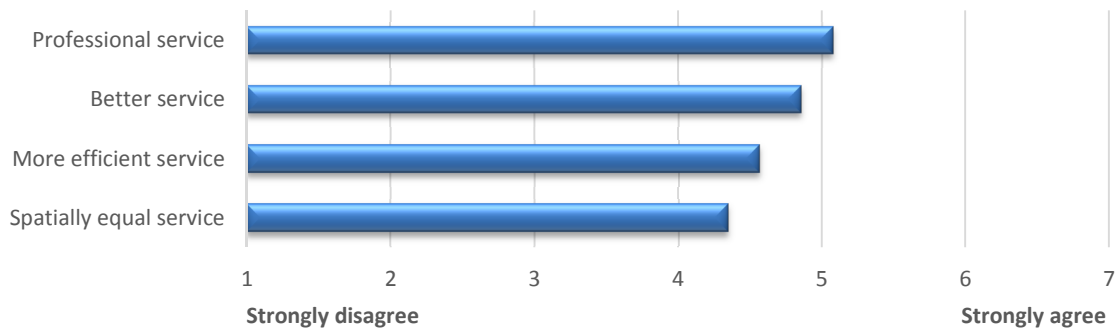
3-7. The quality level of waste management with respect to municipality size in the Faroe Islands

As indicated in the discussion above, municipality size seems to matter in six types of services out of 18. The services improve the larger the municipalities are in four cases: sports, housing, public transport, and business development. The service seems to become worse the larger the municipalities are in two types of services concerning environmental issues. However, in that case, the largest municipalities are close to reaching the highest grade along with the smallest municipalities. Note that size matters in services of the three lowest qualities (figure 3-1).

3.2 Municipal amalgamations and local services in the Faroe Islands

In the Faroe Islands, the respondents suggested that municipal services became better, more professional and efficient, following an amalgamation (figure 3-8). When it came to geographical equality the average grade was close to four, so the difference between those respondents that voted for and against that statement became negligible.

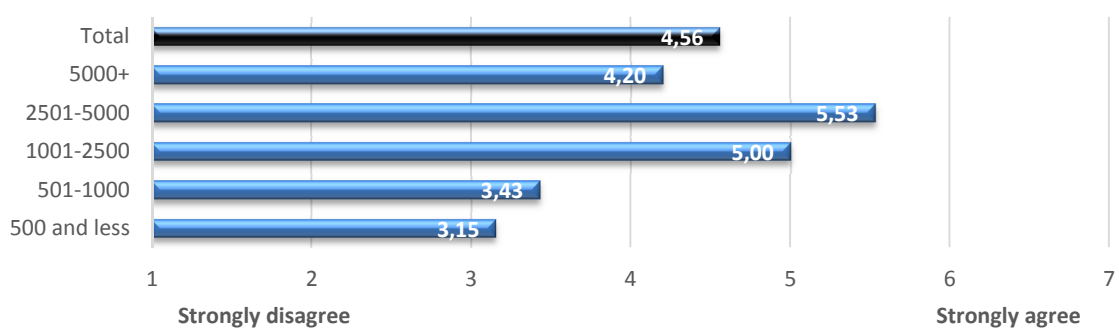
The Faroe Islands: Ranking the impact of amalgamations



3-8. The results of municipal amalgamation in the Faroe Islands

A preliminary estimation suggested that the difference between those that agreed and disagreed was dependent on the respondents' home municipality size only appeared in case of the statement regarding more efficient services – thus, the smaller the municipality the more strongly respondents disagreed that the service became more efficient following an amalgamation.

The Faroe Islands: More efficient service



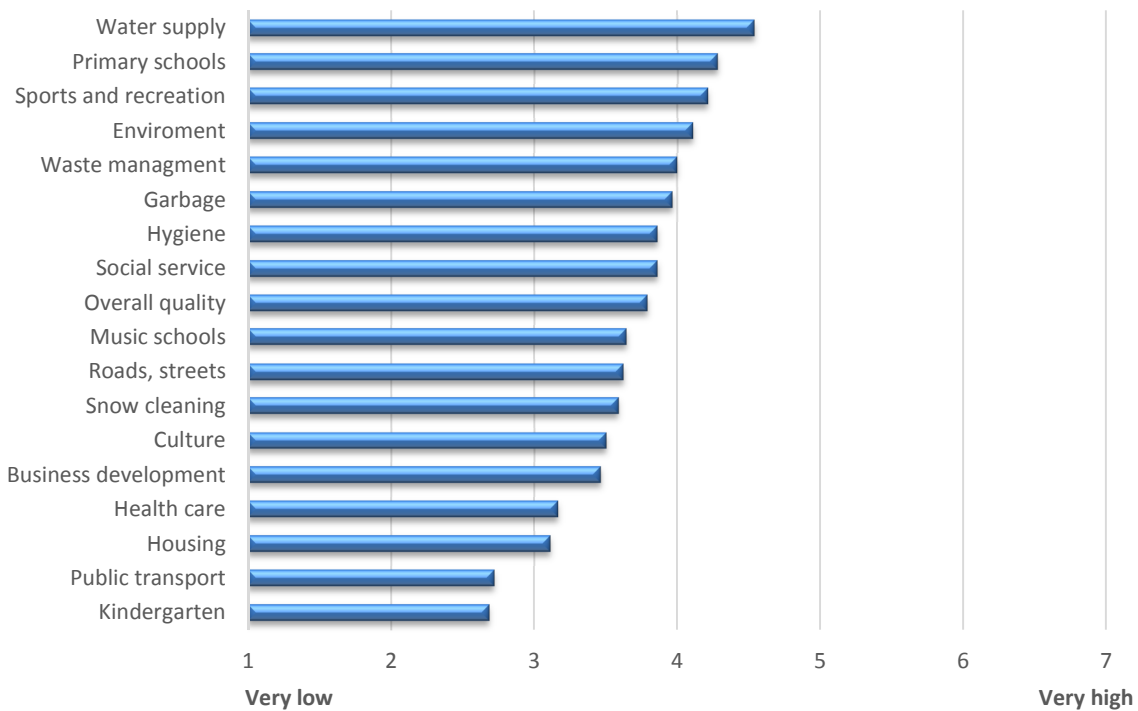
3-9. The results of municipal amalgamation on service efficiency in the Faroe Islands

No evidence suggested that municipality size affected the answers of the other three statements in the Faroe Islands.

3.3 Local service quality in Greenland

In Greenland, the respondents said that the quality of 12 types of services out of 18 are low and the rest was ranked close to even or high (figure 3-10). This is interesting since they entered a “large” amalgamation in 2009 when 18 municipalities became 4. However, no difference was detected in the respondents’ ranking when the answers were analysed with respect to their home municipality size. It is also interesting to note the large rank difference between the three schools mentioned in this question, where the primary school is regarded as the second best service, the music school close to the middle, and the kindergarten at the bottom. Note, however, that in Greenland there were few respondents, so the results only provide weak evidence.

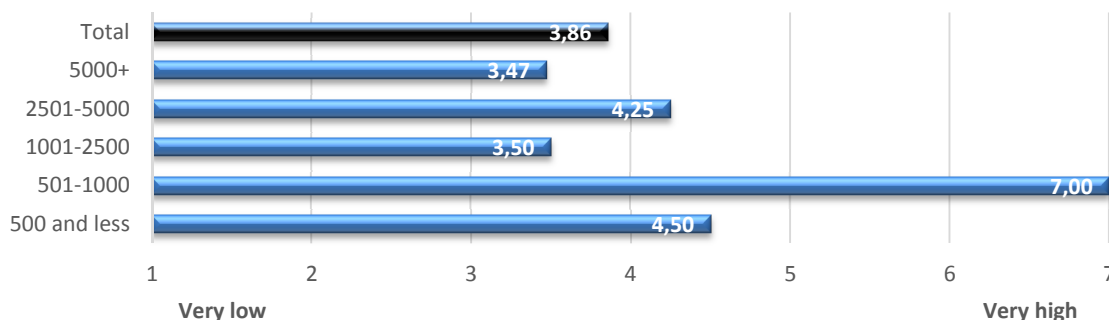
Greenland: Ranking the quality level of single services



3-10. The ranking of quality level for public services in Greenland

Hygiene was the only service that returned any evidence for being dependent on municipality size (figure 3-12) and the relationship was negative. This outcome is, however, traced back to an exceptionally high grade for the second smallest municipality group (501-1,000) and not reliable since we received an answer from only one respondent.

Greenland: Hygiene

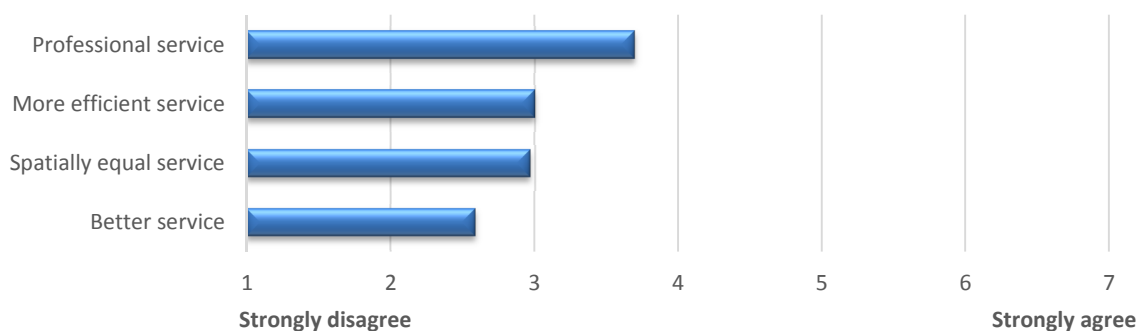


3-11. The quality level of hygiene with respect to municipality size in Greenland

3.4 Municipal amalgamations and local services in Greenland

The answers from Greenland regarding quality change in the wake of an amalgamation are not encouraging either. In all cases, more respondents express the opinion that quality is poorer today than prior to the amalgamations.

Greenland: Ranking the impact of amalgamations



3-12. The results of municipal amalgamations in Greenland

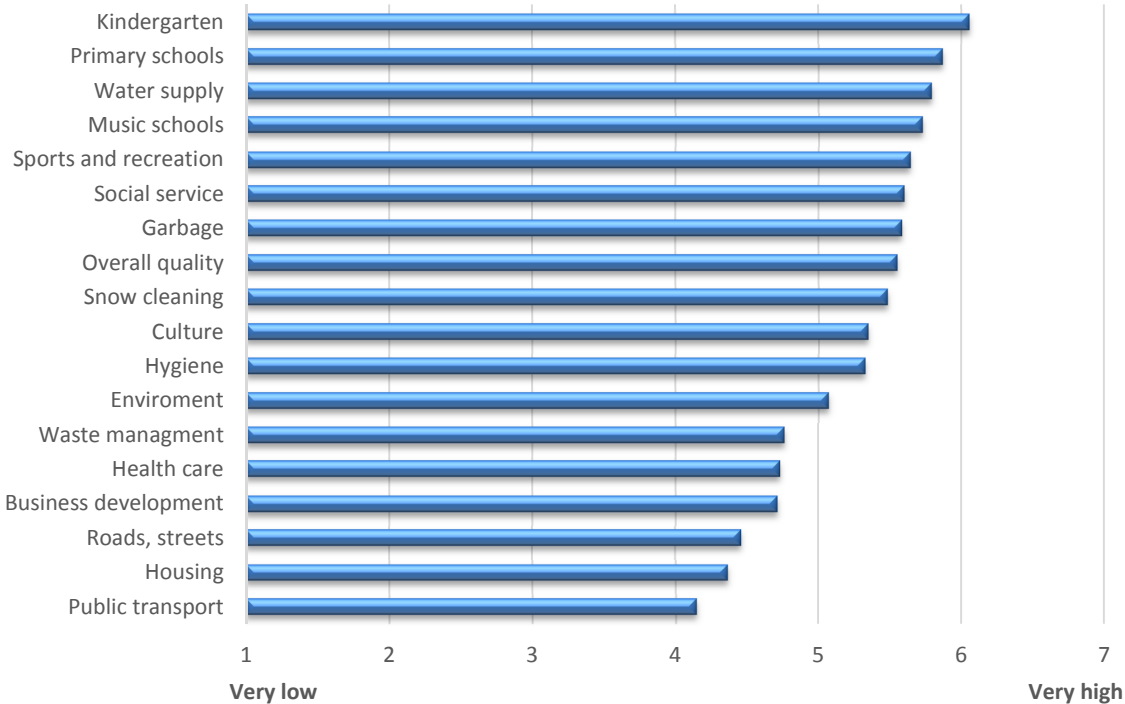
Even though the overall quality and reliability of the answers from Greenland is poor, it is remarkable how pessimistic they are about the new system. Is it because the silent majority in Greenland is more satisfied than those few who responded to the survey or what?

3.5 Local service quality in Iceland

Even though no service in Iceland is assessed as low quality there was considerable difference between services ranked as of highest quality and those at the bottom, since those ranked at the top are seen as of very high quality while services at the bottom were felt to be neither of low nor high quality. Icelandic respondents count schools, social services and sports - the most expensive services among Icelandic municip-

alities - as the best services provided. At the bottom, however, is public transport, followed by housing, roads, business development, health care, and waste management. Public transport is disappointing since a new approach was recently installed and many civilians had seen this as an improvement in at least one region (Karlsson & Steinsen, 2014). Housing, however, is in line with the former reference. The housing market has been in bad shape since the beginning of the bank crisis – especially for rent. Health care is a state governed service in Iceland and has also been experiencing serious challenges following the bank crisis. The same also applies to road maintenance. It is comforting to see that culture is not ranked lower than the middle, since this category seems to matter with regard to out-migration (Vífill Karlsson, 2013, p. 16) and municipalities in Iceland reduced their expenses in the financial crisis 2008 (Vífill Karlsson, 2015, p. 34).

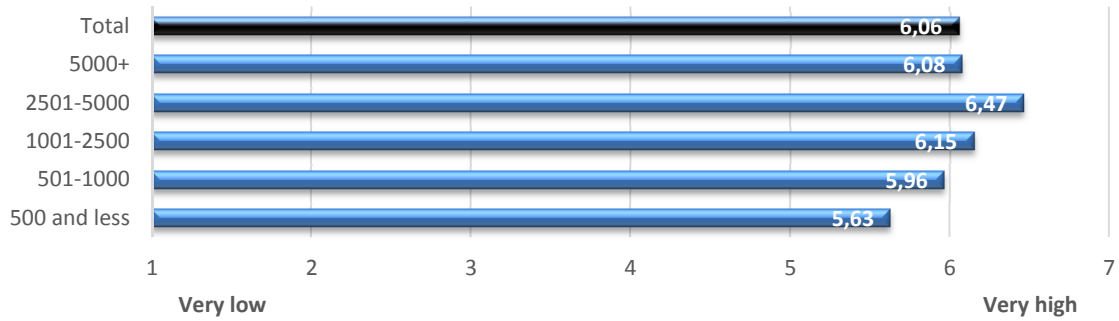
Iceland: Ranking the quality level of single services



3-13. The ranking of quality level for public services in Iceland

A preliminary estimate for Iceland in order to detect a possible relationship between service level and respondents’ home municipality size, suggested this was present in 11 cases out of 18 and always positive; that is, services improve in a larger municipality. As regards the top six of highest quality, all services returned a significant relationship except the primary school.

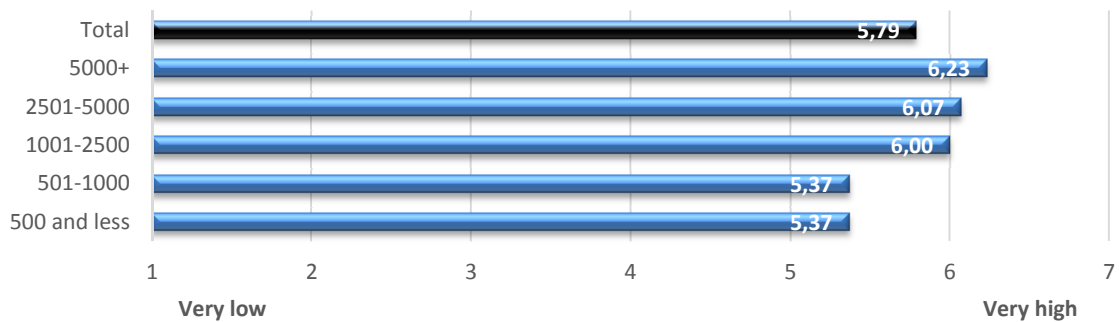
Iceland: Kindergarten



3-14. The quality level of kindergarten with respect to municipality size in Iceland

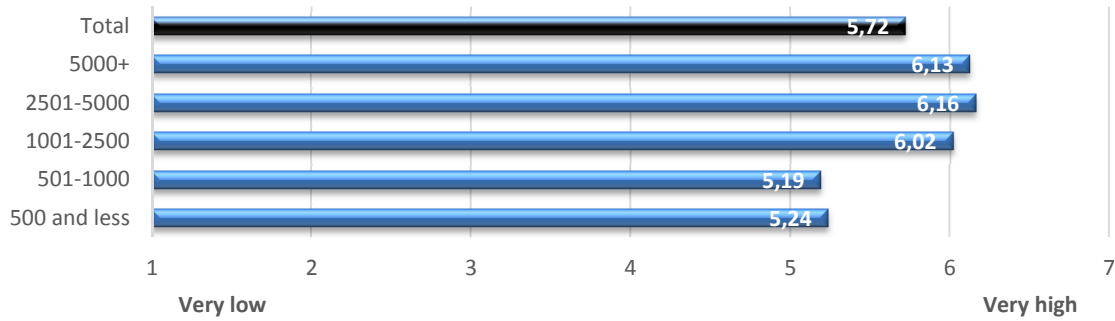
However, the relationship was never an even and gradual positive pattern. The largest groups of municipalities did not return the highest score for kindergarten, social services, and sports (figure 3-14, figure 3-18, and figure 3-17). As for music schools, and to some extent water supply, the municipalities are classified into two groups separated by the population limit of 2,500 (figure 3-16).

