



# Internal migration and population development in Iceland

Presentation in Ísafjörður at  
Pemabo conference  
September 3<sup>rd</sup> 2012.

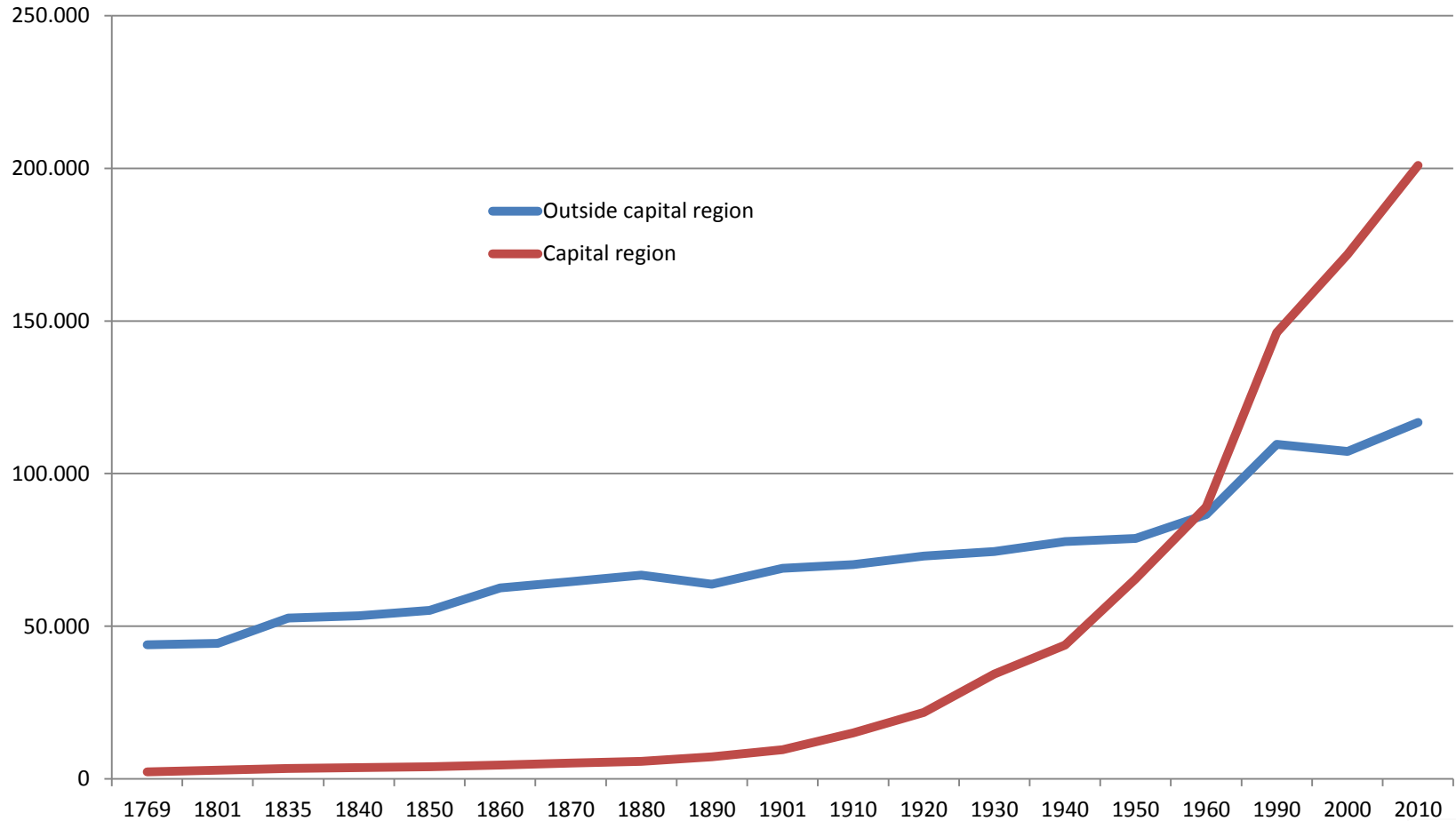
Gylfi Magnússon  
University of Iceland



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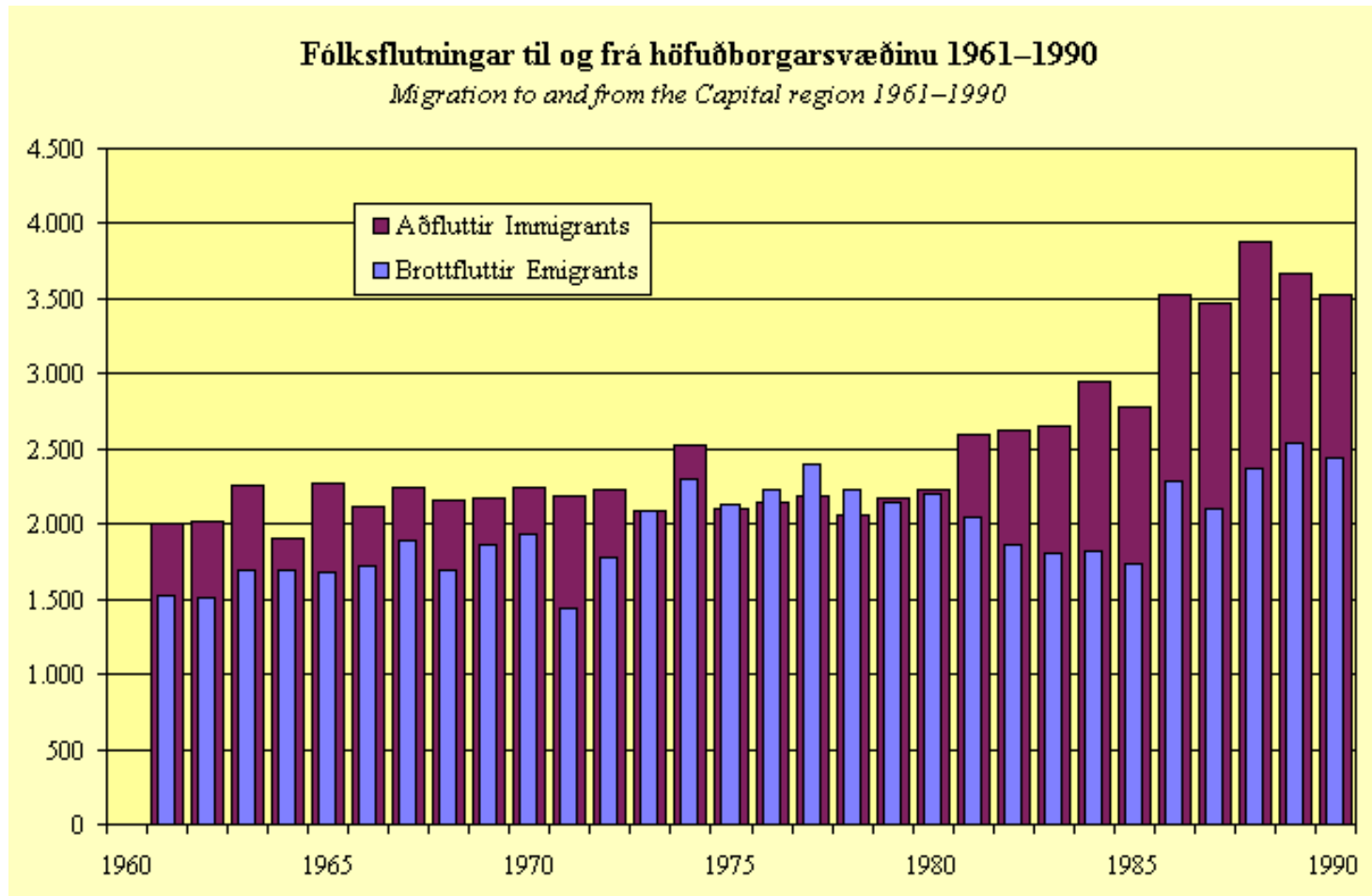


