



Bollason, Dagur (2018) *Municipal fragmentation in Iceland's capital area*. [MSc]

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Deposited: 13 December 2018

University of Glasgow
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MUNICIPAL FRAGMENTATION IN ICELAND'S CAPITAL AREA

Presented in partial fulfilment of the requirements for the degree of
M.Sc. in Public and Urban Policy

Word count: 14,425

August, 2018.

Table of Contents

List of Figures	iii
Abstract	iv
Acknowledgements	v
1 Introduction	1
2 Case study – Iceland’s Capital Area	4
2.1 Legal framework and responsibilities	5
2.2 The Capital Area and discrepancies	5
2.3 Attitudes towards amalgamation	10
3 The Icelandic political party system.....	11
3.1 Cartel parties	11
4 Cleavages.....	14
4.1 An urban-suburban cleavage	14
4.2 By design or default.....	16
5 Municipal Fragmentation.....	19
5.1 The public choice approach	19
5.2 Economies of scale and efficiency	21
5.3 Discrepancies in fragmentation	22
5.4 Spillovers and sprawl.....	24
6 Methodology	26
6.1 Semi-structured online interviews	26
6.2 Access and structure of the interviews	27
6.3 Processing the data	29
6.4 Ethical Consideration and shortcomings	29
7 Results and Analysis	32

7.1	Legal and institutional problems	34
7.1.1	Third level of government, agency and reliance	36
7.1.2	Planning problems and dependency	37
7.2	Reykjavík against the rest.....	39
7.2.1	Seltjarnarnes and Garðabær.....	41
7.3	Maintaining the arrangement.....	43
7.3.1	Cartels, collusion, competition and cooperation	46
8	Conclusion.....	50
9	Appendix.....	53
	References	54

List of Figures

Figure 1 Displays the Capital Area.....	4
Figure 2 Shows Municipal Tax Rates	8
Figure 3 Shows number of social housing apartments	8
Figure 6 Shows average personal income from capital gains.....	9
Figure 4 Shows Equalization fund grants per capita.....	9
Figure 5 Shows proportion of tax income spent on social services	9

Abstract

Iceland's Capital Area is characterized by considerably high levels of municipal fragmentation as the area contains six adjacent autonomous municipalities. Presented here is a case-study of the area, of which very limited prior literature exists, using a method of semi-structured interviews with elite members of both the political and administrative spheres to place the area in the largely dichotomous academic debate on municipal fragmentation. The Capital Area deals with many of the negative consequences that the literature suggests is associated with municipal fragmentation. In turn, findings from this study suggests that the area in general does not seem to benefit from the assumed fundamental quality of fragmentation – inter-municipal competition. Findings also suggested noticeable predicaments in relation to planning for the area along with an indication towards a sub-par municipal legal structure. Seemingly, the area and its residents do not seem to gain much benefit from the fragmentation at all. Presented here is the argument that municipal fragmentation in the Capital Area is a spatial manifestation of an urban-suburban cleavage of which the Icelandic political party-system, due to its cartel-like structure, has vested interest in maintaining.

Acknowledgements

I would firstly like to thank all the participants for taking the time to talk with me. Many thanks to my supervisor Dr Sharon Wright whose help, insight and encouragement was invaluable. Andreas Ströberg and Pálmi Þórðarson who in their eternal wisdom and kindness proofread and reviewed and advised me. Lastly, my girlfriend Sara deserves all my gratitude for her unending motivation and support.

1 Introduction

International pop superstar Justin Bieber takes to stage in Iceland and excitedly greets the crowd: “*what’s up Reykjavík?*” (Morgunblaðið, 2016), immediately committing a cultural faux-pas with his first public three words in the country. The young pop icon and his thousands of fans were namely in Kópavogur – one of the six autonomous towns and cities that make up the Capital Area in Iceland. The confusion is in all fairness common and understandable. Even for locals it can be challenging to decipher one municipality from another. Due to their proximity to each other, the Capital Area municipalities have even decided to market the area globally as Reykjavik to avert any further confusion (The Icelandic Travel Industry Association, 2016). The six municipalities are however all relatively autonomous – as they determine their own planning policies, welfare policies, municipal tax rates and all have their separate mayors and councilmembers. Studies on municipal politics in the country have hitherto largely had a rural focus and in general, there is a scarcity of literature on urban politics in Iceland, the municipalities that make up the Capital Area and the area as a whole.

The Capital Area in Iceland is certainly not the only urban area in the world characterized by municipal fragmentation but the area is however relatively exceptional due to the absence of a tertiary level of government in Iceland. There are therefore only two levels of government in Iceland and thus no regional government over the closely knit Capital Area. The literature on municipal fragmentation is broadly divided between two strands. First off is the public choice approach often accredited to Tiebout (1956) and further pursued by Oakes (1972) and Bish (2001) to name but a few. The theory largely contends that municipalities should be small and competitive, thus creating close proximity between the electorate and politicians yielding positive democratic effects. On the other hands is a mixture of approaches that generally promote amalgamations and favour

larger units of local governments than public choice theorists. These approaches are usually critical of the public choice approach due to the apparent inequality they produce (Howell-Moroney, 2008) along with a host of other negative consequences such as urban sprawl and spillovers (Carruthers & Úlfarsson, 2002; Brueckner, 2000)

There is no shortage of studies attempting to decipher which of the two approach produces better outcomes. However, what constitutes relevant or ‘good’ outcomes in this respect and even which ‘outcomes’ are empirically accounted for is highly subjective. The debate surrounding municipal fragmentation and optimal municipal size is therefore essentially normative and ideologically charged (Sadler & Highsmith, 2016). This case study of the Capital Area does not attempt to empirically determine which approach to municipal size is more suitable. One of the two primary objectives of this study is rather to gain a fundamental understanding of how the Capital Area measures against the dichotomous debate on optimal municipal size.