Iceland: Water supply



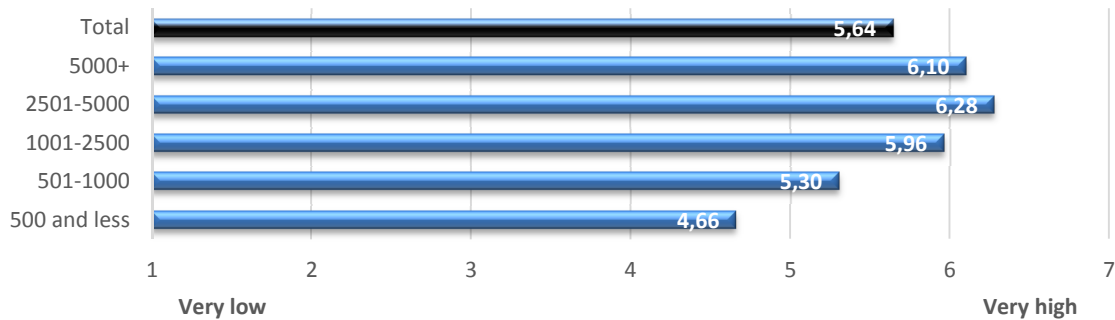
3-15. The quality level of water supply with respect to municipality size in Iceland

Iceland: Music schools



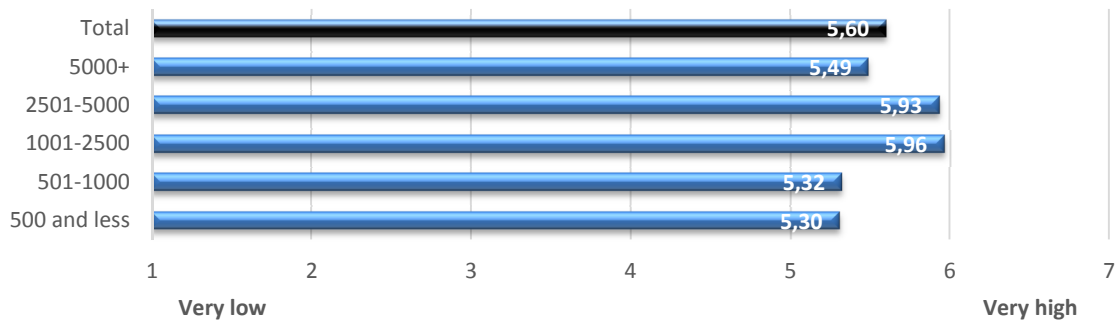
3-16. The quality level of music schools with respect to municipality size in Iceland

Iceland: Sports and recreation



3-17. The quality level of sports and recreation with respect to municipality size in Iceland

Iceland: Social services

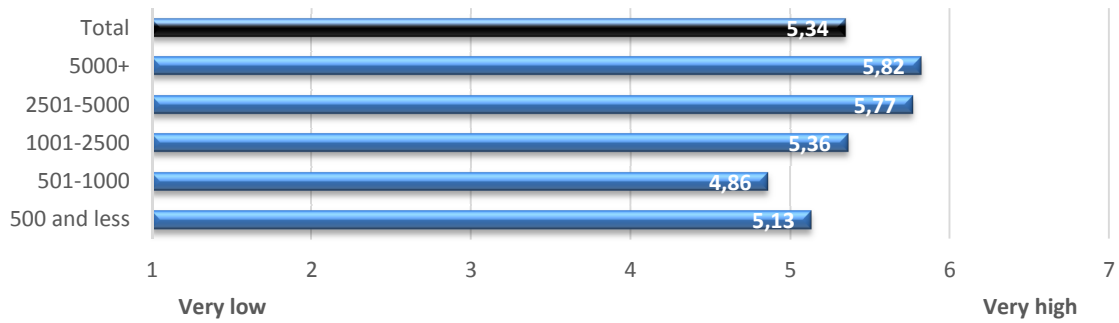


3-18. The quality level of social services with respect to municipality size in Iceland

In the middle quality group, culture, overall services, hygiene, and environment returned a positive relationship. As in the earlier group, the size gradient was not smooth. Culture came closest with a relatively even size gradient, apart from the second smallest municipalities, which returned a lower level of quality than the

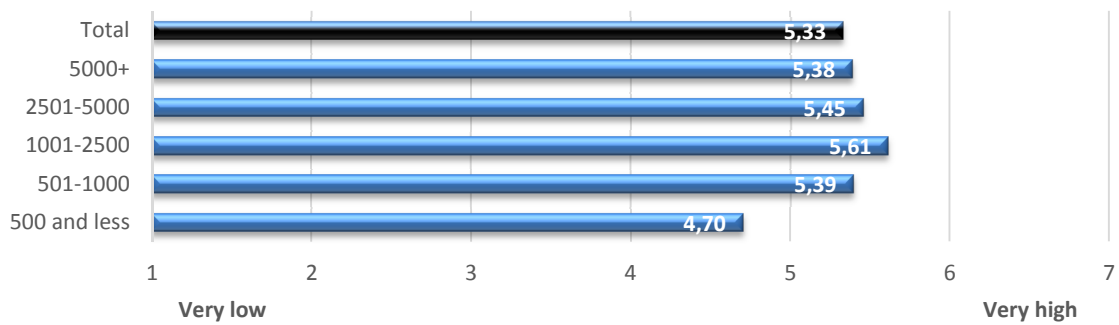
smallest municipalities (figure 3-19). For other services, the municipalities were classified into two groups, most often separated by the population limit of 2,500 (figure 3-21 and figure 3-22) while hygiene is separated by 1,000 inhabitants (figure 3-20).

Iceland: Culture



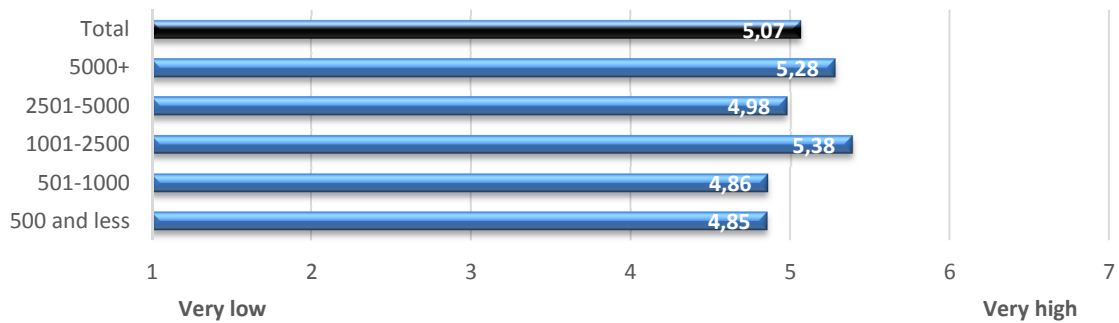
3-19. The quality level of culture with respect to municipality size in Iceland

Iceland: Hygiene



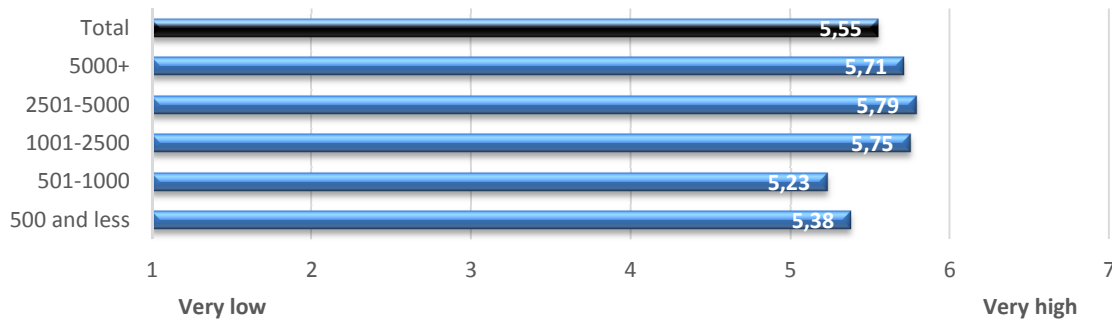
3-20. The quality level of hygiene with respect to municipality size in Iceland

Iceland: Environment



3-21. The quality level of environment with respect to municipality size in Iceland

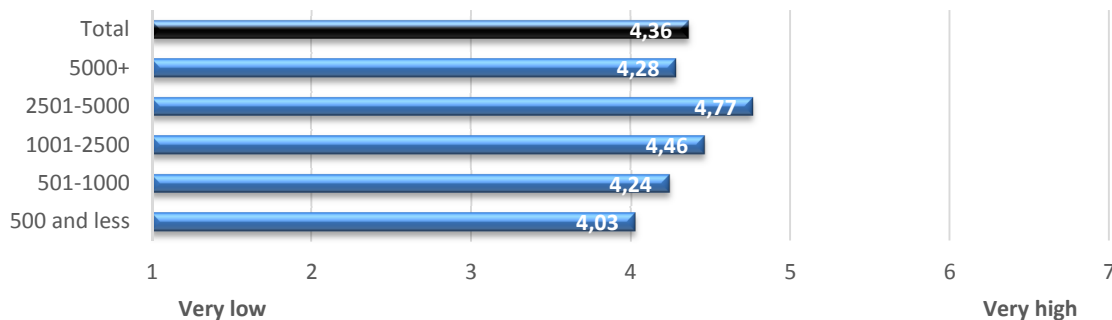
Iceland: Overall quality of service



3-22. The quality level of overall services with respect to municipality size in Iceland

In the lowest quality group, only housing (figure 3-23) and public transport (figure 3-24) returned a positive municipality size relationship. In housing, the size gradient became rather gradual apart from the largest municipalities that were graded in similar terms as municipalities of 501-1,000 inhabitants (figure 3-23).

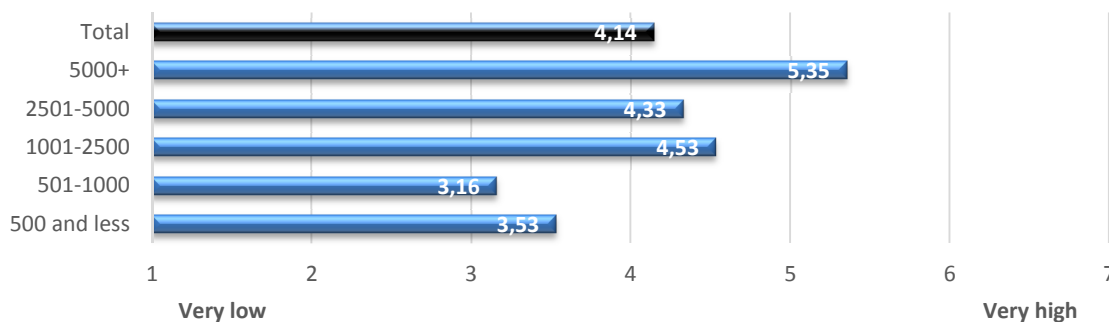
Iceland: Housing



3-23. The quality level of housing with respect to municipality size in Iceland

Public transport (figure 3-24), however, is considered to be of the highest quality in the largest municipalities, then the two second largest municipality groups are approximately even and significantly lower than the largest group and, finally, the two smallest municipality groups, again, were even with the considerably lowest quality of public transport.

Iceland: Public transport



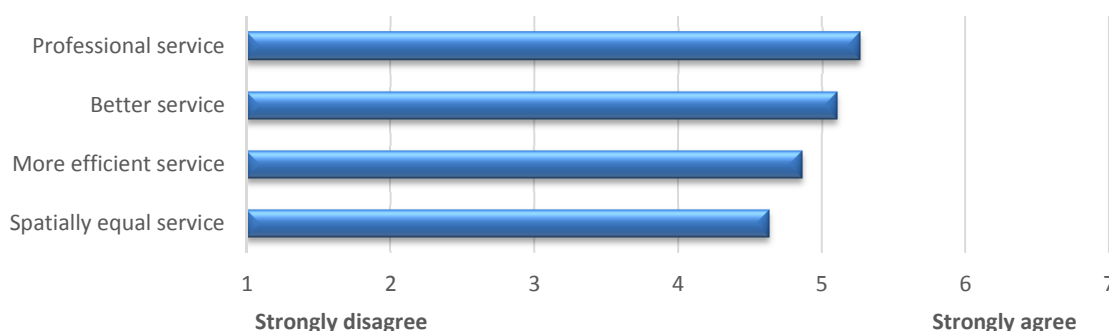
3-24. The quality level of public transport with respect to municipality size in Iceland

The discussion above suggests that municipal size matters with regard to services of both the lowest and highest qualities – apart from the primary school. Interestingly, the largest municipalities are counted as the best providers of only three types of service – that is, water supply, culture, and public transport. Moreover, the difference is only dramatic in public transport. The second largest municipality group scores highest in three cases: kindergarten, sports, and housing. So, even though larger municipalities tend to return services of better quality than smaller ones the best offer is not necessarily delivered by the largest municipalities of Iceland.

3.6 Municipal amalgamations and local services in Iceland

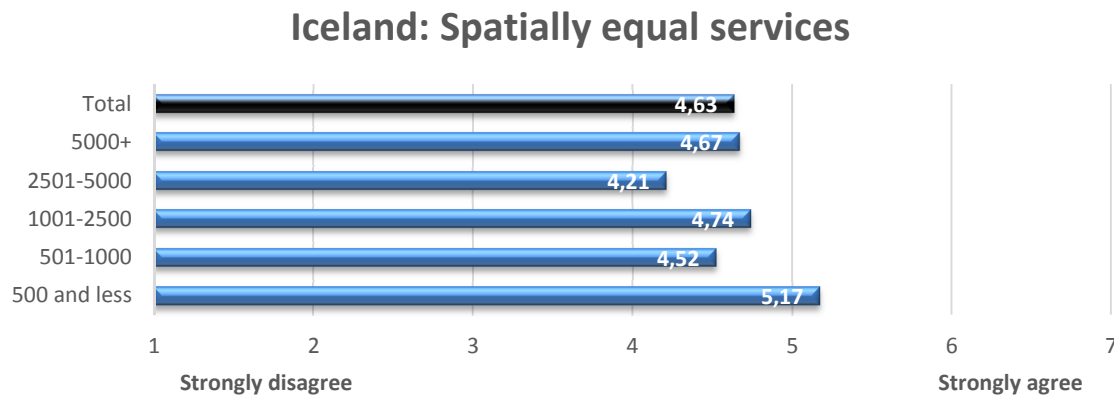
The respondents in Iceland suggested that municipal services improved following an amalgamation. Most of the respondents agreed as to how more professional the services became, general quality of services came second, next efficiency, and fewest agreed about spatial equality (figure 3-25).

Iceland: Ranking the impact of amalgamations



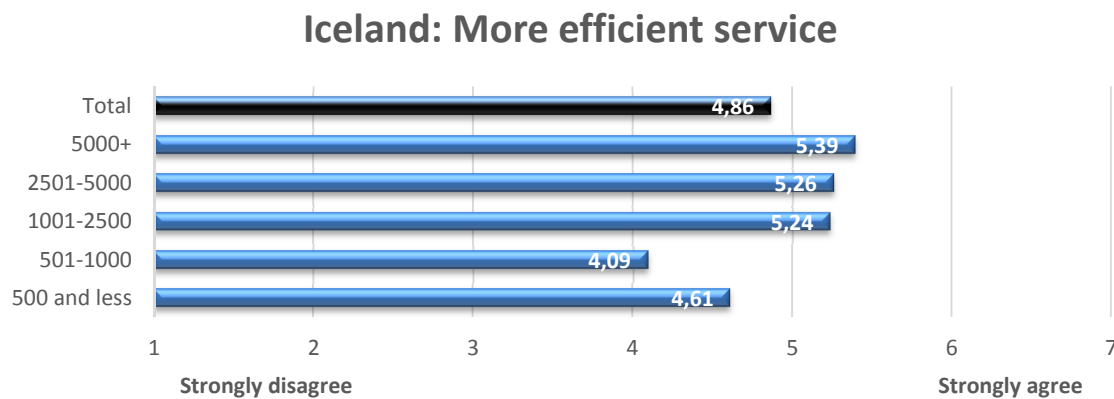
3-25. The results of municipal amalgamations in Iceland

All four categories seemed to correlate with municipality size, all positively except for the spatial dispersion of the services. According to the poles, the respondents suggested that municipal services were the more dispersed, the smaller the municipality (figure 3-25). This is not a strong relationship, however.



