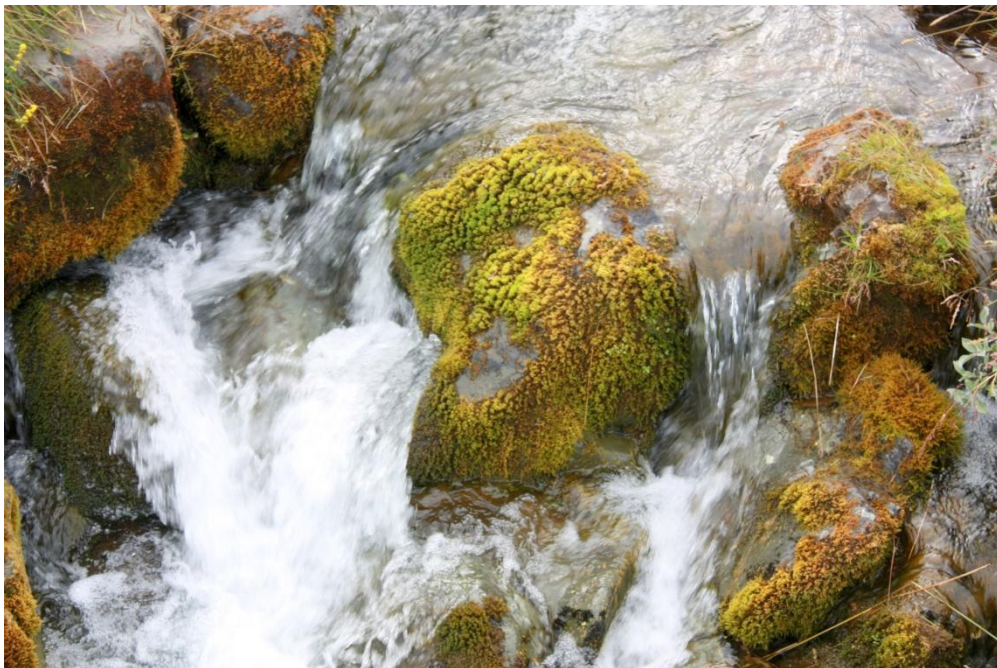


# **Community, Economy and Population Trends in regions with long-term decline in population**



**English summary**

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**May 2012**

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## Population Trends

The report examines 30 municipalities in which the population declined by 15% or more in the period 1994-2011. These are principally located in the northwest, northeast and southeast of Iceland, in addition to Dalabyggð (West Iceland) and the Westman Islands (i.e. the town of Vestmannaeyjar) off the south coast.

The drop in population in these regions varied from a little over 12% to about 50% during the period in question. In some communities population has begun to rise again in recent years.

A clear difference emerges in population trends in rural and urban areas: for example, in one region the rural population is down 30%, while in an urban centre in the same municipality the decline is only 5%.

The number of younger people has fallen, while numbers of older people have risen; this is not a universal trend, but in general a “narrowing” is perceived in the population pyramid, with a lack of people in the 20-39 year age group. In the southern West Fjords the number of people aged under 20 has dropped by more than half, and the 20-39 age group has fallen by 40% over the same period. The decline in young population entails a lower birth rate, and hence a lack of natural renewal.

In general, the male population outnumbers the female; this varies, however, from one region to another, and between age groups. In some cases, the gender imbalance is less than it was.

In some regions the number of foreign citizens is above the national average, e.g. in the West Fjords – with the exception of the Strandir area. The number of foreign citizens has generally risen over the period in question.

## Economy and Employment

In the communities examined here, the local economy is largely based upon the fisheries and/or agriculture. The economy of the West Fjords is entirely based upon the fisheries, and the same is true of e.g. Norðurþing (N), Langanesbyggð (NE), the Westman Islands (S) and Höfn (SE). Agricultural regions are e.g. Dalabyggð (W), the northwest, Reykhólahreppur (West Fjords), some of the communities of the northeast, and Skaftárhreppur (S). Three of the 30 municipalities have no urban centre. Larger urban centres, such as Ísafjörður (West Fjords) have a fairly diverse economy. The same is true of Húsavík (N), Höfn (SE) and even the Westman Islands, although the fisheries are the mainstay of the local economy.