Due to their close proximity the municipalities work together on several issues. This cooperation is however predominantly voluntary and Icelandic municipalities in general have great freedom in deciding how they approach their roles. The municipalities exercise this freedom which results in considerable discrepancies and inequality between them and Reykjavík, as the urban core of the Capital area shoulders exponentially higher social responsibilities than its neighbours. Coincidentally, the Capital area municipalities that shoulder the least social responsibility have the strongest tax-bases. Moreover, Reykjavík is the sole municipality in the Capital Area to have a liberal government – all five other municipalities are governed by conservatives. All in all, grounded in the theoretical basis of political cleavages by Lipset and Rokkan (1967), there is an apparent urban-suburban cleavage in the political fabric of the Capital Area. This

theme is not all uncommon and has been recognized in European and North-American contexts alike (Ströbele, 2012; Walks, 2007).

There are strong arguments towards the municipal fragmentation visible in the Capital Area being costly, unjust and inefficient and furthermore it can be argued that amalgamations in the area could greatly benefit either side of the urban-suburban political cleavage and perhaps tax-payers as well. Confronting fragmentation in the area is however not an issue that has gained much political traction. The second primary objective of this study is to examine whether political parties have an incentive towards maintaining the urban-suburban cleavage and its spatial manifestation – municipal fragmentation. The incentive could derive from the inherent structure of the Icelandic political party system which has been described as bearing many resemblances of what Katz and Mair (1995) term as cartel parties (Kristinsson, 2006; Kristjánsson, 2004).

The study is structured as follows. Chapter 2 provides an introduction and an institutional background to the case study including an overview of the discrepancies of the area and attitudes towards amalgamation. Chapter 3 introduces the Icelandic political party system followed by a chapter on political cleavages. Chapter 5 discusses the theoretical framework surrounding municipal fragmentation followed by a chapter on the methodology used in the data accumulation. Chapter 7 provides results and analyses and chapter 8 summarizes the main conclusions of the study.

2 Case study – Iceland’s Capital Area

Iceland, a country of scarcely 350.000 people, can almost be considered a city state. Approximately two thirds of the country’s population live either in or in close vicinity to its capital Reykjavík. The area surrounding (and including) Reykjavík is colloquially known as *Höfuðborgarsvæðið* (The Capital Area) and is comprised of six municipalities. These are: Reykjavík, Kópavogur, Hafnarfjörður, Garðabær, Mosfellsbær and Seltjarnarnes (Statistics Iceland, 2018).¹ This chapter begins with a short introduction on the legal obligations of Icelandic municipalities, followed by a discussion on notable discrepancies in the Capital Area. The chapter concludes with a summary of attitudes towards amalgamations among politicians and the electorate.