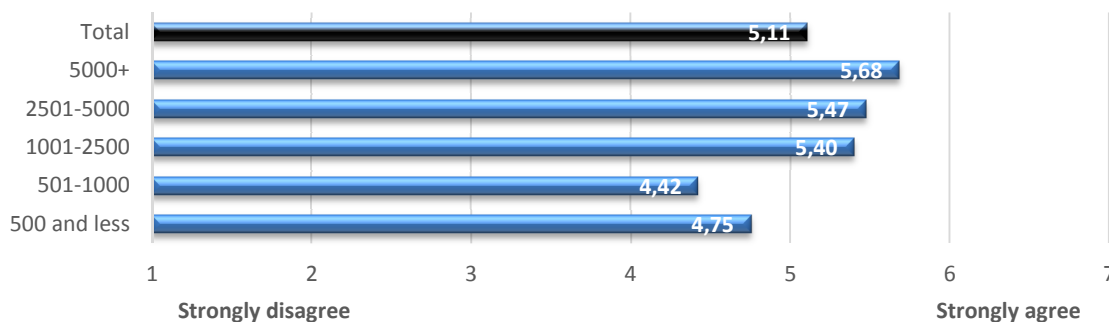
3-26. The results of municipal amalgamations on spatial dispersion of services in Iceland

The other three options (service efficiency, quality, and professionalism) returned a strong positive relationship: The outcome was the better the larger the municipality (figure 3-27 – figure 3-29). It seems that the three largest municipality groups were given a similar rank as were the two smaller ones, while considerably lower than the large municipalities.



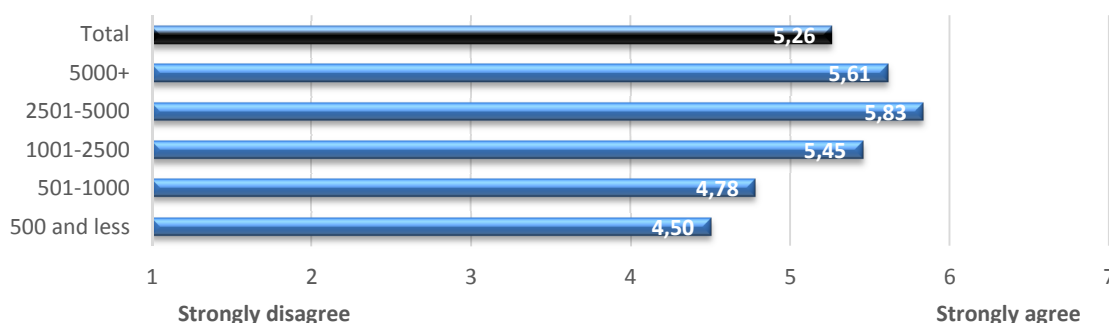
3-27. The results of municipal amalgamations on service efficiency in Iceland

Iceland: Better service



3-28. The results of municipality amalgamations on service quality in Iceland

Iceland: Professional service



3-29. The results of municipality amalgamations on professional service in Iceland

As the above figures indicate, it seems that following an amalgamation of larger municipalities, services have become more efficient, professional and better (>1,000 inhabitants) than in the case of smaller entities. However, there is a potential threat of a stronger geographical concentration of services the larger the municipality. This may result in hurting weak peripheral communities.

3.7 Country comparisons

Icelandic respondents seem to be generally more content regarding the quality of municipal services than respondents from the two other countries³ - especially Greenland (table 3-3). It is noteworthy that Greenland returned by far the lowest service quality despite having the most populous municipalities apart from six municipalities in Iceland and one in the Faroes. They had, however, the poorest response rates that led to a very weak results.

³ It could be questionable whether this abstract comparison is just. Cultural differences between the countries concerned, the translation of the survey and varying semantic spectra between those three languages could change the results of the survey.

When the countries are compared it becomes apparent how the Icelandic respondents' attitude is more sensitive to the size of their home municipality than is the case in the Faroe Islands and Greenland. Does this mean that amalgamations in Iceland have failed with respect to larger and possibly more central communities compared to smaller and possibly more peripheral ones? If the highest level of quality identified in Iceland is kept in mind, the explanation is far closer to being that Icelanders have been more successful in capturing the benefit of community size than the other two, since services have improved in larger municipalities in Iceland following amalgamations, while the level of quality in smaller entities has remained unchanged instead of worsening. So, the relative difference between the two categories has increased following amalgamations, even though smaller communities have not necessarily suffered a lower level of quality. Possibly this is because Iceland has more experience of municipal amalgamations than the other countries in terms of number. Note that amalgamations in Iceland and the Faroe Islands have been voluntary, whereas they were compulsory in Greenland.

It was also interesting to see that the schools are ranked among services of highest quality in Iceland and the Faroe Islands, apart from the music schools in the Faroe Islands, while only the primary school falls into that category in Greenland, music schools in the middle and kindergarten at the bottom. This is comforting for the Faroe Islands and Iceland since the welfare of children is significant and the largest share of municipal expenses is devoted to schools and social protection. However, social services fall in the middle quality group (8th place) in both the Faroe Islands and Greenland, while hitting the highest group in Iceland (6th place).

All countries seem to agree that only the primary school and sports and recreation should be placed in the highest quality group. At the same time, they seem unanimous that public transport, roads, housing, and business development should be classified in the poorest quality group among the services that they provide. Waste management, however, falls in the lowest category in the Faroe Islands and Iceland while it occupies the highest category in Greenland. Moreover, it is tragic to see the poor result of transportation in very sparsely populated and large countries in the northern periphery of Europe. The rank of the business development is also puzzling and worrying.

None of the service types meet with complete disagreement in such a manner that one falls into all three quality groups. Thus, there are always two countries that classify the service types in similar terms and sometimes all of them – indicating that there appear to be relatively large similarities among those countries although stark contrasts also occur.

With regard to the impact of amalgamations on services it became evident that Greenlanders were less content with the result than others and Icelanders were slightly more content than Faroese respondents. The disagreement was largest in all countries regarding geographical equality in service provision following an amalgamation – suggesting that most mistakes have been made concerning that issue in particular. It would appear that municipality size affects respondents’ opinions on all issues (professional, better, efficient, and geographically dispersed service) in Iceland and in relation to service efficiency in the Faroe Islands.

3.8 Summary

The above analysis suggests that the service level is higher in larger municipalities than smaller ones in 4 out of 18 services in the Faroe Islands and 11 out of 18 in Iceland. There are some clues which support the notion that service provision worsens following an amalgamation and others that do not. Comments by respondents in Greenland do indicate service deterioration, as do results of the dispersion of the services following amalgamations. Judging by the overall results, it is likely, however, that service levels in larger municipalities improve following an amalgamation whereas services in smaller communities remain at the same level and thus become relatively worse compared to others.

4 Local economic development and adaptation policies

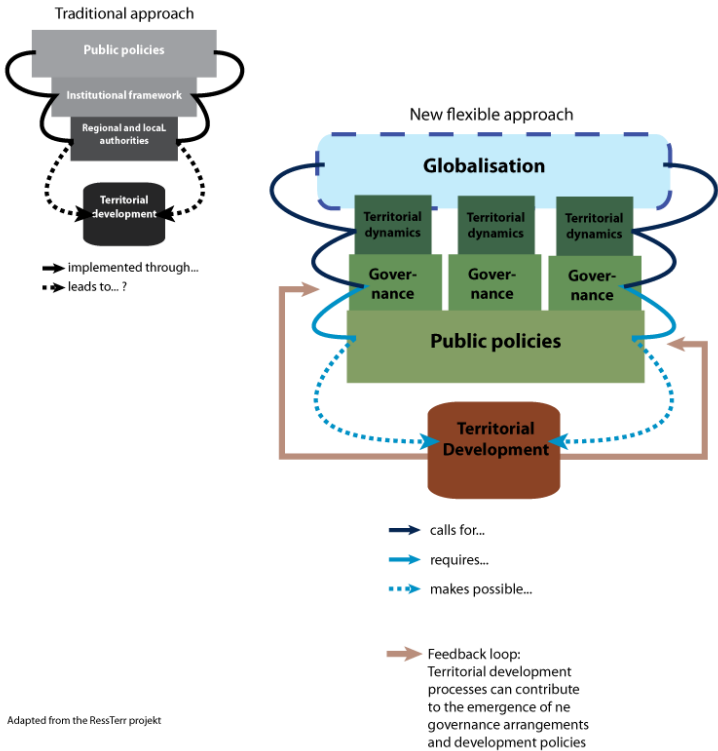
The survey approached economic development from three perspectives:

- (1) Perceptions of local economic situations, focusing on diversity, resilience and sustainability;
- (2) Entrepreneurship and innovation;
- (3) The organisation and efficiency of local, regional and national economic development policies.

The present section first introduces some main findings from the first part of the project. Results of the survey with aspects (examples &/or illustrations) of the three perspectives listed above are then presented, with specific attention to the demographic size of municipalities and villages. Some general conclusions are drawn on this basis.

4.1 Main findings from the first project phase

We have previously opposed the traditional and flexible approaches of territorial development, illustrated in Figure 4-1 below. While the traditional approach implies



4-1. The impact of municipal amalgamations on service professions in Iceland

that municipalities and regions are only components of an institutional framework through which a general development policy is implemented, the flexible approach suggests that development policies are constructed around territorial dynamics. These are embedded in globalising trends. The public policy responses are elaborated on the

basis of an assessment of existing interactions between economic and institutional actors and civil society. This approach seeks to act at the level where governance issues are identified, and to coordinate measures at different levels.

The modes of implementation of such an approach in West-Norden would be specific, considering the small size and limited resources of many local communities, and the particular exposure of their raw-material based economies. The survey sought to further explore the ways in which these specificities are perceived by local actors, depending of the size of the municipality (Iceland, Faroe Islands) or settlement (Greenland) to which they belong.

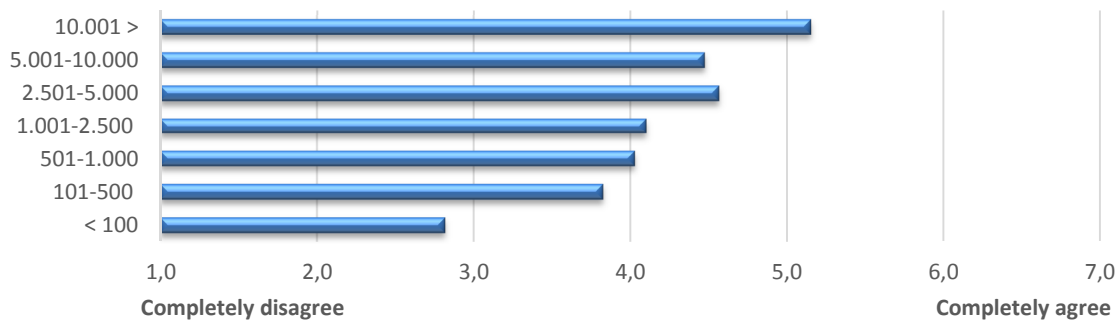
4.2 Perceptions of local economic situations

Unsurprisingly, answers to the question ‘we have a diversified economy in my municipality’ tend to be more positive in large municipalities. However, there are some significant differences between countries. In the Faroe Islands, only municipalities with less than 100 inhabitants stand out, with markedly less positive replies. This suggests that a lack of diversity is not perceived as a critical issue in municipalities above this threshold. This can be explained by the fact that municipalities with less than 100 inhabitants (Fugloy, Skúvoy and Húsa) are small and isolated islands. Their economic activities are, therefore, less integrated with those of neighbouring municipalities, and lack of diversification is therefore perceived as a greater problem. Other small Faroese municipalities are part of a larger functional region.

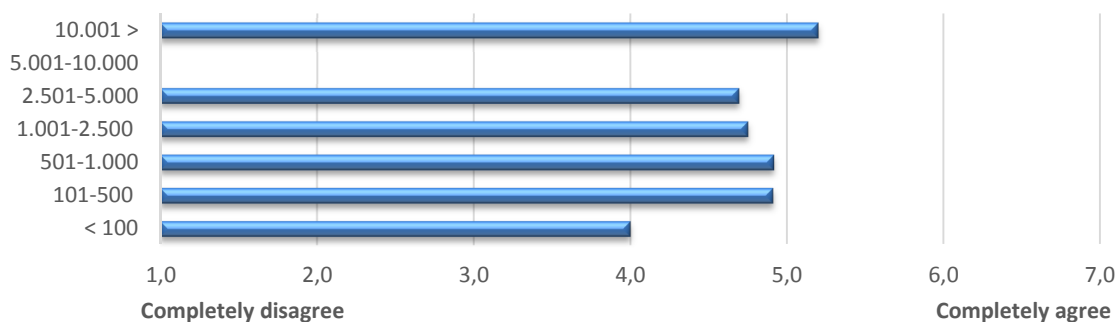
In Iceland, the difference between small and large municipalities is quite significant. Replies reflect low to partial agreement in municipalities with between 500 and 5000 inhabitants, while high proportions of agreement are observed in larger municipalities. All respondents of municipalities with less than 100 inhabitants agree that their economy is not diversified.

Results from Greenland must be interpreted with caution due to the low number of respondents. The 12 answers from villages between 100 and 500 inhabitants spread from 1 (‘completely disagree’) to 6 (close to ‘completely agree’). This suggests a large diversity of perceived situations. Significantly, also answers from respondents who

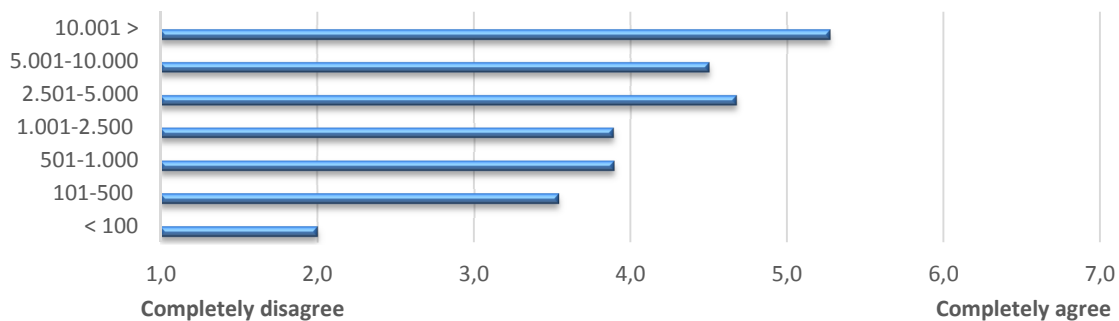
All countries



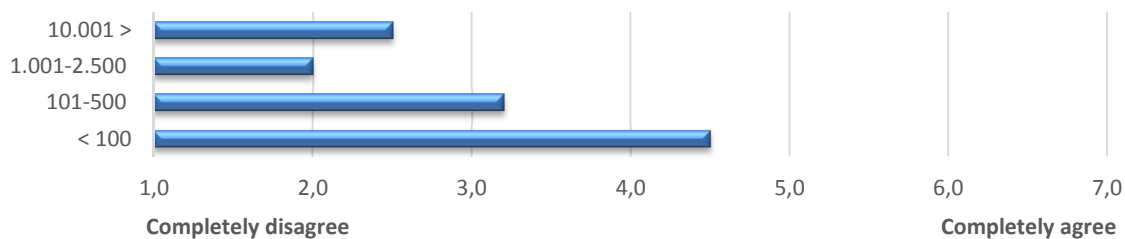
The Faroe islands



Iceland



Greenland



4-2. Opinions on the statement “We have a diversified economy in my municipality”; differentiated by size of municipalities, except Greenland (size of settlements).

consider ‘sustainability and economic development’ as their main interest in the survey have very diverse answers (from ‘completely disagree’ to ‘completely agree’).

Answers to the question “The economy of my municipality is robust/resilient in the face of economic shocks” reflect a perception of robustness distinctly correlated with municipality size (see Figure 4-2). This confirms the general idea that larger, more diversified economies are better equipped to resist external shocks, which is also well documented in the literature.