While agriculture is robust in many areas, and there has even been some renewal among farmers, many farmers and agricultural workers also have other employment, and few live exclusively by farming. Agricultural areas also have many excellent salmon rivers, e.g. in Húnavatnssýsla (N) and Vopnafjörður (NE).

In some areas, a fisheries enterprise is the kingpin of the local economy, e.g. in Vesturbyggð (WF), Tálknafjörður (WF), Fjallabyggð (NE), Hólmavík (WF), Djúpivogur (SE), Vopnafjörður (E) and Höfn (SE). The Westman Islands have two such fisheries enterprises, one of which is also the mainstay of the economy in Þórshöfn (NE). Húsavík (N) also has two such companies.

Fish-farming is a growing sector in the West Fjords, in which fisheries enterprises play a major role. Fish-farming companies are also found in many of the regions under discussion. Fisheries companies play a leading role, or participate, in diverse development work, e.g. with regard to production of foodstuffs, medications, etc.

Tourist numbers are rising steadily, and hence the leisure/tourism sector is expanding: e.g. sea angling in the West Fjords and elsewhere; whale-watching cruises from Húsavík; and new attractions such as the Arctic Fox Centre at Súðavík, the Pirate Centre in Patreksfjörður and the Seal Centre in Hvammstangi. Improvements to the transport and road system are of great importance in the development of tourism. There is considerable development e.g. in Siglufjörður, and improvements to the transport system are eagerly anticipated e.g. in the northeast, the Hólmavík district, and the Westman Islands. Certain regions have experienced large numbers of tourists for many years, e.g. the southern lowlands, and the region of Lake Mývatn (N). The foundation of the Vatnajökull National Park in 2008 (extending over 12,000 km<sup>2</sup>, including Vatnajökull, Europe's largest glacier) opens up valuable new tourism opportunities in the adjacent regions of the north and southeast.

In many areas of the country, research and development activities carried out by research/study centres and businesses are an important factor in the economy. In the West Fjords, for instance, 24 such centres are in operation; these contribute to a higher level of education, and enhance employment possibilities for university graduates within the region.

It is often suggested that more public employees should be located in the regions. Such jobs, and public agencies, make an important contribution.

Various developments are anticipated in these regions: proposed projects include a data centre at Blönduós (NW), an aluminium smelter or other heavy industry at Bakki (N), and development on Langanes (NE) relating to prospective oil drilling in the "Dragon" region between Iceland and Jan Mayen. Other ideas, less grandiose, relate to development in tourism, fish-farming, etc.

## Patterns of Residence

Various improvement to the transport system have had a great impact for the inhabitants of these regions: e.g. the roads across the Hólfaskarð pass (NE) and through Arnkötuldalur (WF), the road tunnel between Bolungarvík and Hnífsdalur (WF), the Héðinsfjörður tunnel (N) and the new Landey Harbour (S), which provides easier access to the Westman Islands.

Such improvements are not only positive for the local population; they are also favourable for business, and not least for tourism.

In many areas, lack of improvements to the transport system was a major issue. Transport links need to be improved within the southern West Fjords, and between the north and south sectors of the West Fjords, if the region is to function in unity. Improvements to transport are vital for Seyðisfjörður (E), as the present route to the fjord across the mountains via Fjarðarheiði is a major obstacle. In the east of the country there was discussion of needed improvement to Route 1 (the Ring Road) where it crosses the Breiðdalsheiði moors, and also for a road across the Öxi pass, which would shorten the route from Djúpvogur (SE) to the communities of the east.

Many of other regions under discussion are "cold", i.e. little or no geothermal resources have been found there. This applies, for instance, to much of the West Fjords. In such areas, buildings are heated using electricity, which (although produced by hydro plants) is more expensive than geothermal heating.