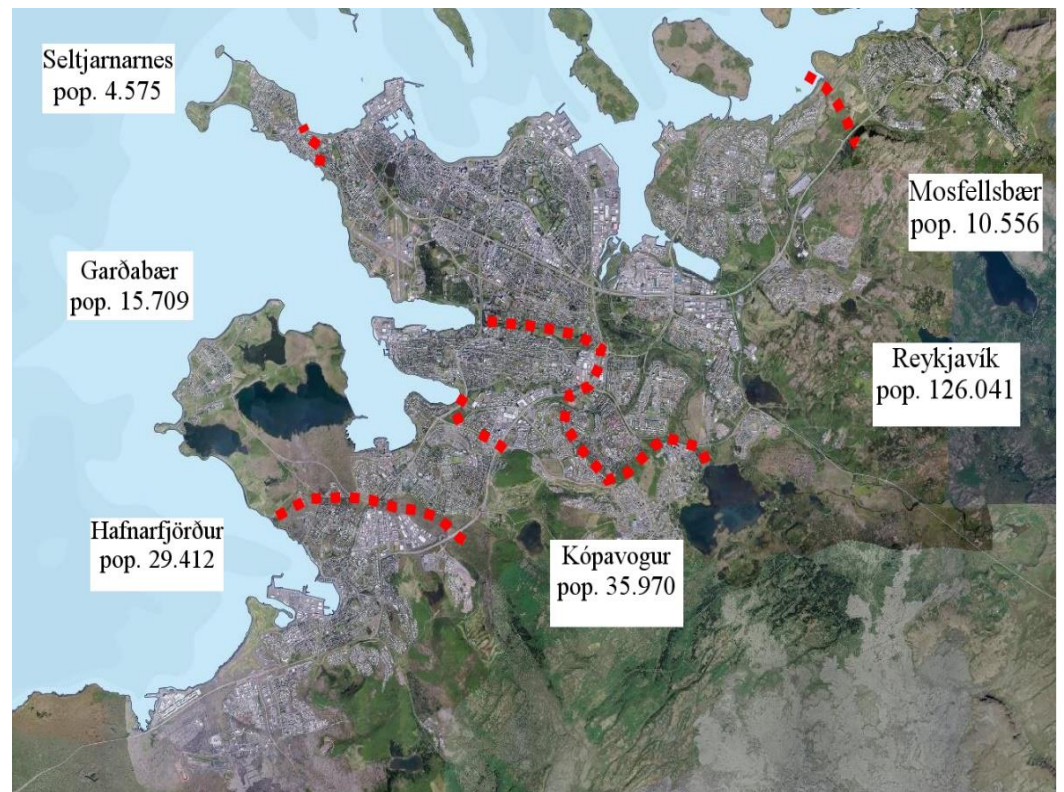


Figure 1 Displays the Capital Area (Loftmyndir Ehf, 2018, text and municipal borders added by the author)

¹ Technically *Kjósarhreppur* is also a part of the Capital area. The municipality is however mostly rural and home to only 221 people and can barely be considered a part of the urban fabric. For the sake of simplicity *Kjósarhreppur* is exempt from the study.

2.1 Legal framework and responsibilities

Icelandic municipalities are holders of executive power and much like in other Nordic countries, the responsibilities and duties of municipalities have been subject to large-scale revision and change in recent decades (Blom-Hansen, 2010). The general trend in Iceland and other Nordic countries has been a transfer of duties and responsibilities from the state towards the local authorities (Eypórssson, 2014). For instance, primary education and disability services have been transferred down from the national level to the municipalities as legal obligations. Among other legal obligations are social services, planning and housing issues. Municipalities are also free to offer additional services or form and maintain undertakings that they are not legally bound to do.

These transfers of responsibilities have however created considerable complications surrounding the capacity of some municipalities to cope with them (Kristinsson, 2002). Understandably, it can be problematic to implement a holistic legal framework appropriate for both Reykjavík with its 120.000 inhabitants and the 43 inhabitants of Árneshreppur. The municipal laws are therefore relatively ambiguous; in one place simply stating: “*Municipalities will work towards collective welfare issues of its inhabitants depending on feasibility each time.*” (Lög um Sveitarfélög 2011), not specifying any further what ‘welfare issues’ explicitly entail. In this light The Icelandic Association of Local Authorities (2014) have inferred that there are substantial ‘grey areas’ in terms of welfare responsibilities between municipalities and the state.

2.2 The Capital Area and discrepancies

Reykjavík constitutes the principal urban core of the fragmented Capital Area while the other municipalities are predominantly suburban. Due to their vicinity to each other, the municipalities collaborate on some issues such as waste disposal, public transport and emergency services. For these matters, the municipalities operate a platform called the *Association of Municipalities in the Capital area* (AMC), essentially a committee manned

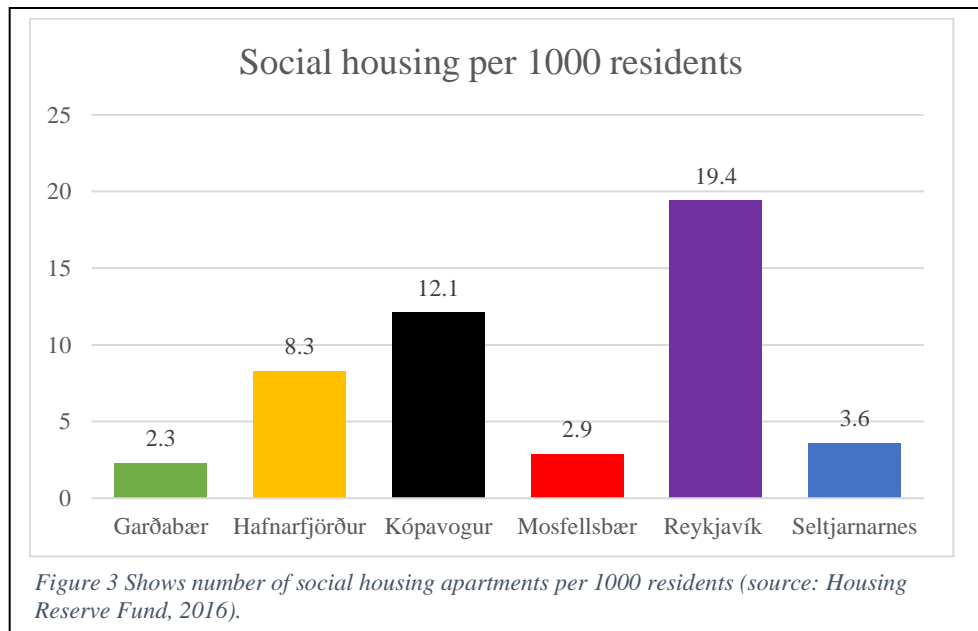
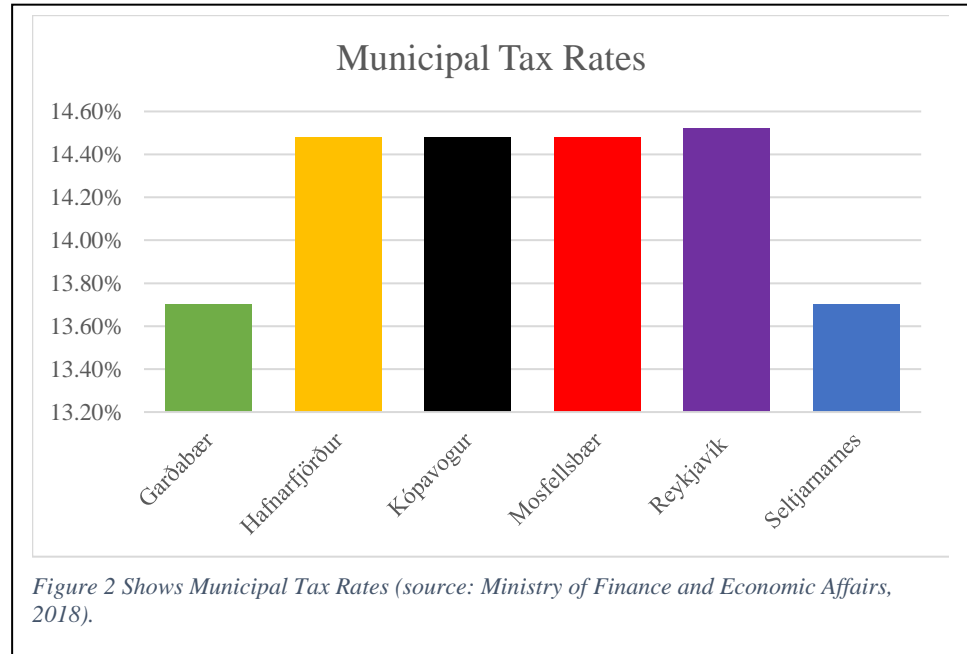
by the mayors in the area. Since 2010 the Capital Area municipalities are legally obliged to have in effect and formulate from within the AMC a *Capital Regional Plan* for the area, which at present is the only legal cooperative obligation between the Capital Area municipalities. The present operative Regional Plan to a large extent aims to confront the many detriments that decades of urban sprawl have caused the region (Association of Municipalities in the Capital Area, 2015). All other cooperation among them, which the AMC is intended to organize, is voluntary.