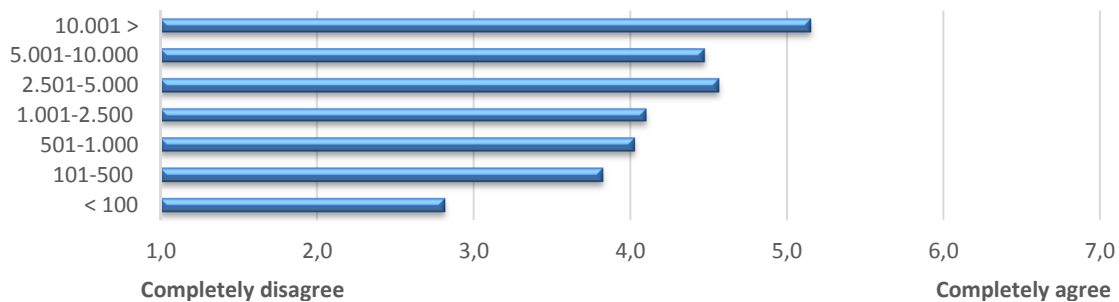
However, while answers in the Faroe Islands tend to be quite consistent, average values for Iceland correspond to a relatively wide range of opinions. Answers range from ‘completely disagree’ to ‘completely agree’ for all categories of municipalities under 500 inhabitants. Positive and negative answers are very balanced for the smallest municipalities (<100 inhabitants) and quite well distributed between 100 and 1,000 inhabitants. Above 1,000 inhabitants, there is a distinct confidence in local economic robustness, in spite of some outliers. Further enquiries would be needed to check whether these differences of opinion reflect a variety of local situations, or variations in perspective on individual municipalities’ level of robustness.

In Greenland, there is no identifiable correlation between settlement size and perceived level of robustness. Answers reflect a great diversity of situations in villages with between 100 and 500 inhabitants. Three out of four respondents from towns above 1,000 inhabitants ‘completely disagree’ that the economy of their respective community is robust, while the fourth answer is ‘almost completely disagree’. This may reflect different perspectives on the nature of potential “external shocks”. There are 13 respondents who do not identify with any village or settlement threshold and are therefore not included in Figure 4-1. These respondents normally come from the Greenlandic municipal level. A majority of them disagree with this statement, and therefore consider that the level of robustness is rather weak.

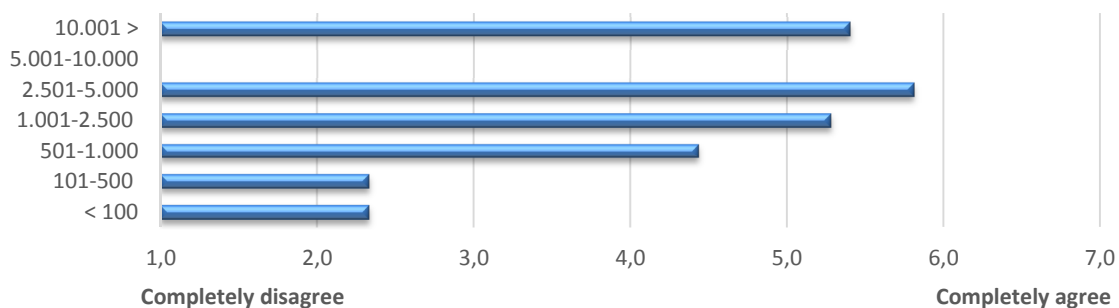
Opinions on the social and economic sustainability of local economies are, just as those on ‘robustness’, weakly positive on average (4.7 against 4.5), but distributed differently across size categories of municipalities and settlements. Overall, degrees of sustainability are positively correlated with municipality size up to a population of 2,500 to 5,000 inhabitants. Beyond that, the degree of sustainability is perceived as lower, especially in the Faroe Islands and in Greenland. One hypothesis is that the understanding of sustainability may be different in larger municipalities, as these are generally not struggling with a population decline.

Overall, answers concerning social and economic sustainability are distinctly less positive in Greenland than in other countries (average of 3.8, against 4.7 in Iceland and the Faroe Islands). Answers of the respondents from towns above 1,000 inhabitants are equally negative as for the question on 'robustness'. The 13 respondents from the municipal level have very diverse positions on sustainability, with answers almost homogenously distributed between 2 ('disagree almost completely') and 7 ('agree completely'), while representatives of settlements between 100 and 500 inhabitants are predominantly negative.

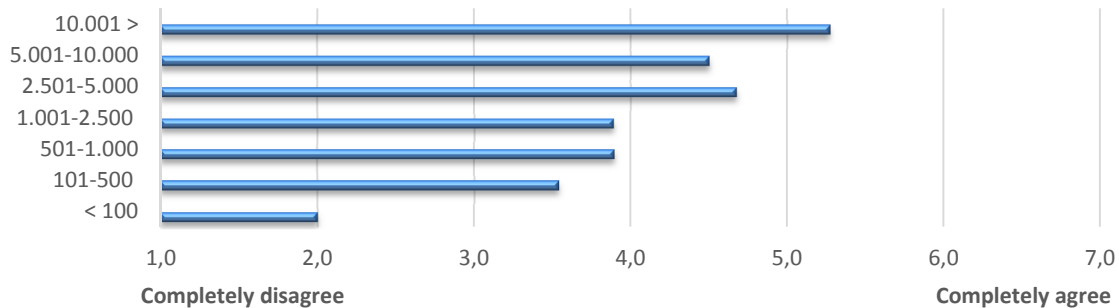
All countries



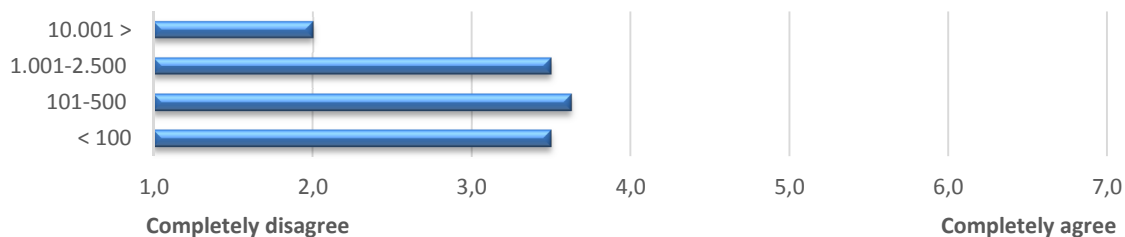
The Faroe islands



Iceland

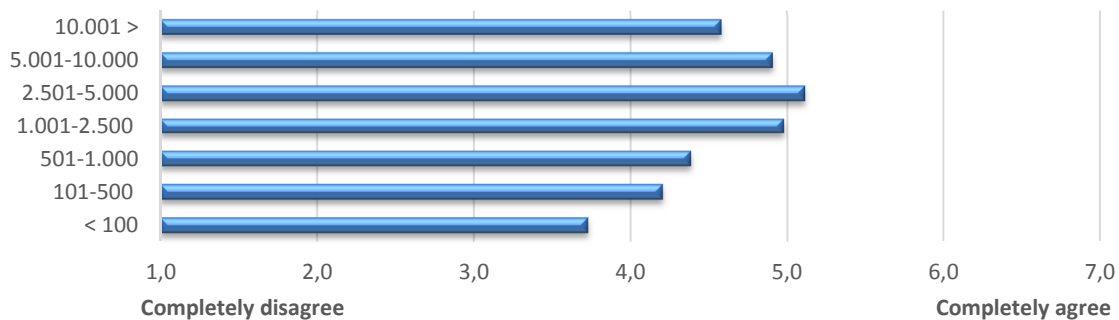


Greenland

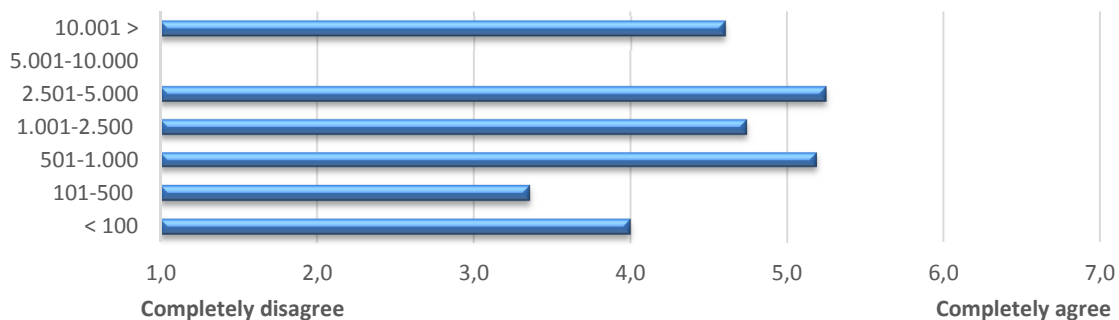


4-3. Opinions on the statement “The economy of my municipality is robust/resilient in the face of economic shocks”; differentiated by size of municipalities, except Greenland (size of settlements).

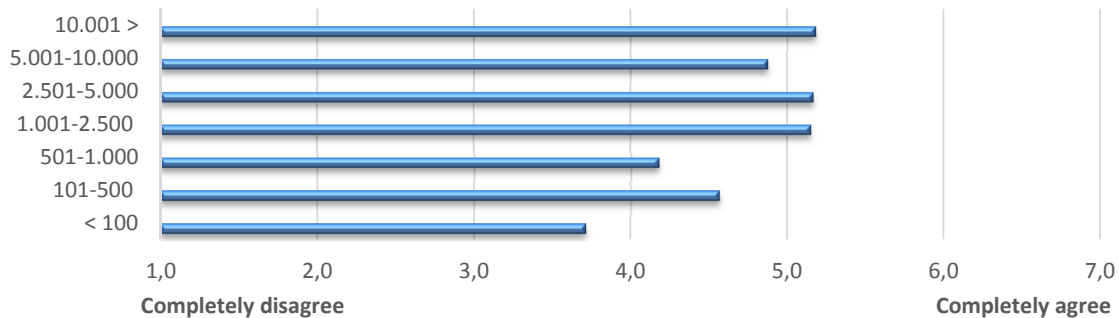
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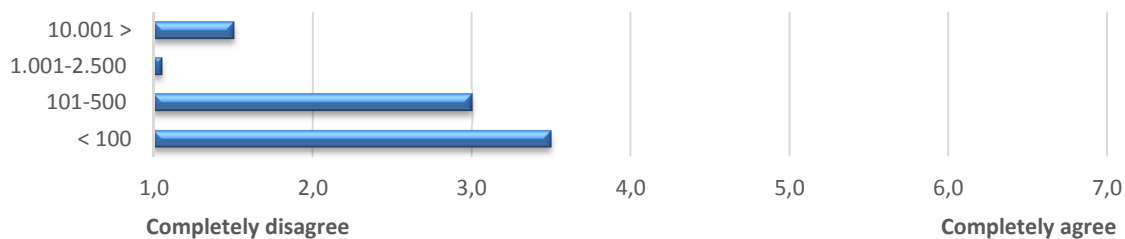
The Faroe islands



Iceland



Greenland



4-4 Opinions on the statement “My municipality is socially and economically sustainable”; differentiated by size of municipalities, except Greenland (size of settlements).

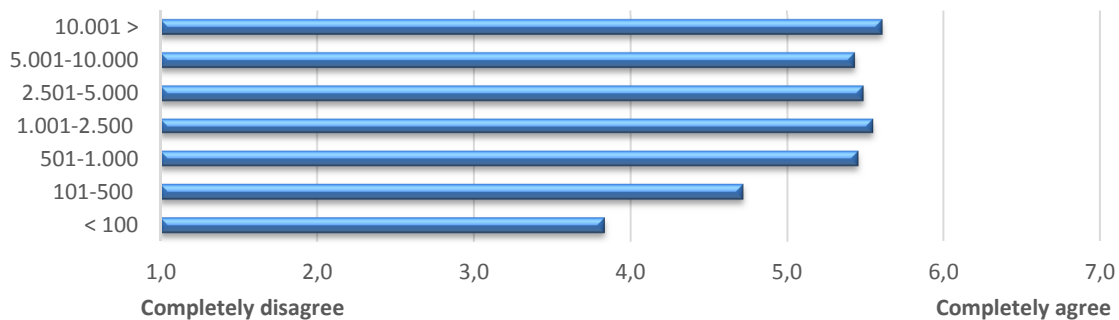
Opinions on local preconditions for social and economic development are significantly more positive than on robustness and sustainability (Figure 4-4). This first result tends to confirm conclusions from previous studies on northern, sparsely populated regions of Scandinavia and West-Norden: development is not limited by lack of economic opportunities, but by social and demographic factors (Gløersen, 2009; Nordregio et al., 2010, University of Geneva et al, 2012). An understanding of ‘preconditions for development’ focusing on ‘business opportunities’ naturally leads to relatively positive replies.

However, more surprisingly, Faroese and Greenlandic respondents reply as positively to the question on ‘preconditions for adaptation to social and economic changes’ as to that on ‘preconditions for economic development’. This suggests that the lack of economic and social sustainability is not linked to an insufficient capacity to adapt. In this respect, Icelandic respondents express a more negative opinion, as ‘preconditions for social and economic adaptation’ are thought to be lower than ‘preconditions for economic development’ for all municipality categories over 500 inhabitants.

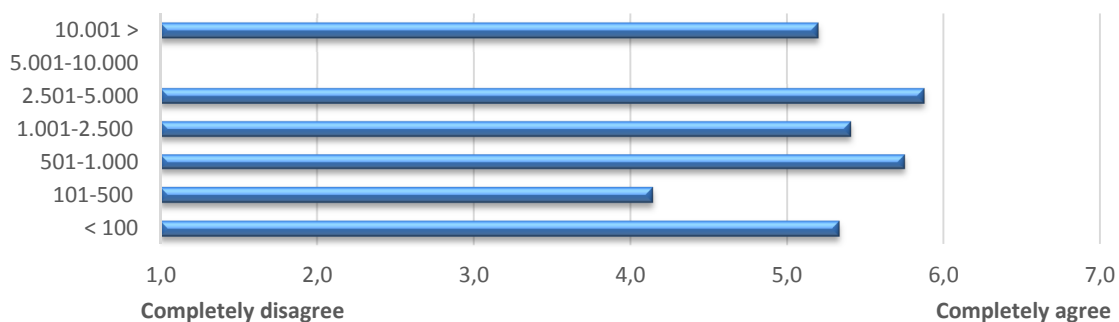
Smaller municipalities reply differently in Iceland than in the Faroe Islands. Respondents from Faroese municipalities with between 100 and 500 inhabitants are almost equally distributed between positive, neutral and negative assessments of development opportunities, while negative answers dominate among the smallest Icelandic municipalities (less than 100 inhabitants). The Icelanders’ cautiously optimistic view on preconditions for social and economic change (Figure 4-5) results from the fact that 3 out of 8 respondents give top scores on that question. This may correspond to a commitment to change in these small communities, but it would be interesting to further explore these respondents’ perceptions of capacities for change. The differences between different groups of respondents from these smallest communities are also notable.

Other low average values are less significant: There are only two responses for the smallest category of Greenlandic settlements, and the four reactions for towns above 100 inhabitants span from ‘disagree totally’ to ‘agree totally’ both for preconditions for economic development (Figure 4-4) and for preconditions for adaptation (Figure 4-5). Answers from representatives of the Greenlandic municipal level (not included in the figure) are almost equally distributed between values 2 and 7.