# Population development in Iceland



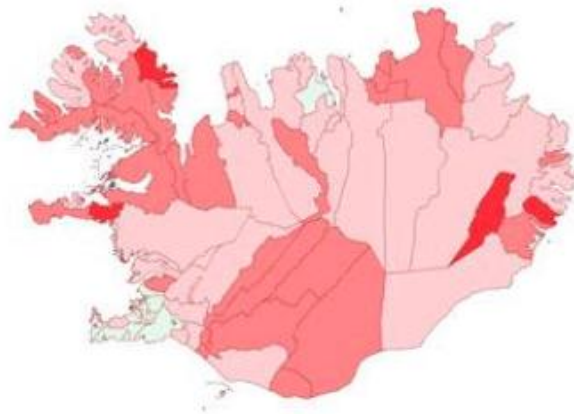


# Population development in Iceland

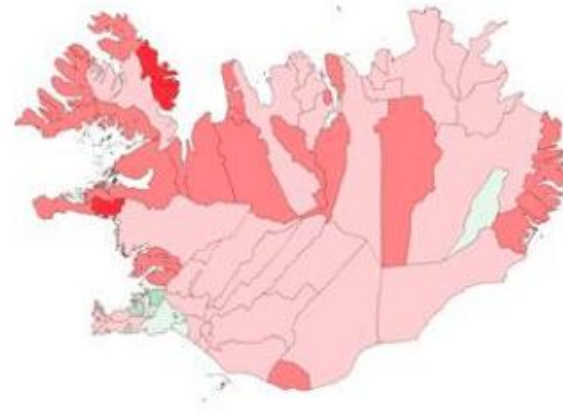




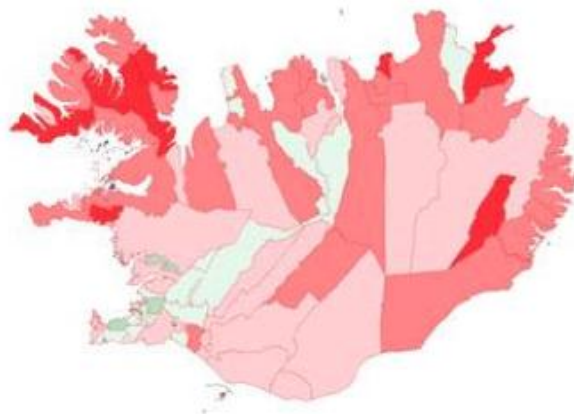
