Workshop Session: Self-governance and Prosperity: Governance in Iceland
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Governance in Iceland

Iceland is presented as a territory or unit, and a sovereign state example of governance concerning social and economic development. Iceland currently has a population of 300,000 of which 200,000 people live in the area of Reykjavik. Being an island with a monoculture, and two levels of governance, has allowed Iceland to alter governance structures quickly. There is the State level and the Association of Local Authorities. At the state level, representatives are elected and mandated to collaborate with the local authorities on any thing that impacts the local authority(s).

The current chair of the association of Local Authorities provided an organizational chart showing how the General Assembly reports to the board of the local authorities. The collaboration of the two levels forms communities of decision making that allow for local and state input.

History-
1944- gained independence from Denmark. In the early sixties, diversification of economy occurred through hydro and aluminium smelters which continues today, due to high energy usage and low cost geo-thermo energy available.
1984- Imposed strict fish quota which prevented dissemination of the cod/fish stocks
1990's diversification- Information technology, tourism, aviation, and
Current- Experiences average 5-6% growth per year.

The key challenge is people who live rural or remote areas, except on the east coast where agriculture and aluminium smelters boost the local economy. The sparse population density makes delivery of social and economic programming and services difficult to provide. Interestingly, 2.2% of the state budget is set aside for transfer to rural authorities to administer services and offset location liabilities.

Local Authorities are responsible for education, infrastructure, social services, youth, and culture. The state is responsible for health care, trade, union negotiations, and the coast guard. In 1992 education was transferred to local authorities which resulted in increased parental involvement, a decrease in the number of schools, and an increase in student performance. The national teachers union negotiates pay rates with the state, and local authorities may top it with housing, or other perks.

In 2005, 204 municipalities were amalgamated into 101 municipalities. Plans for 2006 are to reduce this number to 46 in an attempt to produce economy of size efficiencies. From 1872 - 2004, the number has ranged from 172 to 229. This regionalization process has produced some regional resistance to collaboration and problems with distances between regional populations.

Iceland does not import any heating oil as 85% of heating is geothermic with water pumped through buildings for heat. The other 15% live in remote areas and are proving more difficult to provide equal service. The Geo-thermal advantage is apparent when attracting businesses that are high energy consumers, such as aluminum. The use of hydrogen is currently being explored.

There is not an army, however there is an extensive coast guard department as expected by a country built on fishing, as well as a NATO base. Iceland is currently experiencing a warming of surrounding waters which has caused a shift of species sensitive to temperature. Glaciers are also melting. There exists a debate as to whether this is global warming or a cyclical event.

With a mix of public and private services, independence from oil, and a collaborative model of governance, Iceland has a self sustaining monoculture securely positioned in the broader social and economic world. Global free trade is not the focus for future sustainability. Iceland has built a society based on strong communication linkages between the state and local authorities that encourages active discourse at both levels of governance.