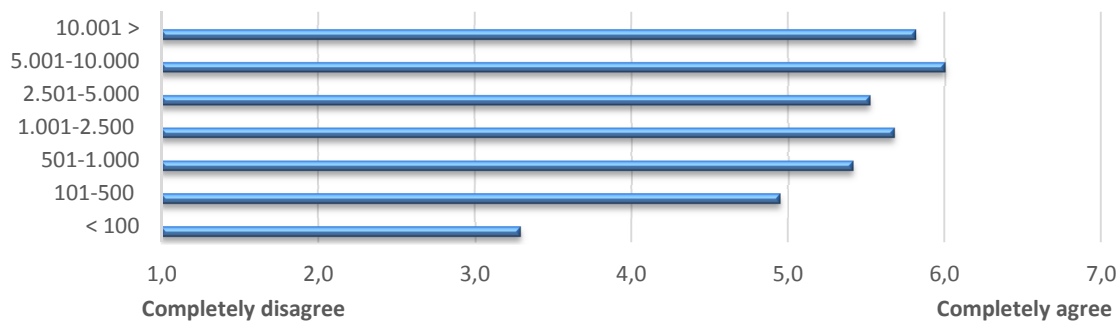
All countries



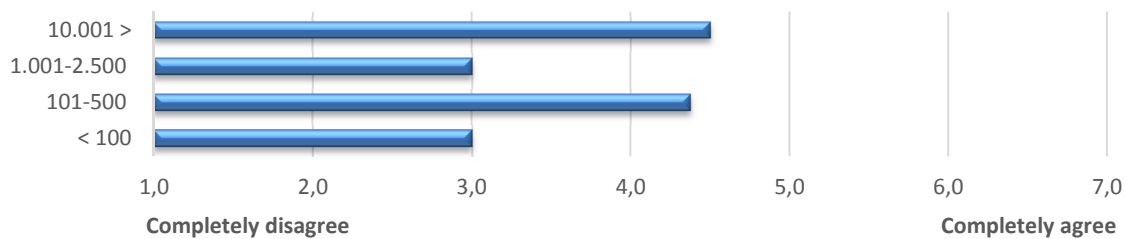
The Faroe Islands



Iceland

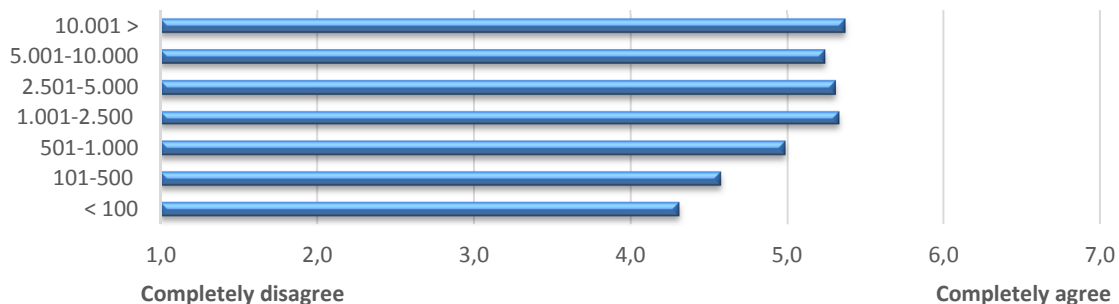


Greenland

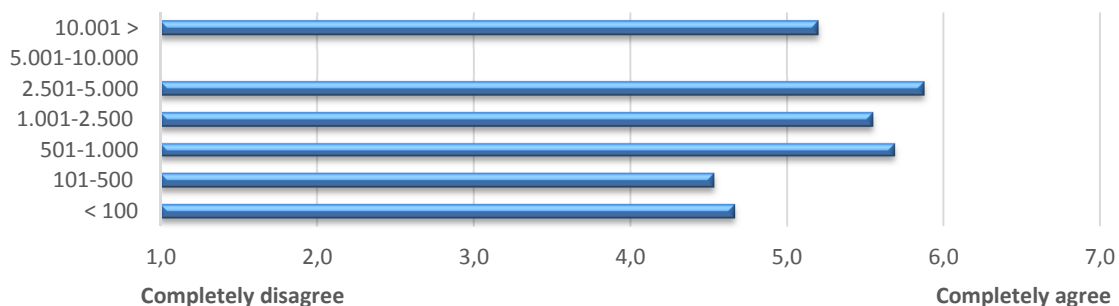


4-5. Opinions on the statement “My municipality has good preconditions for social- and economic development”; differentiated by size of municipalities, except Greenland (size of settlements).

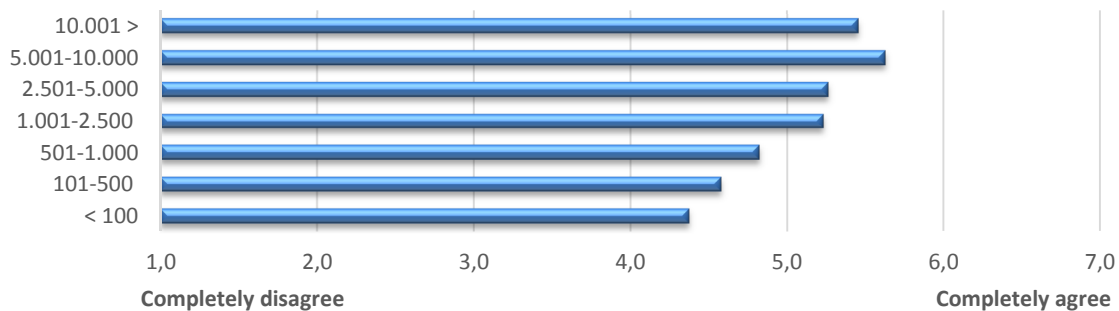
All countries



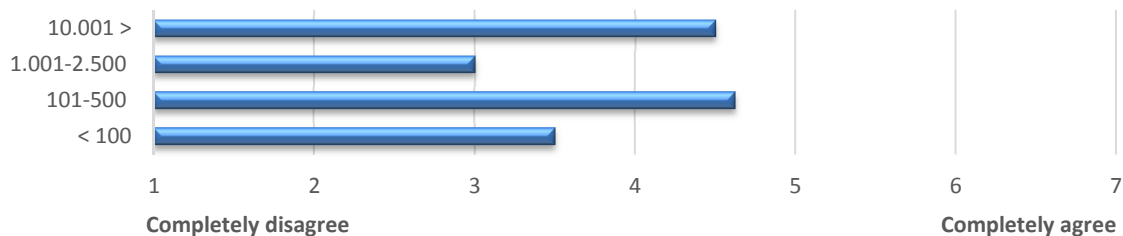
The Faroe Islands



Iceland



Greenland



4-6 . Opinions on the statement “My municipality has good preconditions for adapting to social and economic changes”; differentiated by size of municipalities, except Greenland (size of settlements).

Generally, one observes that answers to these two questions are not significantly correlated with population numbers above the 500/1,000 inhabitant threshold in the Faroe Islands, while this correlation is stronger in the case of Iceland. This suggests that economic development opportunities are also quite clearly perceived in smaller Faroese towns and villages, while demographic size is more likely to be considered as an asset in Iceland.

4.3 Entrepreneurship and innovation

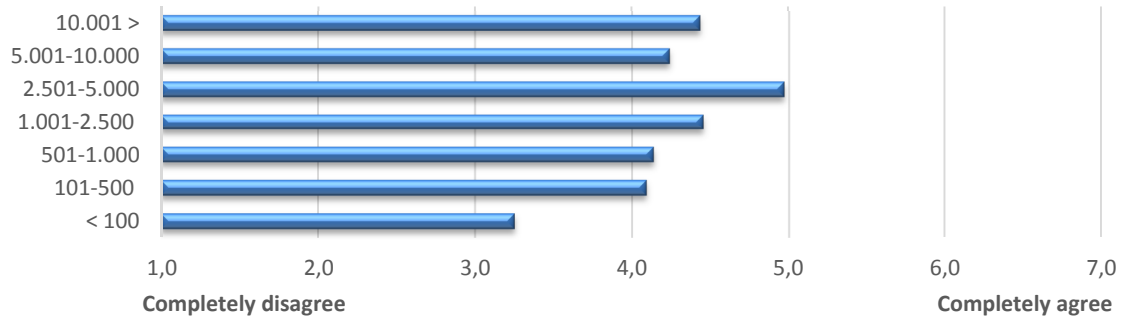
Opinions on the statement ‘I would characterise my municipality as entrepreneurial and innovative’ are predominantly negative in municipalities below 100 inhabitants, and weakly positive in the category ‘101-500 inhabitants’. Between 500 and 2,500 inhabitants, answers are in fact very diverse, suggesting that perceived local situations vary significantly. Therefore, average values shown in the graph are less significant.

Answers are most distinctly positive between 2,500 and 5,000 inhabitants, and to a lesser extent above 10,000 inhabitants. This general pattern repeats both for the Faroe Islands and for Iceland.

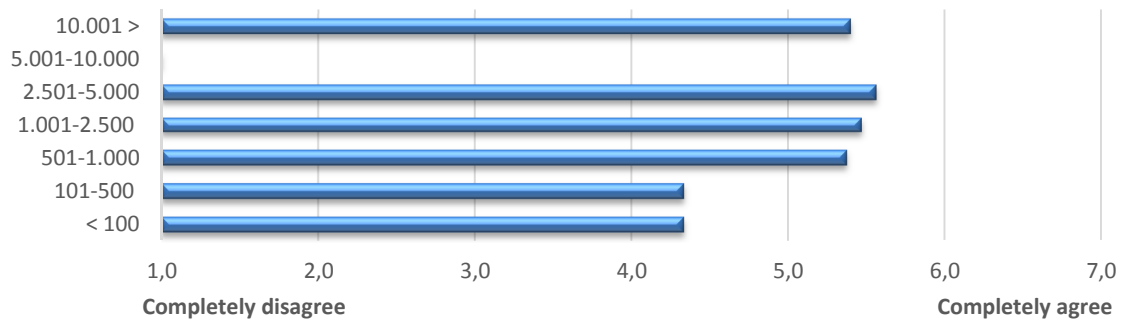
Overall, the survey conveys the impression of small settlements (below 500 or 100 inhabitants) feel to a greater or lesser extent ‘out of the loop’ with respect to innovation and entrepreneurship. However, perceived ‘hotspots’ of entrepreneurial initiative are spread out throughout the rest of the urban system. They are not necessarily concentrated in the largest towns. It may also be that expectations with regard to innovation and entrepreneurship rise with settlement or town size. Therefore, similar responses in different categories correspond to different observed realities: limited initiatives in may suffice to characterise a small community as ‘innovative’, while the same initiatives in a larger town would not change a general impression of ‘innovative inertia’.

The wide range of answers suggests that perceptions of degrees of innovation and entrepreneurship also vary significantly also among respondents from the same areas. There is, for example, a striking diversity of opinion among the 13 Greenlandic respondents from the municipal level, with 3 respondents totally, or almost totally, agreeing with the statement, 7 more or less expressing neutral opinions and 1 completely disagreeing.

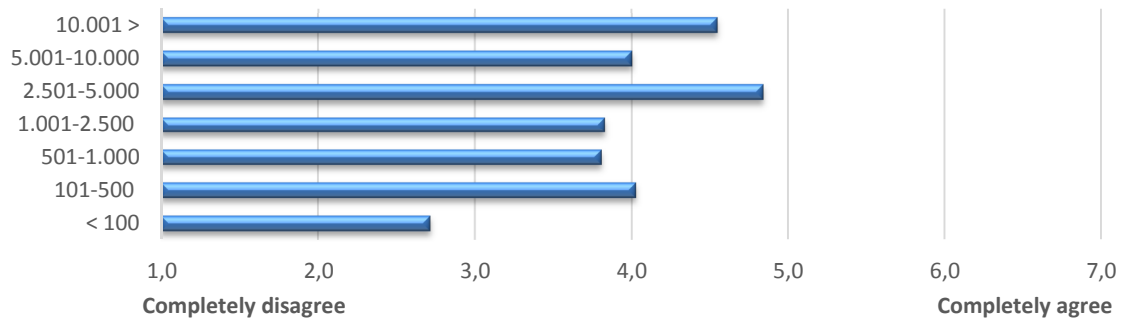
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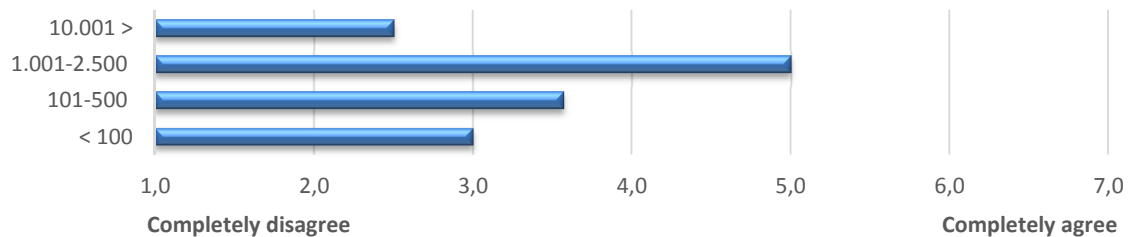
The Faroe Islands



Iceland



Greenland



4-7. Opinions on the statement “I would characterise my municipality as entrepreneurial and innovative”; differentiated by size of municipalities, except Greenland (size of settlements).

There seems to be a specific need to stimulate innovation and entrepreneurship in the smallest settlements. The reasons behind the respondents' negative assessments would need to be explored further. Otherwise, there is a relatively wide consensus that entrepreneurial initiative can and should occur within all types of communities.

There are distinct national patterns of opinion as to whether 'supporting entrepreneurs' is part of the mission of each respondent's municipality (Figure 4-7). On average, opinions are cautiously positive in the Faroe Islands and Greenland (average score: 4.5), and somewhat less so in Iceland (average score 4.1). This may be linked to the fact that Iceland is the only country with a regional level.

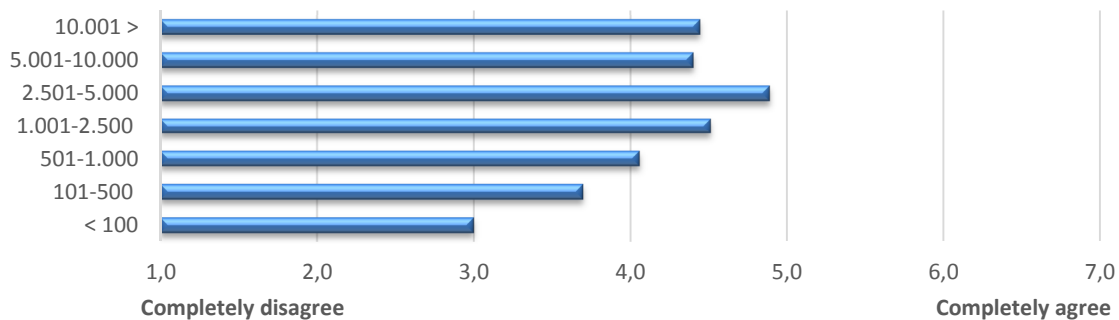
Strikingly, respondents from Icelandic municipalities of between 2,500 and 5,000 inhabitants are most positive. Larger municipalities are close to neutral in their attitude to this statement, while those below 500 inhabitants are on average clearly negative.

In the Faroe Islands and in Greenland, replies are correlated with municipality or settlement size; the larger the population, the more positive the views on municipal involvement in support to entrepreneurs. As far as the Faroe Islands are concerned, respondents may consider it natural to expect policies to promote entrepreneurship from larger municipalities with more financial resources and administrative competence in design and implementation. The observed differences between Greenlandic settlement categories are more surprising, as Greenland's four municipalities are relatively homogenous in size compared to their Icelandic and Faroese counterparts, with between 7,700 and 21,000 inhabitants. Promotion of entrepreneurship is only perceived as a legitimate municipal mission by respondents from towns with more than 1,000 inhabitants. This may correspond to a perceived neglect of this mission in smaller settlements, although it should be highlighted, once again, that the number of respondents is limited.

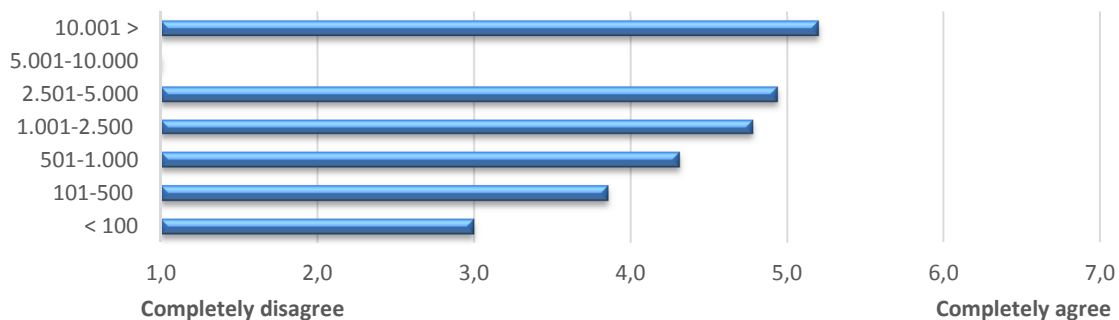
Greenlandic respondents from the municipal level (which did not indicate any settlement size, and are therefore not included in Figure 4-7) have very diverse answers to these questions, ranging from 6 (almost completely agree) to 1 (completely disagree). This diversity of views would need to be explored further, but may suggest that respondents have different forms of innovation policy in mind when replying either very positively or negatively.