# Migration patterns



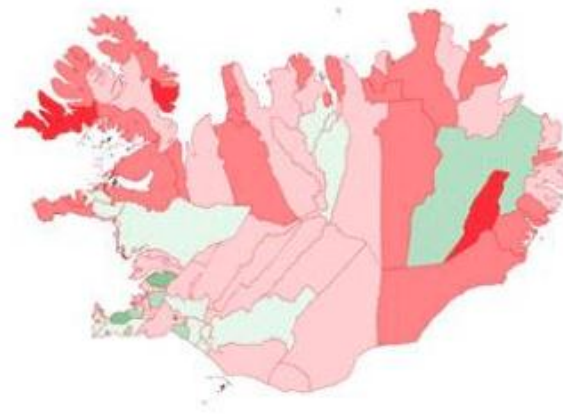
1987-1991



1992-1996



1997-2001

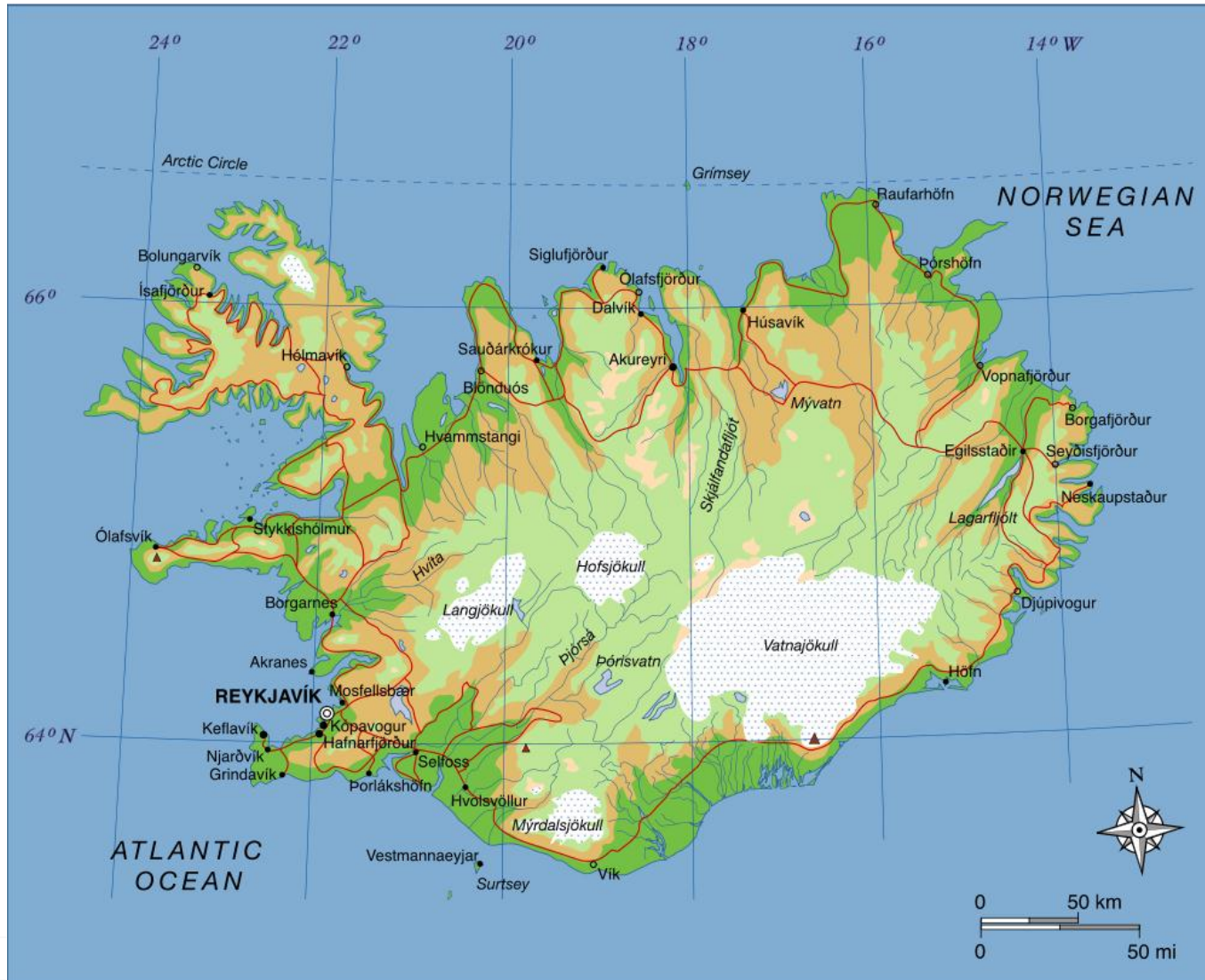


2002-2006

Source: Vífill Karlsson (2012)