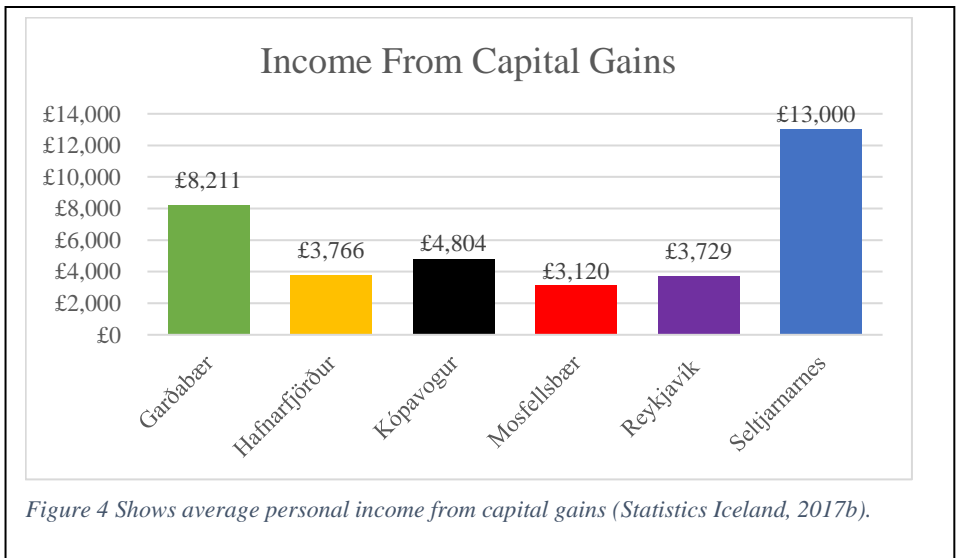
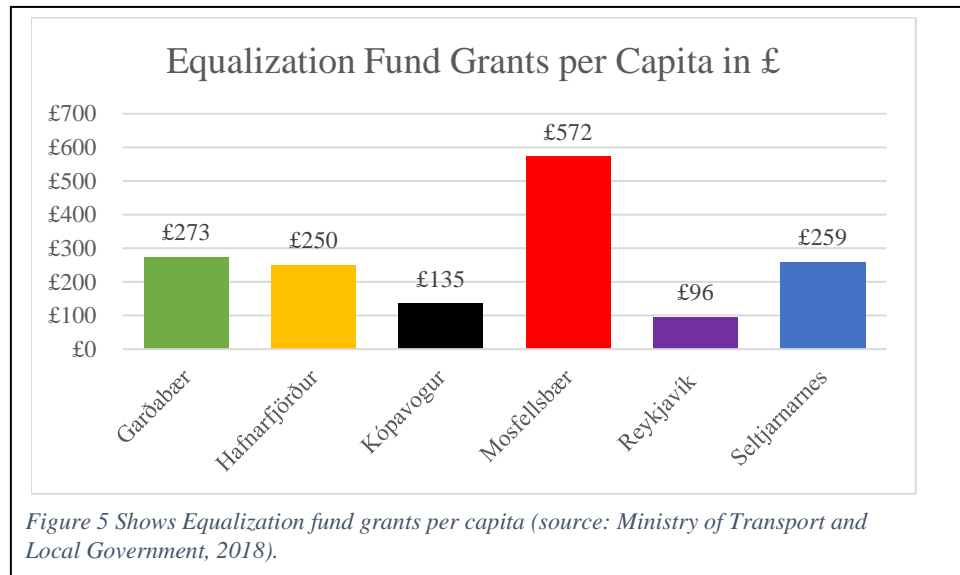
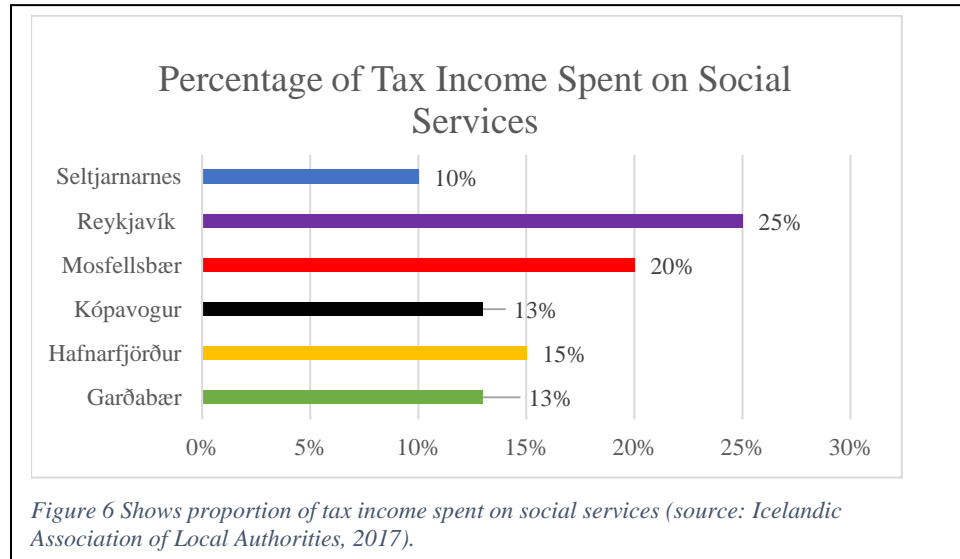
In Iceland there are only two levels of government and each municipality has its council, mayor and planning and social policies and can as such be considered relatively autonomous, not least due to their individual ability to raise taxes (Ministry of Transport and Local Government, 2017a). Their main sources of income are three; property tax, allocations from the Equalization fund and municipal tax for which they have considerable elbowroom in determining (Lög um Tekjustofna Sveitarfélaga, 1995). They are also relatively free to dictate their planning and social policies and even choose whether to have policies on certain matters (Kristinsson, 2014). This relative leeway for policy and responsibility has resulted in stark differences in their approaches to social services. For example, municipalities are not legally obliged to have in effect a housing policy and Reykjavík is currently the only Capital Area municipality to have such a policy and furthermore the sole municipality to have a homelessness policy by providing homeless and women's shelters (The Althing Ombudsman, 2018). Reykjavík also bears the brunt of providing social housing in the Capital Area providing 19,4 social apartments for its every 1000 residents. On the other hand, Seltjarnarnes provides 3,6 and Garðabær provides 2,3 for each 1000 residents (Housing Reserve Fund, 2016). In conclusion, 75% of all capital-area families receiving social support live in Reykjavík, while the population of Reykjavík only constitutes 59% of the total area (Statistics Iceland, 2017a).