The perceived extent to which municipalities have their own strategy for economic development, innovation and/or for the promotion of entrepreneurship (Figure 4-9) tends to be correlated with opinions on whether entrepreneurship should be a municipal concern (Figure 4-7), with some significant exceptions. Respondents from

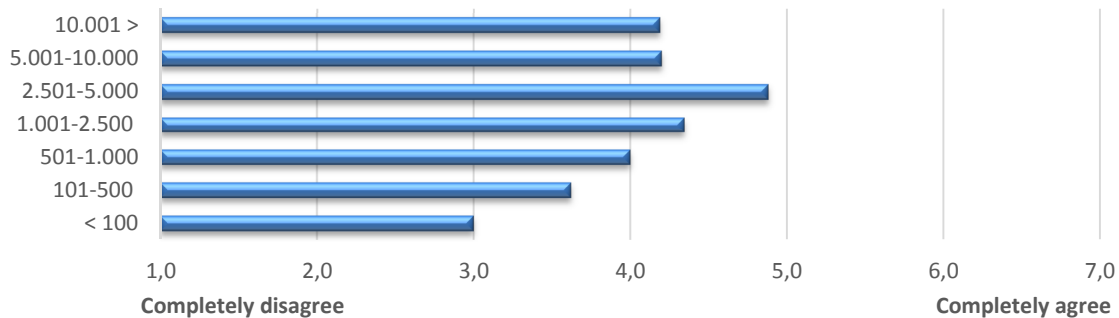
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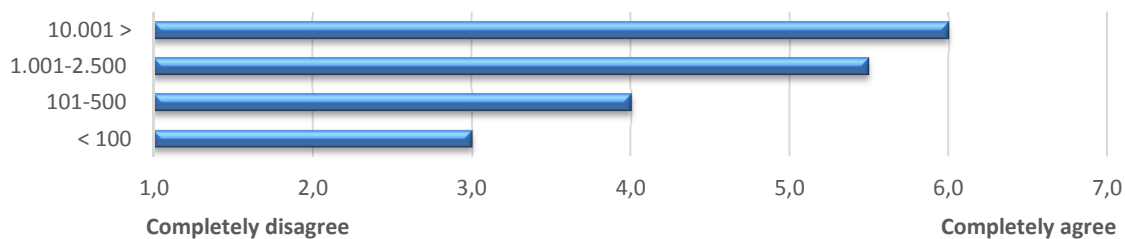
The Faroe Islands



Iceland

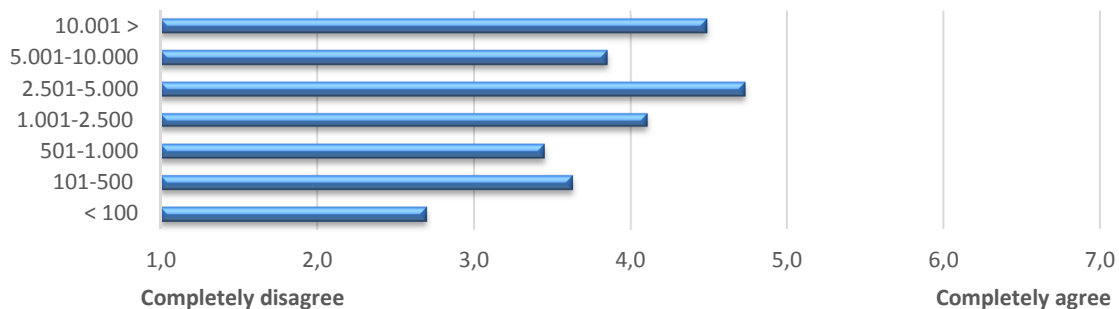


Greenland

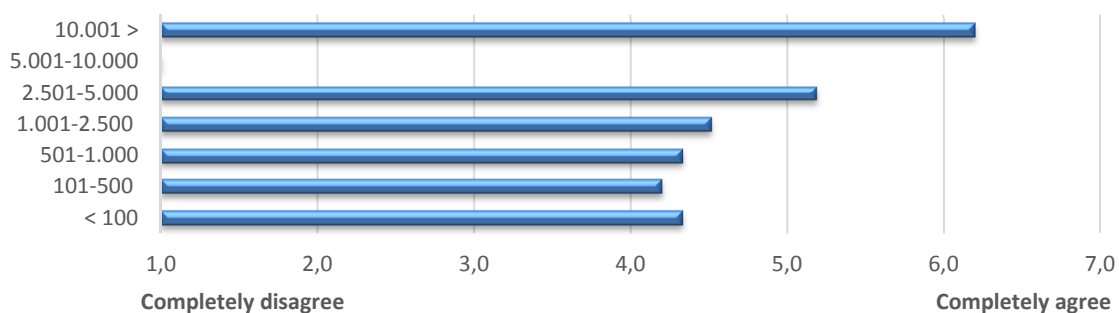


4-8. Opinions on the statement 'Supporting entrepreneurs is part of my municipality's mission'; differentiated by size of municipalities, except Greenland (size of settlements).

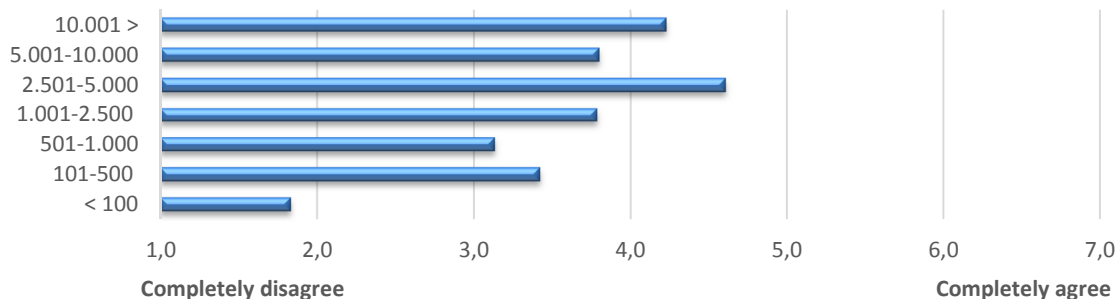
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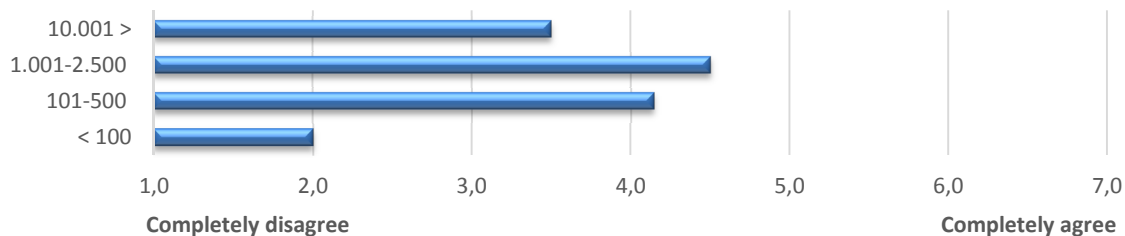
The Faroe Islands



Iceland



Greenland



4-9. Opinions on the statement 'My municipality has an own strategy for economic development, innovation and/or for the promotion of entrepreneurship'; differentiated by size of municipalities, except Greenland (size of settlements).

Tórshavn in the Faroe Islands, for example, tend to agree that such a strategy is in place. However, there is some disagreement on whether the municipality should support entrepreneurs.

Greenlandic replies are very diverse. If strategies have been elaborated, their existence of legitimacy only seems to have been recognised by a subset of respondents. It should be noted that the low score for settlements below 100 inhabitants only corresponds to a single reply.

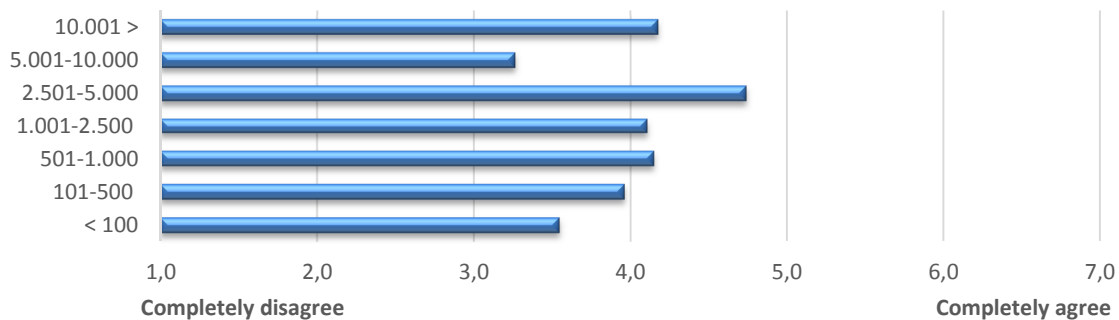
4.4 The organisation and efficiency of local, regional and national economic development policies.

Opinions on the support of regional development agencies or bodies for entrepreneurs are, on average, weakly negative in the Faroe Islands (3.7) and weakly positive in Iceland (4.3) (Figure 4-9). This question was not quite adapted to the Greenlandic context, where there is no regional level. Nonetheless, 21 out of 32 Greenlandic respondents did reply. One can presume that they assimilated the Greenlandic municipal level to a regional one. Replies tend to be more negative in small villages than in large ones. Replies from the 4 representatives of the municipal level (not represented in Figure 4-9) range from 3.2 to 5.

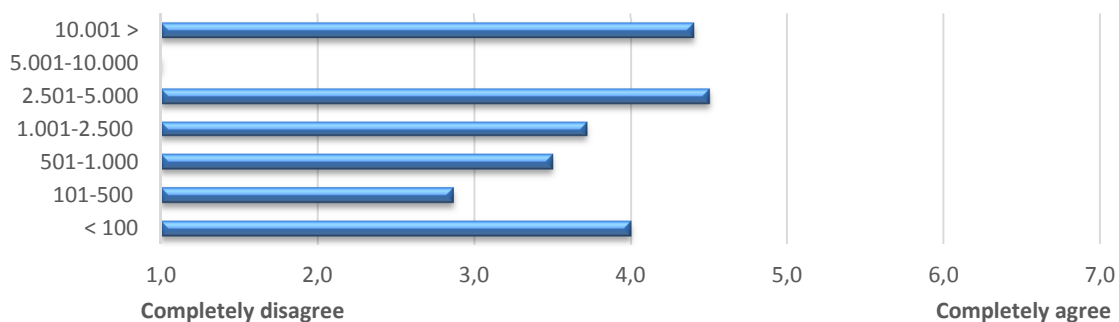
Low scores tend to be found in the smallest municipalities (less than 100 inhabitants in Iceland, between 100 and 500 in the Faroe Islands). Patterns are different at the highest level of the urban hierarchy. High scores are concentrated in the largest towns (above 2,500 inhabitants) in the Faroe Islands. In Iceland, there is an equivalent level of satisfaction in intermediate towns (2,500 to 5,000 inhabitants). However, opinions on regional development initiatives are significantly more negative in the largest ones (above 5,000 inhabitants). In smaller towns (1,000 to 2,500 inhabitants) a great variety of answers are observed, possibly opposing areas that have efficiently been supported by regional initiatives and those where such support has functioned as well.

Dissatisfaction with levels of state support are, on average, observed in all three countries. It is stronger in Iceland (3.1) than in the Faroe Islands (3.4). However, these average values hide a great diversity of opinions. Only the most positive assessments are clearly under-represented among the respondents. Greenlandic respondents have a slightly less negative assessment of state aid (3.7), but there again with a wide diversity of answers.

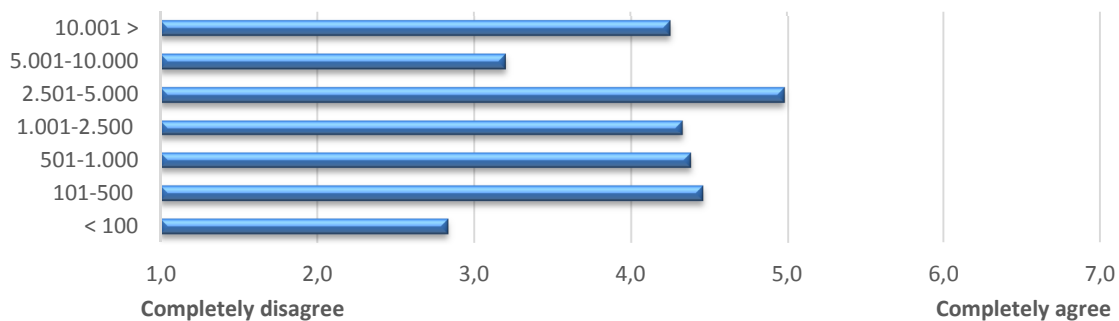
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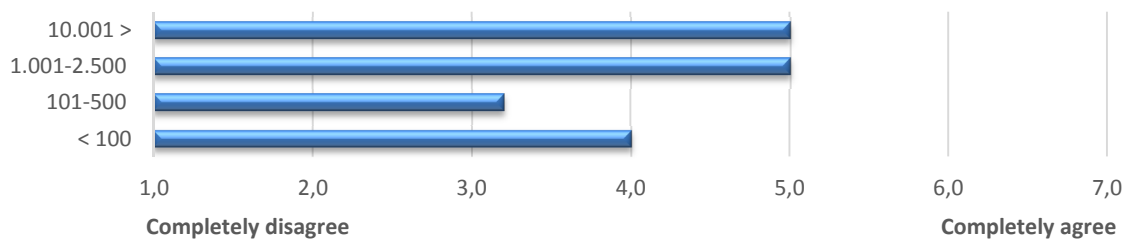
Faroe Islands



Iceland

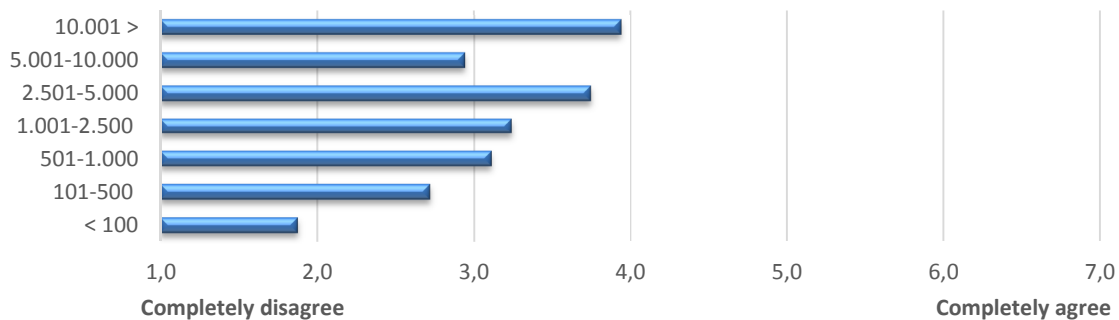


Greenland

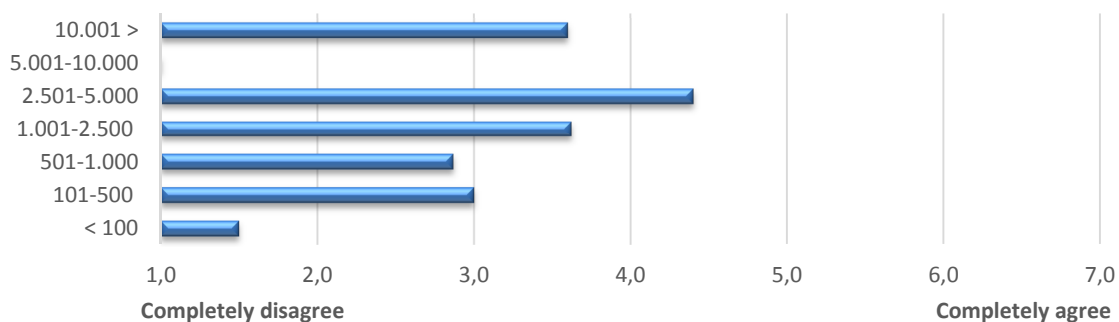


4-10. Opinions on the statement 'Entrepreneurs in my municipality receive the support they need from regional economic development agencies or bodies'; differentiated by size of municipalities, except Greenland (size of settlements).

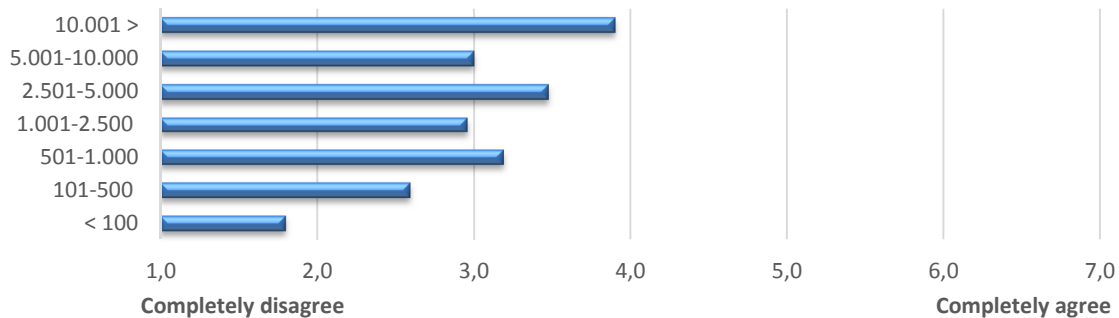
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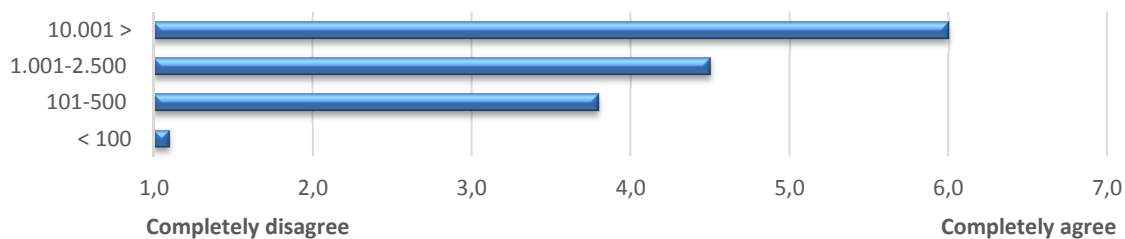
The Faroe Islands



Iceland



Greenland



4-11. Opinions on the statement 'Entrepreneurs in my municipality receive the support they need from the state'; differentiated by size of municipalities, except Greenland (size of settlements).