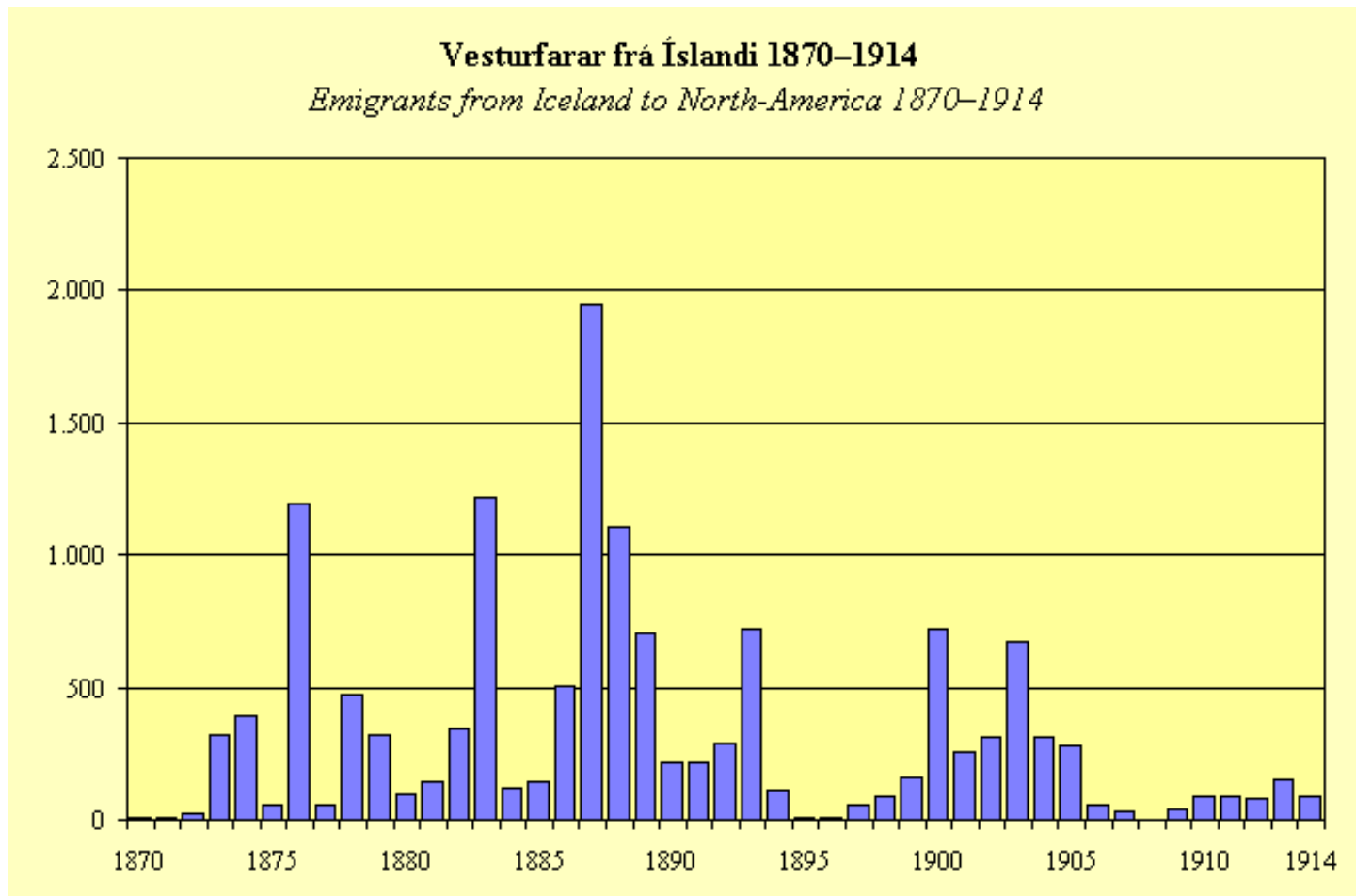
# Large parts uninhabitable



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# Population development in Iceland