Due to these discrepancies the fragmented setup of the Capital Area is regularly subject to considerable criticism from the media, NGOs and even Ministry committees (See e.g. Ólafsson, 2015; Confederation of Icelandic Enterprise, 2016; Júlíusson, 2018; Ministry of Transport and Local Government, 2017b). While Reykjavík takes the largest social responsibilities, its neighbours Garðabær and Seltjarnarnes usually shoulder the least. The two municipalities also charge the lowest municipal tax rates in the Capital Area (Ministry of Finance and Economic Affairs, 2018), are home to the highest earners of all the Capital area municipalities and the country altogether (Statistics Iceland, 2017b), and are home to the majority of the Icelandic business elite (Torfason et al, 2017). While Reykjavík spends a quarter of its tax income on social services, Garðabær spends 13% and Seltjarnarnes only 10% resulting in Reykjavík spending more than twice per capita on social services than its neighbours Garðabær and Seltjarnarnes (Icelandic Association of Local Authorities, 2017).

Much like its Nordic counterparts Iceland has progressively seen a process of amalgamations yet the great majority of municipalities in Iceland are still small by most standards. Understandably, and due to the lack of a tertiary governments, most Icelandic municipalities do not fully cope with their legally obliged responsibilities. For this there is *The Equalization Fund*, albeit whose workings and purposes are however notoriously vague and unclear (Ministry of Transport and Local Government, 2010, 2017b). Reykjavík for instance was granted £96 from the fund per capita in 2017. Meanwhile contributions from the fund towards Seltjarnarnes and Garðabær were around £260 per capita and Mosfellsbær received £572 per capita from the fund or almost six times as much as Reykjavík (Ministry of Transport and Local Government, 2018). Furthermore, due to Garðabær and Seltjarnarnes issuing considerably lower municipal tax rates than their Capital Area neighbours, a public report asserted that Reykjavík's municipal tax payers subsidize considerable components of Garðabær's and Seltjarnarnes' services through the Equalization fund (Ministry of

Transport and Local Government, 2017b). In other words, contributions from the Equalization fund do not take into account the if municipalities do not utilize their full tax-raising abilities.