In some urban centres, such as Drangsnæs (WF), Siglufjörður (N) and Seyðisfjörður (E), a high proportion of homes are second homes, in use for only part of the year. This has both positive and negative aspects: on the negative side, it leads to lower tax revenues; on the positive side, the buildings are maintained, and the second-home owners contribute to the local community and

culture, as for instance in Djúpvogur, where several well-known artists spend part of the year. In some areas, farms are also now second homes (i.e. not permanently inhabited), or are no longer working farms although still inhabited.

In recent years, the number of shops has fallen in most towns and villages; this reflects improvements in transport which make it easier to travel beyond the local area for shopping and services. Specialised shops have, for instance, all but disappeared, with a few exceptions – generally where a larger urban centre is isolated due to transport factors, or at a great distance from the capital area. This applies e.g. to Ísafjörður (WF) and the Westman Islands, which are flourishing commercial centres with many specialist shops. The same is true of Húsavík, which is a service centre for a large area of the northeast.

Communities are keen to be able to provide upper-secondary education (age 16-20, after completion of compulsory schooling from age 6 to 16) locally, whether at an autonomous college or a department of a larger college in the region. Such educational institutions provide employment, and lead to a lower drop-out rate for students. In Patreksfjörður, for instance, a branch of the Grundarfjörður upper-secondary school has been a great success. But young people do not necessarily choose to attend their local upper-secondary school, and many attend colleges in other parts of the country.

In many areas cultural and social activities of various kinds are abundant, including youth and sports programmes. In many areas there are a large number of cultural events, both home-grown and brought in from outside: for instance community festivals, some of which have attracted people from all over the country. In some places there is more than one festival per year, e.g. in the Westman Islands.

There is grave concern about planned public spending cuts, especially with respect to health services. Participants in the survey felt that the government lacked understanding of the issues, and that there was a rift between the capital and the regions. They felt that the position of the regions should be made fairer, e.g. by pointing out how much the regions contribute to the national economy.

There is extensive collaboration between municipalities; in some cases this was seen as being a substitute for mergers of municipalities into larger units. Improvements to transport also alter the situation with respect to collaboration and mergers. Some municipalities are very extensive, formed by merging many smaller communities. In such cases, it may take a long time for the inhabitants of the region to see themselves as one community.

## Opportunities

Various ideas were proposed for promoting and nurturing residence and the local economy: e.g. the idea of a university of the ocean in the West Fjords. Eyjafjörður (N) is seen as a potential entrepôt for the sailing routes which are expected to open up in the Arctic region. This could be connected with the idea of development in Langanesbyggð (NE) relating to future oil industry. Other ambitious schemes include e.g. a data centre at Blönduós, heavy industry at Bakki, etc. Various ideas were put forward for development relating to tourism, and also agricultural development e.g. food products “direct from the farm,” as well as fish-farming, research and development, and many more.

## Opinion Poll

In connection with the preparation of the report, an opinion poll was carried out among inhabitants of the regions studied. A random sample of 1,500 people aged 20 to 39 were polled. The findings are based upon responses from 281 people; the response rate was thus 19%.

In view of this low proportion, the results of the poll should be treated with caution. Nonetheless they give indications which are worth consideration.

The poll revealed a large gender difference in educational level: women are more likely to be university educated than men (at both undergraduate and postgraduate level). The difference is statistically significant. Men were, on the other hand, more likely to have completed a journeyman's or master's certificate in a trade; again the difference is statistically significant.

Respondents in most of the areas studied felt that employment opportunities for both men and women were rather poor or very poor. In the Westman Islands, however, the majority felt that prospects were good or very good for both men and women. A large majority in all the regions felt that the economy lacked diversity.

About 53% of respondents, i.e. 150 of 281, have considered leaving their community. Of these, 89% of respondents aged 20-24 have considered moving away; about 48% aged 25-29, 54% aged 30-34, and 45% aged 35-39. A larger proportion of men than women have considered leaving, or 60% as against 49%. Most (37%) cited lack of employment opportunities as their reason. The Westman Islands had the lowest proportion who said they intended to leave. In the northwest, northeast and east four out of ten said they intended to leave; and five out of ten in the southeast.