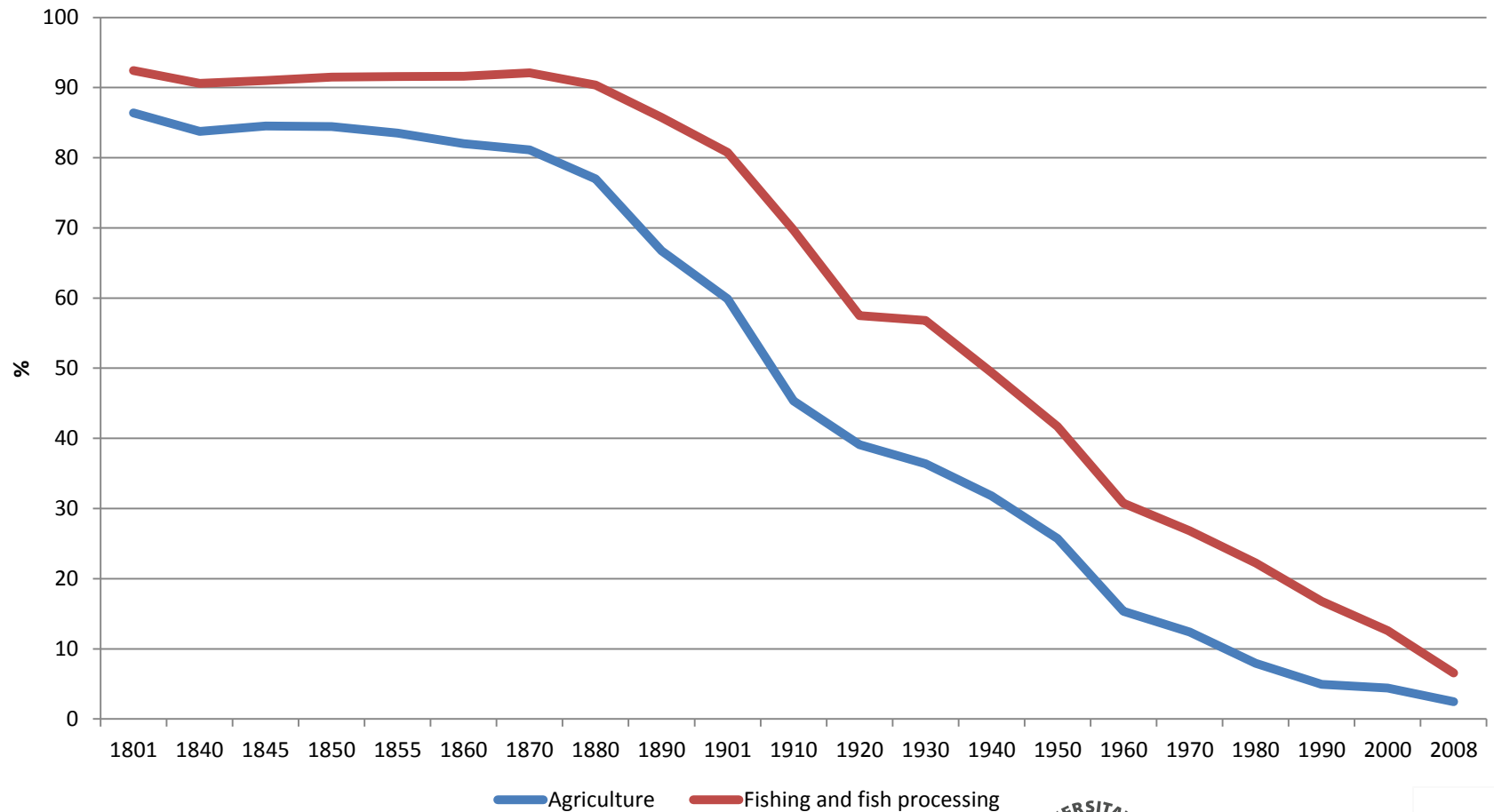
# Catching up with the neighbours

- Iceland more or less missed the industrial revolution.
- Urbanization started late.
- Mechanization started late.
- The economy started changing in the 19th century after having been strikingly little changed since the settlement era.
- The most important changes were in the fisheries sector that became the main vehicle for growth well into the second half of the 20th century.
- The sector was mechanized with far more efficient vessels being introduced. At its peak right before World War I about 25% of the labor force worked in fishing or fish processing.





# Labor market: Primary industries







# Economic growth

- Average annual growth of GDP 1901-1911 3,8% and of GDP per capita 2,5%.
- Increase in GDP by a factor of 63 and GDP per capita by a factor of 15.
- Changed Iceland from being a relatively poor country by European standards of the time to being fairly affluent (by any standard).