2.3 Attitudes towards amalgamation

Debates surrounding amalgamation in the Capital area regularly enter the public discourse and usually in some context with the discrepancies described earlier. However, political parties on the whole, do not seem very interested in confronting the discrepancies of municipal fragmentation with amalgamations or other means. The issues of Capital Area amalgamations or measures towards confronting evident discrepancies between Capital Area municipalities, were for instance nowhere to be found in the government coalition policy agreement for the new coalition government in Reykjavík formed in June 2018 (City of Reykjavík, 2018). Despite the facts that Reykjavík shoulders heavier burdens socially than all its neighbours, has to charge higher municipal tax than some of its neighbours, does not benefit from many of the strongest tax-payers in the area and receives substantially smaller contributions per capita from the Equalization fund.

One would be forgiven to consider this lack of policy interest among the political parties being reflective of a lack of political interest on the matter among the electorate. Such however is not wholly the case. The majority, or 52%, of Capital Area inhabitants support amalgamations according to a survey conducted in 2018 (Maskína, 2018). Specifically, more than 60% of inhabitants of Reykjavík are in support of amalgamations whereas residents of Garðabær and Seltjarnarnes are however generally vehemently opposed to it. Another survey from 2012 conducted among all Icelandic councillors and all members of the national Althing parliament yielded similar results as 67% of all respondents considered amalgamations in the Capital area to be very or rather sensible. More emphatically only 2% of respondents thought amalgamations in the area were rather or very irrational (Eyþórsson & Arnarson, 2012).

3 The Icelandic political party system

Icelandic politics have historically been dominated by four parties. The right-wing conservative *Independence party* is traditionally Iceland's most influential party and governed over Reykjavík almost exclusively for sixty years but has in recent decades lost its foothold in Reykjavík. The centre-right agrarian *Progressive Party* and the socialist *Left-Green movement* have only played marginal roles in the local politics of the Capital Area, enjoying all the more electoral success in rural areas. All the more influential, especially in Reykjavík, are the *Social Democrats*, currently leading the Reykjavík City council government for a second successive term. In recent years this four-party system has been radically challenged both nationally and locally. The *Pirate Party* has become a mainstay in the national parliament and Reykjavík's City Hall and in an unusual turn of events, the *Best Party*, led by comedian Jón Gnarr conquered the Reykjavík elections in 2010, catapulting Gnarr to become mayor. Currently a record-high of seven parties are represented in Reykjavík City hall, four of which make up a liberal coalition government. All five other municipalities in the Capital Area have a mayor coming from the ranks of the Independence party which furthermore has a single majority in two municipalities – Seltjarnarnes and Garðabær.

3.1 Cartel parties

The Icelandic political parties, and by extension the party system, have been thought to bear many characteristics of *cartel parties* (Kristjánsson, 2004; Kristinsson, 2006). In their seminal work, Katz and Mair (1995) discerned a development in which political parties have moved away from their traditional stances as intermediaries between civil society and the state (see e.g. Dahl, 1956), thus withdrawing from their traditional roles as 'mass-parties' originally described by Duverger (1954) or as 'catch-all parties' (Kirchheimer, 1966). Instead they argue a process of "*symbiosis between parties and the state*" (Katz & Mair, 1995, p. 6) resulting in a situation where there is no longer "*a sharp distinction between parties and*

the state” (ibid, p. 8). They therefore suggest that cartel parties are the result of an ‘interpenetration’ between party and state whereby the interest of cartel parties become intertwined with the interests of the state - not least due to the cartel parties being primarily funded by the state (Katz & Mair, 2009). Moreover, as a result of this interpenetration, the cartel parties partake in inter-party collusion. This collusion revolves around limiting and managing competition between parties largely because of the high stakes involved in partaking in politics and choosing politics as a profession (Katz & Mair, 1995). Partaking in Icelandic local politics can in fact be a very lucrative venture as it has recently been claimed that the mayors of the six Capital municipalities are amongst the highest-paid mayors in the world. The mayor of Garðabær for example earns just shy of £200,000 per annum or almost 30% more than the mayor of London. Collectively, the mayors of the six Capital municipalities earn in the excess of £1,000,000 per annum (Jónsson, 2018).

Kristinsson (2006) has identified a system of mutual-insurance between the Icelandic political parties; Icelandic politicians for instance have vested interests in keeping intact a system that provides them secure political positions once their political careers have ended. Moreover, Kristinsson (2012) has theorized that the Icelandic political parties apply patronage in the form of political appointments to reward party members for their work within or for the party. Katz and Mair (1995) noted that cartel parties by and large realize their potential to manipulate the state in their own interests and Iceland, through its party-system and political parties, has in fact a rich tradition of both political patronage and clientelism (Kristinsson, 2012, 2015; Indriðason, 2005).