Levels of satisfaction with state support are clearly correlated to municipality size in Iceland, but remain negative on average for all categories (Figure 4-10). In the Faroe Islands, towns with between 2,500 and 5,000 inhabitants stand out, with relatively higher degrees of satisfaction. The limited number of Greenlandic respondents makes it difficult to draw conclusions, although there seems to be a cautiously positive opinion of state support in the larger towns (above 1,000 inhabitants). Representatives from the municipal level (not shown in the figure) have highly diverse assessments of state aid, ranging from 1 to 6, but with an over-representation of negative assessments. Overall, assessments of state support to entrepreneurs tend to be more negative than those of their regional counterparts.

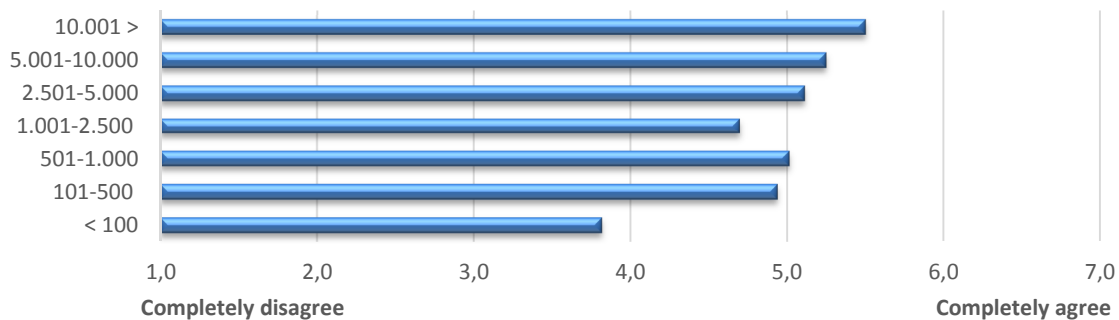
The last two questions of the survey dealt with horizontal and vertical cooperation on matters of economic development. The usefulness of intermunicipal (horizontal) cooperation is assessed quite differently depending on the country considered. Respondents from the Faroe Islands are quite negative (2.6), while those from Iceland are positive (5.7). Considering the size of Greenlandic municipalities, the positive opinions on intermunicipal cooperation (5.1) are surprising. Respondents from municipalities of different sizes do not show significant variations, except in the case of the smallest municipalities or villages, which are clearly less positive to cooperation.

Assessments of vertical cooperation between state, regions and municipalities are neutral both in the Faroe Islands (4.1) and Iceland (4.3). Replies are relatively undifferentiated by size of municipality in the Faroe Islands. Observed higher values in the smallest group of municipalities (< 100 inhabitants) need to be interpreted cautiously, as there are only three respondents. In Iceland, levels of satisfaction with cooperation between state, region and municipalities are significantly lower in the smallest municipalities (< 500 inhabitants). In Greenland, 10 out of 32 respondents chose not to reply. Answers are overall weakly negative (3.7), and more distinctly so among respondents who are not associated with village size (3.3) (not shown in Figure 4-12). The most positive replies are found in intermediate settlements and towns (between 100 and 2,500 inhabitants).

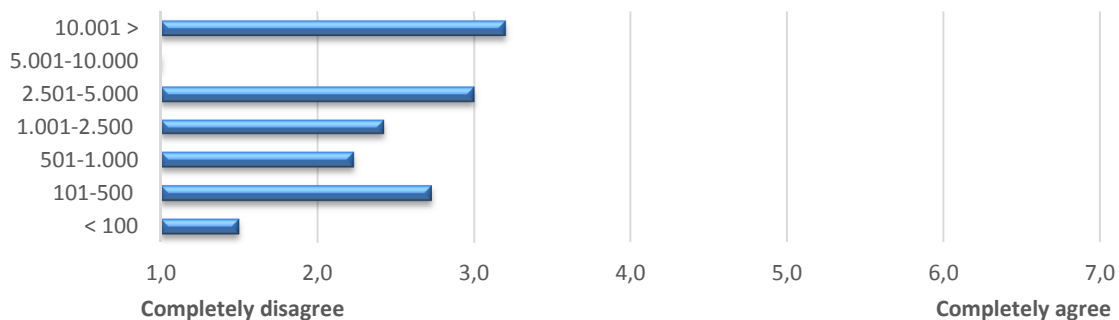
4.5 General findings

Overall, the survey confirms that smaller municipalities are perceived as facing greater challenges when it comes to promoting economic development. However, this picture needs to be nuanced. In some aspects, such as entrepreneurship and innovation, only the smallest municipalities stand out. There is no perceived difference between intermediate and larger towns. In terms of preconditions for social and economic development, intermediate towns are even perceived as better equipped than the

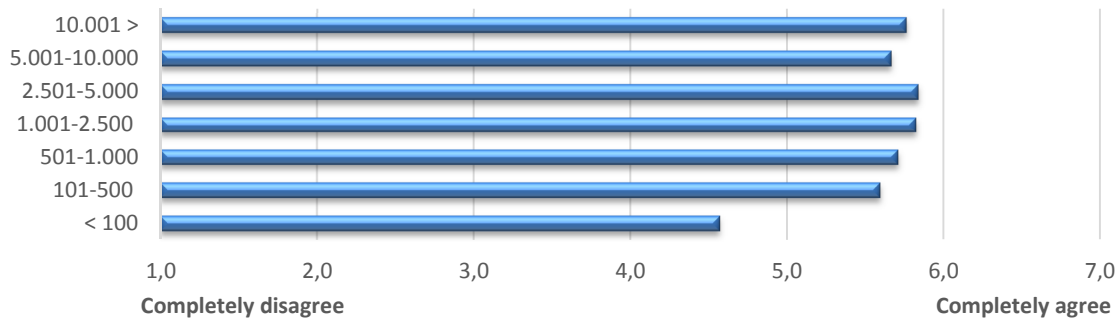
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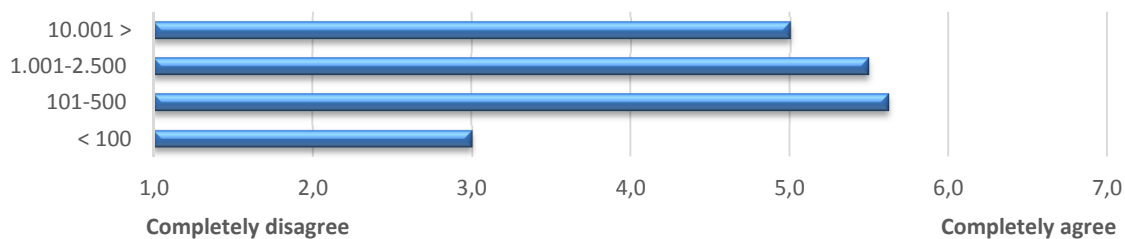
The Faroe Islands



Iceland

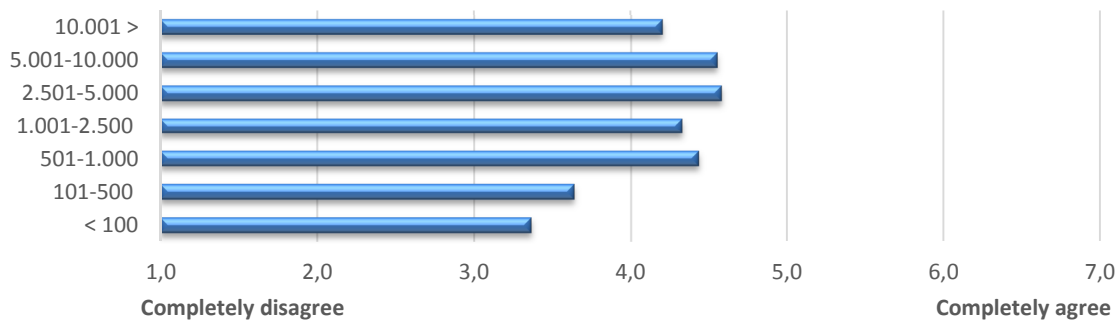


Greenland

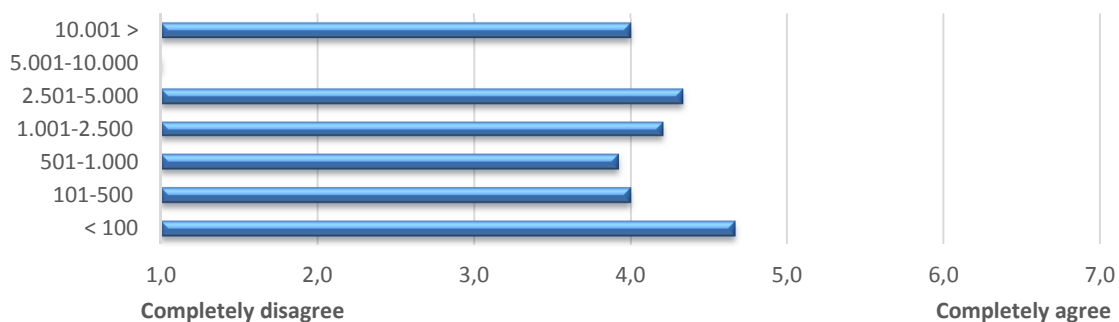


4-12. Opinions on the statement 'Economic development is an issue that could usefully be dealt with within the framework of inter-municipal cooperation'; differentiated by size of municipalities, except Greenland (size of settlements).

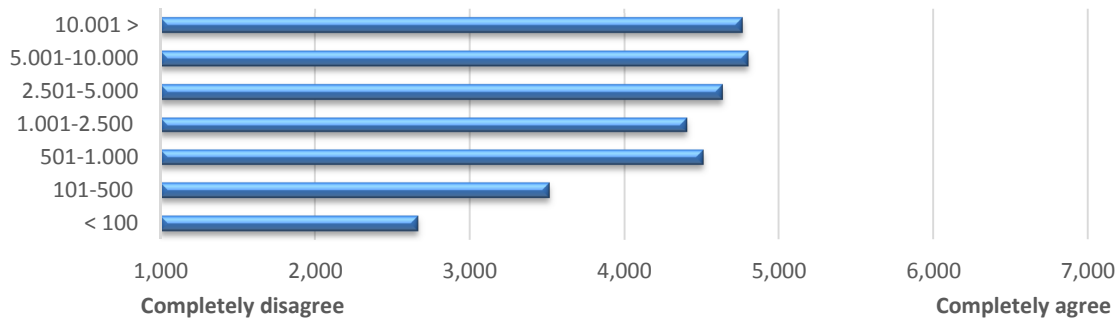
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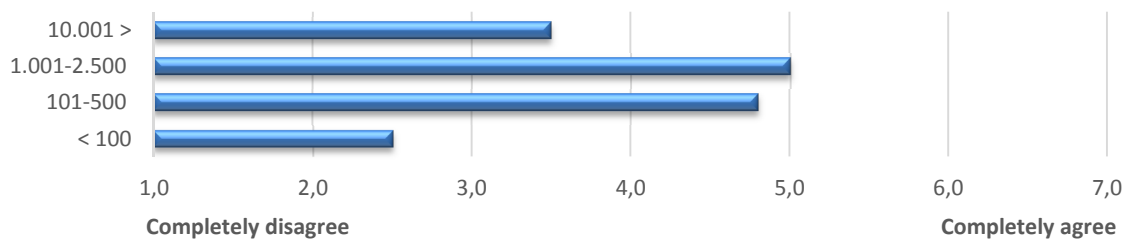
The Faroe Islands



Iceland



Greenland



4-13. Opinions on the statement 'The cooperation between state, region and municipalities on the promotion of economic development works well'; differentiated by size of municipalities, except Greenland (size of settlements).

largest urban centres in the Faroe Islands. Towns in this category are also thought to receive stronger support from regional development agencies in Iceland.

Answers from Greenlandic respondents are, as previously mentioned, difficult to interpret due to the limited number of respondents. However, answers are also particularly diverse (e.g., with respect to the existence of municipal economic development strategies). This suggests national debates may be insufficiently 'mature' on this subject, making it less obvious to respondents what, for example, a municipal economic development strategy should entail.

Contrasts between countries are most obvious for the question concerning intermunicipal cooperation, with high degrees of agreement in Iceland, and extensive scepticism in the Faroe Islands. In this respect, there is also a clear overrepresentation of positive replies in Greenland. The relative scepticism of Faroese respondents towards intermunicipal cooperation, although they repeatedly note the limitations of smaller municipalities, would need to be further explored.

5 Summarizing the situation in the West Nordic countries in the light of attitudes in municipal sectors

5.1. Municipal structure, inter-municipal cooperation and allocation of tasks

Interest in further developments in municipal amalgamations is, rather surprisingly, highest in Greenland but exists in both Iceland and the Faroe Islands where it mainly decreases with size, but the difference between the views of leaders in different size categories is small. The Greenland case seems to be most interesting. Interest is high, which is unexpected when looking at the fact that the great structural reform was implemented as late as in year 2009, reducing the number of municipalities from 18 to only 4. Could it be that the Greenlanders see possibilities in further increasing size? In Iceland there have been two serious attempts to try to change the municipal structure through voluntary measures – as stipulated in The Local Government Act. After limited success in two referenda in 1993 and 2005, interest has focused on trying to enhance the municipal level through inter-municipal cooperation. However, some local leaders strongly believe in the importance of maintaining fewer and stronger municipalities. In the Faroe Islands feelings are more mixed. Leaders in mid-size municipalities display a stronger amalgamation preference, whereas those in the larger and smaller units show much less interest. Does this mean that the capital of Tórshavn does not want any form of municipal marriage and smaller communities do not wish to be eaten up? Could this also mean that leaders in medium size municipalities see possibilities in scale-economy and increased capacity?

In the past decades, cooperation between municipalities has been an increasingly important issue in the development of the local government sector in Iceland. In this context, reinforcing the municipal level with transfer of tasks, previously taken care of by state, to inter-municipal cooperation projects instead of amalgamating, seems to have become an increasingly acceptable solution for at least a decade. This, however, has not been a significant concern in Greenland where people have been more occupied with merging the 18 municipalities into four and (at least) intending to transfer tasks and responsibilities from the state to the newly reinforced local level. In the Faroe Islands the question of inter-municipal cooperation does not appear to have been an urgent matter in the context of the future of local government. It is important to keep this background in mind when thinking about results from these areas. Advantages of inter-municipal cooperation, as expressed in responses to the survey, appear to relate to the belief by local leaders in all countries that cooperation is a realistic and efficient method of strengthening municipalities and providing municipal services. This is especially the case with local leaders in the smaller municipalities and in Greenland sub-municipal units. The concerns about IMC raised in our survey related to complexity in accountability and decision making. The concern about

complexity of accountability is clearly stronger in Iceland than in the Faroe Islands. We think this may be due to the fact that the cooperative form is more widespread in Iceland and experiences – good or bad – more extensive, even though a complete mapping of the scope of this is not available.⁴ Another explanation might of course be that this is not as much of a concern in the Faroe Islands as it is in Iceland. We are not familiar with the extent of inter-municipal cooperation in Greenland, neither at municipal nor sub-municipal level. Thus we would have to explore further what is behind the high mean scores given by the Greenland local leaders, even though the statistical significance is questionable.

When looking at leaders' views on complexity in decision making we see very much the same pattern. The scores for Iceland are much higher than in the Faroe Islands. As was the case with complex accountability, we note the difference between small and large, since these concerns are much less in evidence in municipalities with fewer than 1,000 people. The cooperative mode seems to lead to much more complexity in Iceland than in the Faroe Islands; here, however, we have to take into account that IMC is more widespread in Iceland. With all reservations on the significance of results from Greenland, high scores in all categories give us the hint that the Greenland local leaders see cooperation as being problematic in the sense that decision making can be complex.

Looking at the general interest in transfer of tasks and responsibilities from the state to local level, the results from the Faroe Islands and Iceland (both with a relatively low municipal share in public expenditure) show rather limited interest among local leaders. Let us not forget, however, that in Iceland the local level has recently taken over the responsibility for handicap services and negotiations on further takeovers are ongoing but not proceeding as well as expected. Greenland has a higher municipal share in total public expenditure and the results show a stronger interest in takeover of tasks than in the two other West Nordic countries. On the question which tasks should be transferred, the results in the Faroe Islands are clear. Out of the local leaders who wanted further tasks transferred, overwhelmingly 88% mentioned *Primary School* as the first alternative. In Iceland *Elderly care* has the highest score with 54% mentioning it as the first alternative and 98% allocating it to first, second or third place. Transfer of responsibility for *Health Care Centres* and the *Upper Secondary School* was also highly ranked by Icelandic local leaders. In the case of Greenland, the strongest interest seems to be in transferring the responsibility for *Tax collection*, *Fishing licences* and *Planning/building*.

⁴ A project supported by the Icelandic Institute for Regional Development (Byggðastofnun) on a total mapping of the scope of inter-municipal cooperation in Iceland is to be launched in autumn 2015 and completed in 2016 – the research team is from The University of Akureyri.