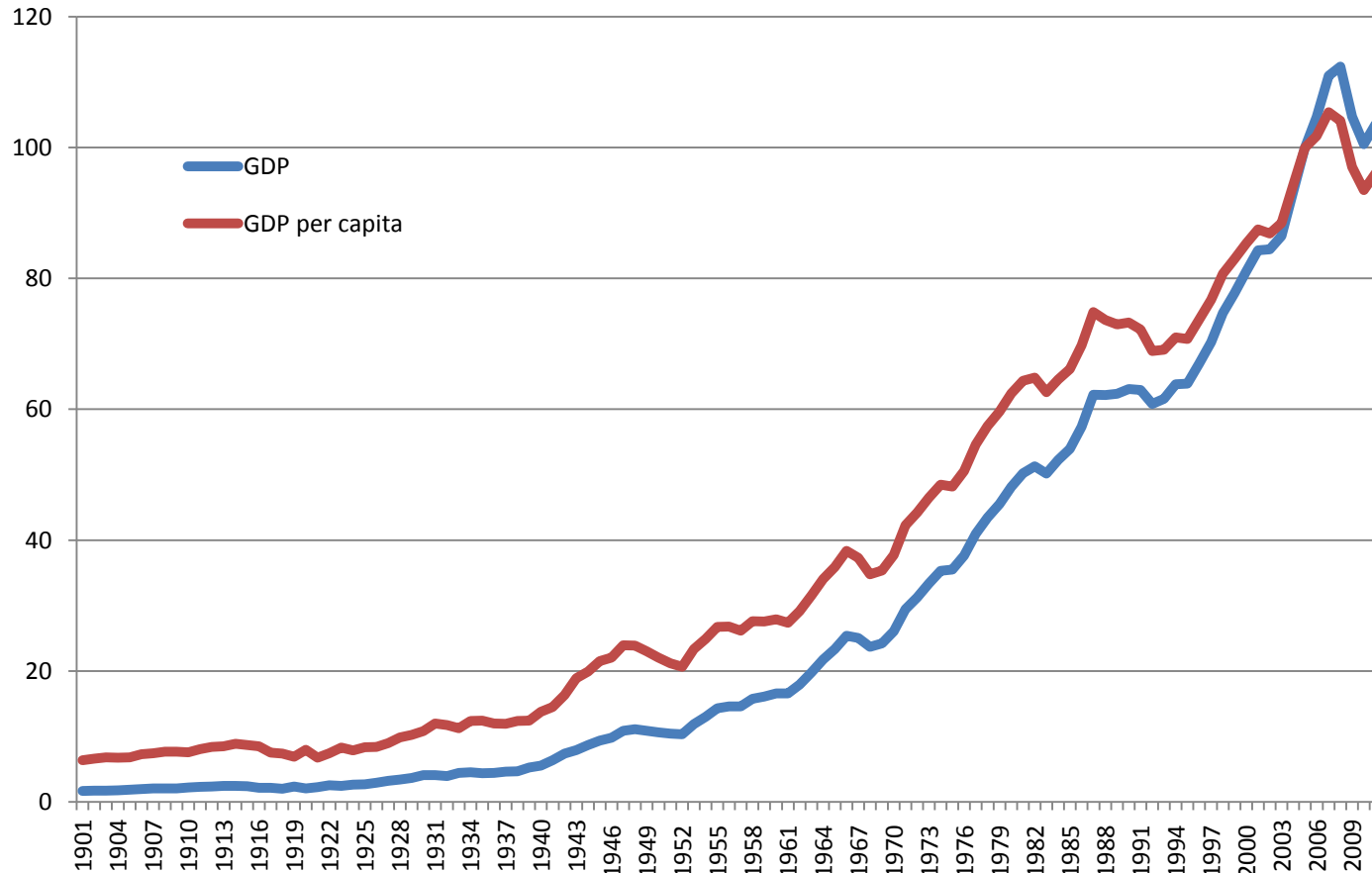
# Catching up with the neighbours

- Iceland had at the beginning of the 20th century a GDP per capita that was about half of that in Denmark, Iceland's colonial master and a third of that in Britain.
- By the 1980's Iceland had caught up with its neighbours in GDP per capita (still lagging a bit in GDP per work-hour)
- In current USD GDP per capita is now about 36.000, adjusted for differences in price level (PPP). That is a bit over the EU average and similar to the other Nordic countries, except Norway.

Year	Iceland	Denmark	Norway	Great Britain	Western Europe
1870	1.714	3.303	2.233	5.592	3.448
1913	3.520	6.451	3.899	8.624	6.009
2011	36.083	40.929	89.801	35.642	32.720 (EU)



# Very rapid economic growth





# Infrastructure

- Urban centers call for very different infrastructure than dispersed farms: Centralized network for water, heating, electricity, sewage.
- It was a major effort that started in the early 20th century and took more than half a century to provide these essential services for the capital region.
- The capital region has especially benefitted from the harnessing of geothermal power for heating houses.





# Transportation on land





# Transportation improvement

Year	1900	1925	1950	1990	2006
Total length of roads, in kilometres <sup>a)</sup>	-	612	6,742 <sup>b)</sup>	11,381	11,178 <sup>c)</sup>
Paved roads, in kilometres	0	0	5	2,136	4,397
Tunnels, in kilometres	0	0	0	23	27
Tunnels, in number	0	0	1	4	8
Bridges, in number	29 <sup>d)</sup>	-	446	1,468	1,250
Harbours, in number	3	4 <sup>e)</sup>	68 <sup>f)</sup>	71	73
Airports, in number	0	0	14	147 <sup>g)</sup>	101 <sup>h)</sup>
Harbour lighthouses, in number <sup>i)</sup>	6	17	65	228	-
Navigation aids, in number <sup>j)</sup>	3	17	85	151	-