According to the cartel-party theory the consequences of an increasingly professionalized political environment become more serious for those who have made politics a profession and as a result the parties create a system of mutual-insurance that ensures the risk involved in political competition

is minimized (Detterbeck, 2005) The political parties recognize a level of mutual-interest in maintaining their statuses and thus have a “*positive incentive not to compete*” (Katz & Mair, 1995, p. 20). Politicians regardless of party affiliation share interests and will therefore cooperate, consciously or not, to defend those interests (Borchert, 2003).

4 Cleavages

The Capital Area and its municipalities are considerably young and still in a phase of development as urbanization happened late in Iceland (Reynarsson, 1999). Therefore, the major political issues tend to revolve around fundamental concerns of urban development – more specifically whether to pursue liberal new urbanist values, or whether to continue developing a relatively vast and sprawling city dependant on the automobile (City of Reykjavík, 2013; Kristinsson, 2014). These issues have been noted to have a surprising propensity to cause considerable ideological polarization (Lewis, 2015). To emphasize the significance of these issues, the current governing coalition in Reykjavík consists of both liberal right wing and liberal left wing parties, in the process boldly transcending traditional left-right cleavages dominant in Icelandic politics (Önnudóttir & Harðarson, 2018). Before the 2018 municipal elections the leader of the Social Democrats ruled out any prospects of partaking in a government coalition with the conservative Independence party citing incompatible differences in terms of the new urbanist issues of densification, green initiatives and better public transport (Hall, 2018). Eggertsson furthermore disclosed to the media that “*The big line of conflict in these elections revolved around the development of the city in addition to the transportation and urban planning matters*” (Morgunblaðið, 2018).

4.1 An urban-suburban cleavage

The original academic notion of political cleavages builds on the assumption that party competition is structured around fundamental normative social divisions (Lipset & Rokkan, 1967). While Lipset and Rokkan (1967) identified an urban-rural cleavage (a longstanding subject of analysis) another ideological cleavage within the urban fabric was quickly discerned between the urban and suburban areas (see e.g. Cox, 1969; Dunleavy, 1979). Researches in North American and European contexts have identified very different voting patterns between urban and suburban areas indicating an emerging spatio-political cleavage (see e.g.

Walks, 2007; Ströbele, 2012; Gainsborough, 2002; McGrane et al, 2016). Suburbs are widely acknowledged to be strongholds of the political right (see e.g. Gainsborough, 2005), with Peck even (2011, p. 892) describing suburbia as “*neoliberalism’s back yard*” and Lewis (2015, p. 103) noting “*a fairly substantial left/right political cleavage on views towards the built environment.*” Also noted in this context is an urban-suburban difference in how city life is ‘consumed’, as suburbanites impugn tax-paid elements of city-life they are not avid users of (Dale, 1999). Yet while an urban-suburban cleavage is widely evident, the nature of the relationship is hitherto not fully understood; the strong relationship between the conservatism and favouring sparse development is even considered a bit of an enigma (Lewis, 2015). In a Nordic context, it has been argued that a fragmented system of municipalities links with conservative political values while an arrangement of fewer and larger municipalities is more in tandem with liberal social-democratic values (Erlingsson et al, 2015). These sentiments are echoed in an American context (Howell-Moroney, 2008; Keating, 1995) as well in a British context (Paddison, 2004). The Capital area seems to mirror this as Reykjavík has mainly been ruled by liberal coalitions since 1994 while the conservative Independence party has firm support in the neighbouring suburban municipalities.

Present in many Western cities is therefore a noteworthy ideological cleavage which is manifesting spatially between compact urban centres and vast suburbia (De Maesschalck, 2009; Hoffman-Martinot & Sellers, 2005; McGrane et al, 2016; Walks, 2005; Lewis, 2015). Conservative parties are predominantly able to call upon considerable electorate support from within suburbia, whose inhabitants do not feel like tax-subsidizing services they either do not need or do not want (Walks, 2007). This is thereon countered by ‘*moral outrage*’ from within the urban cores due to the unequal and un-environmental sprawling suburbs who supposedly impose unfair costs on the urban cores (Lewis, 2015, p. 93). This leaves considerable questions of the interplay between political parties and this

emerging urban-suburban cleavage. On this cleavage De Maesschalck (2009, p. 323) asserts the following: “*The ruling [conservative] political parties have considered housing construction outside the cities as an excellent countermeasure against socialist mobilizations in the cities*”, and the American Republican Party has been alleged to deploy a ‘suburban strategy’ by systematically attempting to merge suburban interests with politically conservative sentiments (Walks, 2006). Cleavages are therefore inherently essential to a political party’s identity as political parties are not only formed on the basis of existing social rifts but also construct their identity and livelihoods on the sustainment of cleavages and have vested interests in their persistence (Mair, 1996). Thus it has been questioned whether political parties, which are shaped by and in many ways reliant upon social divisions, are in fact capable or willing to bridge them (Gainsborough, 2002).

4.2 By design or default

Nevertheless, the question remains whether the relationship between spatial preference and political ideology is controlled by ‘self-selection’ or ‘neighbourhood effect’ (Walks 2006 & 2007); that is to say - is political opinion affected by the neighbourhood one lives in or do people of certain convictions choose to live in certain areas? (Gainsborough, 2002; Walks, 2005 e.g. provide a discussion). Walks (2006) offers some possible explanation of why voting patterns differ between neighbourhoods mentioning ‘party mobilization strategies’ implying that political parties arrange their policy platforms around issues that can create divergence and that political parties perhaps ‘share the spoils’ and choose whether to appeal to suburban conservative sentiments or urban liberal attitudes.