5.2. Local democracy

Looking at the perception of local democracy, this more or less supports theories which claim that closeness between citizens and politicians is connected with size; the bigger the municipality, the less the closeness and vice versa. In smaller communities the ties seem to be closer – although least so in Iceland. Here we have to keep in mind that this is what the politicians and administrators believe. It seems as if the small and peripheral sub-municipalities (bygder) in Greenland are undermined, while the same can hardly be said in the Faroese case and not, apparently, in the Icelandic situation.

On the other hand, when looking at attitudes towards instruments for citizen democracy we find solid support among our respondents for *Citizen meetings* in all three countries; this is to some extent size dependent – that is, more interest in larger municipalities. *Citizen's assemblies* appear less popular. The support is strongest in Iceland, less in Faroe Islands and varies in Greenland. This might be explained in terms of the experience gained from using this instrument in municipalities in Iceland and lack of experience in the other two. The same can be said about *Local referenda*. This item does not gain much support in the Faroe Islands, but is much more popular in Iceland. In Greenland support is split – and seems to be size dependent with a stronger following among leaders in larger communities.

5.3. Service production and effectiveness

Generally the service level is higher in larger than in smaller municipalities, in 4 out of 18 service areas in the Faroe Islands and 11 out of 18 in Iceland. In some areas service provision appears to deteriorate after amalgamations, whereas in others it does not. Judging from our results, it is likely, however, that the service level in larger municipalities is elevated following an amalgamation, while remaining the same and even becoming relatively worse in smaller communities, compared to others.

The Icelandic respondents seem to be generally more content regarding the quality of municipality service than those of the two other countries - especially Greenland. It is noteworthy that Greenland was indicated as offering by far the lowest quality of service despite having the most populous municipalities, apart from six municipalities in Iceland and one in the Faroe Islands. They had, however, the poorest response rates, leading to insignificant results.

From a comparative perspective it is apparent that the Icelandic respondents' attitude is more sensitive to size of municipality than in the Faroe Islands and Greenland. Looking at the level of quality, which was generally perceived highest in Iceland, it seems that Icelanders have been more successful in capturing the benefit and effectiveness of municipal size than is the case in the other two countries. We tend to

presume that this could be due to Icelanders having more experience of municipal amalgamations than the other countries. It is important to note that amalgamations in Iceland and the Faroe Islands have been voluntary while they were compulsory in Greenland.

It is also interesting to note that the primary school is ranked among the services of highest quality in Iceland and the Faroe Islands, apart from the music schools in the Faroe Islands, while only the primary school falls in that category in Greenland, music schools in the middle and the kindergarten at the bottom. This is important, since the welfare of children is one of the high priority tasks of the local level in the three countries. Only the primary school and sports and recreation fall into the highest quality group in all countries. At the same time, public transport, roads, housing, and business development all have low scores and fall into the poor quality group in all three countries. It is interesting, furthermore, (but perhaps not too surprising) to see the bad grades for transportation in these sparsely populated and large countries in the northern periphery of Europe. The results for business development are even more disappointing.

When it comes to the impact of amalgamations on the development of services, it becomes evident that the Greenlanders are less content with the results than others and Icelanders are slightly more content with the outcome of the amalgamations than the Faroese respondents. In all countries, discontent among local leaders is highest with regard to geographical equality in service provision, after amalgamation, perhaps indicating that this particular aspect of equality may have been neglected.

5.4. Local economic development

It is generally argued that economic development policies gain in efficiency when they are implemented at the level of so-called 'functional regions', which typically correspond to labour market areas, or areas with an integrated production system. In the West Nordic context, the importance of these 'functional regions', can in many respects be nuanced. Distances imply that commuting between towns and villages is limited, and industries with limited processing and manufacturing to a lesser extent form 'regionally integrated clusters'. There is, nonetheless, a need to constitute territorial units where elected representatives, economic actors and civil society can reflect on economic development objectives together, and take adequate measures when needed.

Local administrative sectors such as municipalities generally do not correspond to these units in the West Nordic context. A majority of Icelandic and Faroese municipalities neither have the required demographic and economic mass nor the

financial and administrative clout; Greenlandic municipalities include distant and economically disparate communities. The constitution of such territorial units for the design and implementation of development strategies is challenging, as alliances to mobilise the necessary resources would in many cases federate communities with only weak functional economic connections.

Attitudes to current development policies are, at best, mixed even if opinions on regional policies are slightly more favourable than on national ones. The need for new, more targeted and efficient policies is apparent in survey answers.

In many respects, the survey has shown similar results throughout the West Nordic region; small local communities are perceived as less robust, sustainable and entrepreneurial and are considered to have weaker preconditions for economic development and socio-economic change than those of larger dimensions. Furthermore, respondents in all countries tend to feel that small municipalities maintain their own development strategies only to a limited extent. It is all the more striking to note that answers to the question dealing with the usefulness of inter-municipal cooperation for economic development so clearly differ from country to country: Faroese respondents reject this idea, while it is adopted by their Icelandic counterparts. Contrasting attitudes are observed in Greenland, even though positive opinions dominate⁵. These divergences between countries, in spite of the fact that respondents describe similar situations and challenges, suggest that further exploring the wide range of possible cooperation forms could help to arrive at a more informed and mature dialogue. Transnational cooperation and exchange could contribute to this.

5.5. Final discussion and implications for further research

The four themes in our research project were chosen according to what we considered the most emerging issues facing the municipalities in these three peripheral, sparsely populated West Nordic countries with often a harsh way of living, having to cope with difficult climatic conditions. At the same time, it can be said that economic life in these three countries lacks diversity. The Faroese economy is heavily based on fish export and to some extent aquaculture and the Greenland economy is almost completely dependent on fish and fish products. The Icelandic economy, while quite one-sided, is nevertheless since the turn of the century or so much more diversified than is the case with the other West Nordic partners (Eythórssón & Hovgaard 2013).

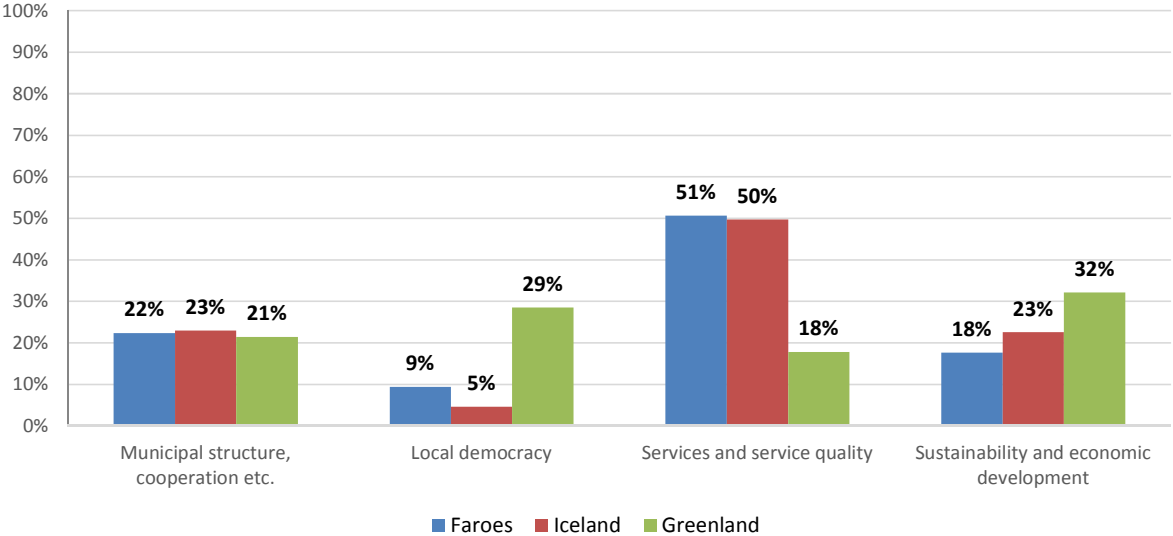
Furthermore, developments in later years have affected our choice of themes. Structure and amalgamation questions are interesting because the problem of service capacity is always connected to municipal size. In Greenland, big steps were taken and

⁵ These can partly be explained by the fact that ‘inter-municipal’ cooperation could be understood as ‘cooperation between villages/settlements’ by some Greenlandic respondents

implemented in 2009. In the Faroe Islands, no comprehensive reform has taken place even though some amalgamations were carried out after 2000. In Iceland, reforms following the two local referenda in 1993 and 2005 have managed to significantly reduce the number of municipalities, although without achieving complete reform in any sense. Questions of innovation and economic development are also closely related to these issues. A municipality's capacity to cope with changes in the external economic world is important. Therefore, at the end of our survey we asked our respondents which of the four themes, as represented in chapters 2, 3 and 4, they found most important for them and their municipality.

The results diverge in such a manner that Greenland differs from Iceland and the Faroe Islands, where the views of local leaders in this regard are mainly similar. *Services and service quality* have by far the highest scores in these two countries (50-51%), followed by *Structure related questions* (22-23%) and *Sustainability* (18-23%). *Local democracy* is not considered important (at least not when compared with the other three) (5-9%). *Service provision and service quality* is clearly of greatest concern in these two countries – ranked much higher than the other themes, especially democracy which does not seem to be important at all, judging from the responses.

What themes are most important? (by country)



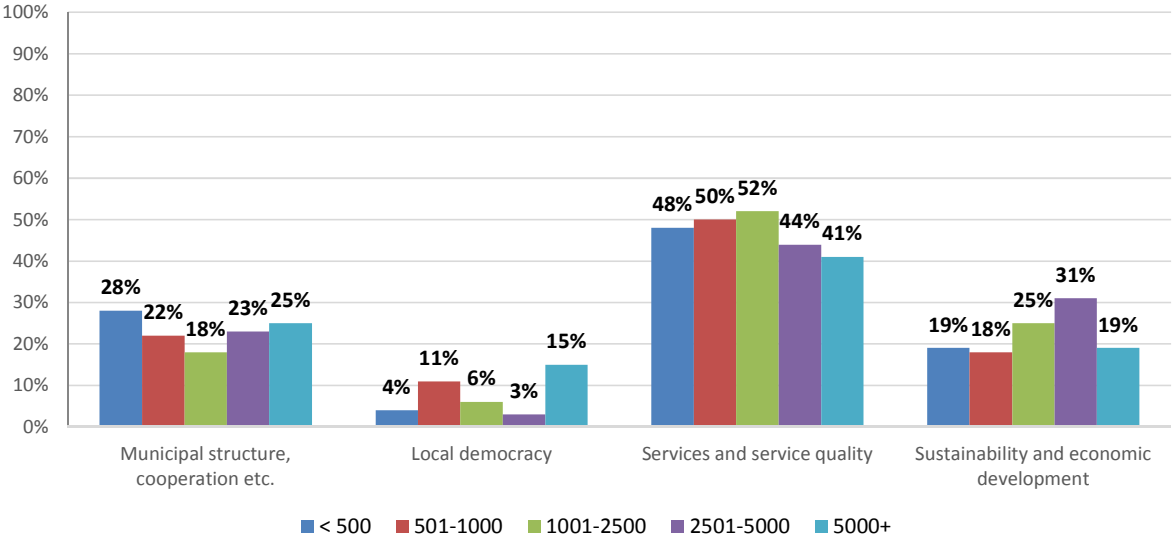
5-1. The importance of the themes investigated, by country (N=348).

The answers from the Greenland local leaders indicate a different emphasis, their views being more evenly distributed between the themes. However, the most striking difference is in *Democracy* and in *Services*. With all earlier mentioned reservations on significance in Greenland, democracy seems to be much more important here than in the other countries and services much less so. Even sustainability scores higher than

services. The reason for these differences is not obvious, but the currently implemented structural reform with a reduction to 4 municipalities comes quickly to mind. Some of the material we have presented in this report, as well as in the other report in this project (Eythórsson, Gløersen & Karlsson 2014), has indicated discontent with the development of democratic aspects after the great amalgamation reform in 2009. Warning signs were even raised by Kjær in 2005.

When we look at the results by municipal size, regardless of country we fail to note any striking differences between groups. The views on this aspect do not seem to vary very much between the biggest and the smallest, except on democracy which appears to be a greater concern in the largest municipalities. This has, however, to be further investigated by deeper analysis of the data material.

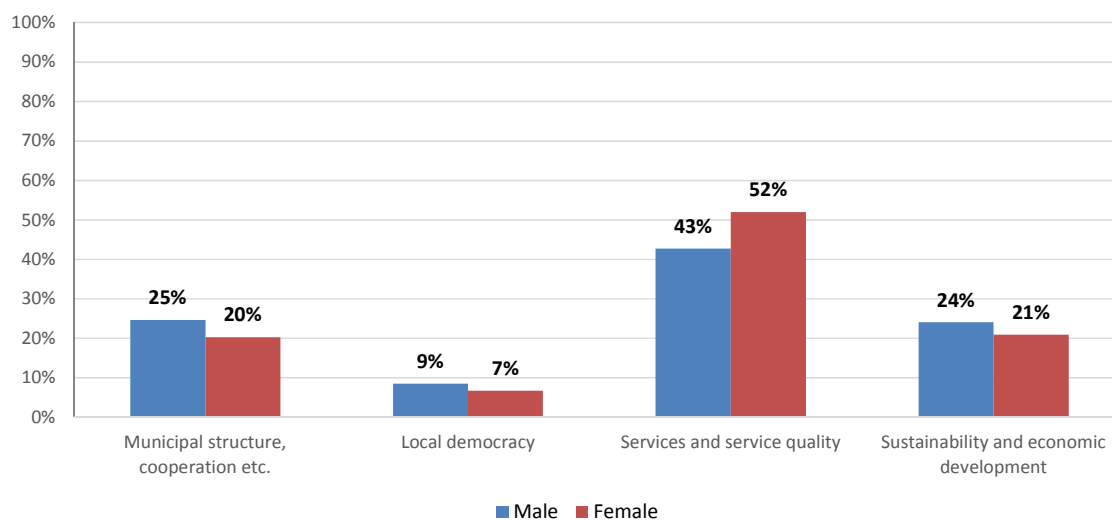
What themes are most important? (by municipal size)



5-2. *The importance of the themes investigated, by municipal size (N=348).*

We did not find any other significant variations in this material, except when looking at them by gender (figure 5-3) where the importance of services is clearly found to be greater by females than males. The difference is less in other themes. Municipal services are to large extent welfare services and it is a known fact that women are more concerned with welfare than men. In that light our results should not surprise anyone. But even when analysing by gender we do not find any group particularly interested in local democracy which scores significantly lowest of the four themes.

What themes are most important? (by gender)



5-3. *The importance of the themes investigated, by gender.*(N=335).

West Nordic municipalities are to a great extent relatively small and peripheral. Daily life for many of them has always been trying to make the most of their situation and endeavour to meet increased demands for services by stretching their capacity to the limits (see for example Hovgaard et. al. 2004). The aim is often to fight the depopulation that many have had to experience. Sustainability, innovation and entrepreneurship are important ways to cope in that context. In such circumstances, democracy is something that comes in second or third place. Therefore, these results probably show us the consequences of the everyday struggle of a majority of West Nordic municipalities.

How to improve the preconditions of the municipalities to cope with these matters has also been analysed in this report. Is the solution the amalgamation of bigger units? Or might be municipal cooperation be the answer - or at least an alternative solution? This is often closely connected to transferring more tasks from the state to the municipal level. Whichever way people choose, the goal is common; to reinforce the municipal level and make it structurally better prepared for meeting increasing demands in challenging times.

There is a need to further explore the reasons why Icelandic and Faroese stakeholders so differently assess the benefits of inter-municipal cooperation for socio-economic development. This could for example be done by widening the debate on a diversity of forms of (flexible) municipal cooperation, as complements and alternatives to amalgamation. Also, in many respects, a wide range of perceptions of economic development situations and potentials were observed in this project. Further exploring the determining factors for these diverse perceptions would help better targeting

policies. It would be useful to realize who tends to see the glass “half full” rather than “half empty”, and why it might be that way? A further question is: “Can the limitations that lead other actors to describe less promising development prospects be better described and addressed”? The survey confirmed that challenges facing small isolated communities are similarly perceived across West-Norden. However, some replies suggest greater perceived opportunities for intermediate towns. The potential to trigger development processes in these towns could particularly benefit from transnational exchanges of good practice.

The survey we conducted among local leaders in the three West Nordic countries, the Faroe Islands, Greenland and Iceland, has given us insights into the situation and the problems connected to respective municipal sectors. The material also suggests the possibility of a further and deeper analysis, yielding even more information than presented in this report. Some aspects suitable for further investigation have been pointed out as well. An important part of this project, *West Nordic Municipal Structure* is a final seminar where these results are presented. People from the local government sector in the respective countries, as well as from relevant state institutions, meet and discuss both the report and the issues dealt with in it, together with researchers. This should help us to further define relevant and/or necessary research topics connected to the content of this project.

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