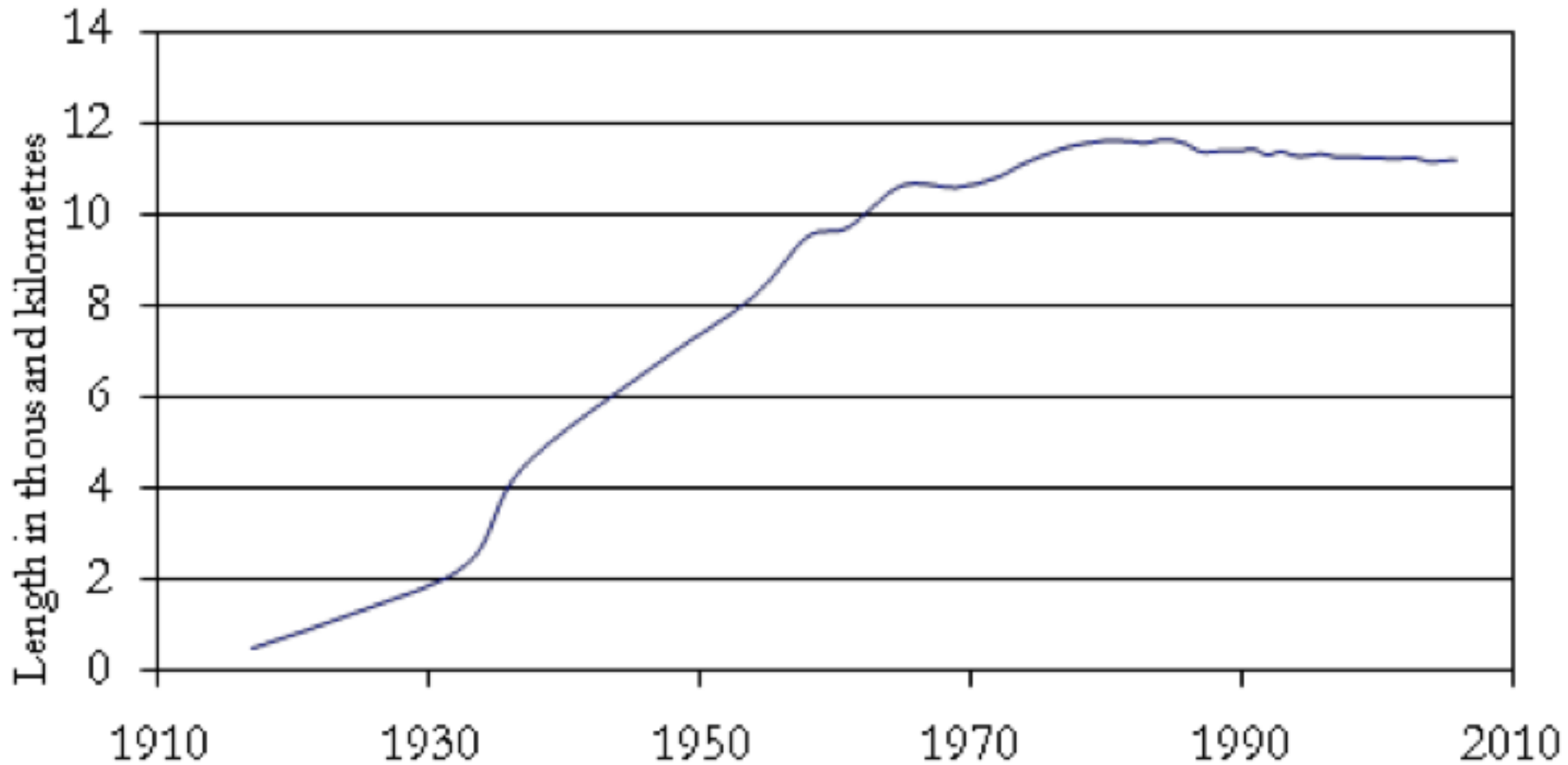
Source: Vífill Karlsson (2012)



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# Transportation improvement



**Figure 2-5. Total length of roads in kilometres in Iceland 1913–2006.**

Source: Vífill Karlsson (2012)



# Theory of relativity

- People relocate for various reasons but generally a move from A to B indicates that B is preferred to A by that individual.
- The move may be preceded by a drop in the perceived value of living in A (e.g. loss of job in A) or a rise in the perceived value of living in B.
- The attraction of urban life and job and education opportunities in the capital region seems to have steadily risen in the eyes of Icelanders.
- Relocation is a major decision for most and involves substantial cost.







## Various attempts at reversing flow to capital region

- Transfer system provides financial support for local governments outside capital region.
- Extensive system of farm subsidies and tariff and non-tariff barriers to imports.
- Financial support for investments outside capital region.
- Government offices moved outside capital region (very small scale).
- Infrastructure projects and other government programs outside capital region often justified by regional impact.





## Various attempts at reversing flow to capital region

- Election rules stipulate more MP's per capita outside capital region.
- Attempts at building regional centers for public services and administration.
- None of this has been very successful.
- The capital region has seen its role grow with the expansion of the public sector as it is the center for provision of many public services, including health care, education and research, the justice system, government administration etc.