Particularly interesting in this respect are instances in which clear urban-suburban cleavages have been ‘bridged’ by means of amalgamations. One such amalgamation took place in the Louisville area of the United states. The authors of a case-study of the amalgamation process Savitch and Vogel (2004), claim that an attempt to create a consolidated ‘city without

suburbs' resulted in the exact opposite. This they conceptualize as a type of suburban domination due to suburban sentiments dominating the political climate of the newly amalgamated area. Moreover, while equity is often used as an argument for amalgamation (Lewis, 2015), the opposite occurred in Louisville as vulnerable and less affluent residents lost previously held political influence. In sum; everything that amalgamation was supposed to rectify had the exact opposite consequences. Another similar North American example is from Toronto, Canada where in 2007 the former city of Toronto was made to consolidate with its five most immediate and mostly suburban municipalities. The consequences were later described as a '*suburban ambush*' in the name of '*cost-cutting and efficiency*' (Keil, 2000, p. 758) in an apparent cunning scheme constructed by the conservatives to 'suburbanize' the political structure of the area (Keil, 2000). On the back of these amalgamations the new consolidated city later attracted global attention via its controversial conservative mayor Rob Ford whose exceptionally strong voter base in the suburbs contrasted with his extremely negative image within Old Toronto.

It can therefore be safely concluded that amalgamations can produce very clear political winners and losers if not radically different outcomes than originally intended. Iceland's law system grants its municipalities considerable power and scope, which in turn generates considerable discrepancies in the Capital Area. Discrepancies or notable differences between urban and suburban spaces are well-known globally and are occasionally referred to in terms of cleavages and it has become fairly evident that political parties habitually seek to utilize this cleavage. The urban-suburban cleavage is mainly characterized by liberal sentiments within the urban sphere and conservative inclinations in suburbia and the Capital Area is no exception. The arrangement of municipalities in the Capital Area is regularly subject to scrutiny from multiple directions and even though the majority of Capital Area residents are in favour of amalgamations and a healthy portion of the country's political elite deem

the arrangement irrational, the issue does however not seem to appear on the political parties' agenda implying that the political parties on both sides of the urban-suburban cleavage are keen to maintain the arrangement of municipalities.

5 Municipal Fragmentation

A wealth of research and literature exists on optimal municipal size, amalgamations and municipal fragmentation often interchangeably. While the objective of this research is to shed a light on a relatively unique case of municipal fragmentation, normative and empirical academic discussions surrounding optimal municipal size and amalgamations are particularly useful and relevant. Theoretically, the discussion largely revolves around *public choice approaches* on one hand and sentiments that favour *amalgamations* on the other hand. This chapter opens with an account of the public choice approach in terms of municipal fragmentation followed by a segment on traditional elements of economic reasoning pertinent to jurisdictional size. The chapter then concludes with the most frequent arguments levied against the public choice approach.

5.1 The public choice approach

The debate around a suitable size (usually in terms of population) of a given local authority is a longstanding subject of research and has hitherto been dominated by economic reasoning (Baldersheim & Rose, 2010). Due to the methodological complexities involved, these speculations can appear so interminable and tedious that some have resorted to describe them as ‘futile’ (Dahl & Tufte, 1973) or as a search for a ‘philosopher’s stone’ (Newton, 1982). In short, a universal suitable ‘size’ for a local government has to date not been found and will in all probability never be found. For the sake of the case study on the Capital Area, it is however important to consider the theoretical foundations of the debate.

Broadly, the literature is, as described earlier, divided along two strands; advocates of smaller, fragmented versions of local government and those who are usually in favour of further amalgamations believing that economies of scale apply to local authorities and that an argument of equity should be considered. The former has a firm theoretical grounding within the public choice literature and most importantly in the works of Tiebout (1956) and Oates (1972). In his seminal work, Tiebout (1956)

offers the normative assumption that local authorities should be relatively small and competitive and thus able to offer residents service and tax bundles in a jurisdictional market so to speak. Effectively, Tiebout in the process invented the concept of *foot voting* – the notion that residents move to and choose residential jurisdictions that best suit their interests, needs and ideologies. Another key facet of the public choice approach is the perceived responsiveness and proximity between publicly elected officials and the electorate achieved with smaller units of government (Bish, 2001). Moreover, the general public choice assumption concludes that smaller jurisdiction brings voters closer to politicians thus begetting a positive democratic dimension (Newton, 1982). As one of the most prominent proprietors of the public choice approach to municipalities, Robert Bish (2001) asserts that a fragmented setup of municipalities is ‘superior’ due to the responsiveness and cost-efficiency of small governments. The public choice approach is therefore all but synonymous with municipal fragmentation, as the latter is usually advocated by adherents of the former.

The public choice approach has held relative sway over academics for several decades and is still very relevant and prominent within the literature. Interestingly, even though academia has to a large extent advocated for smaller units of local authorities, the trend in Western municipalities is almost one-directional in the complete opposite direction (Blom-Hansen et al, 2016). Western municipalities are generally getting larger and amalgamations, as opposed to processes of fragmentation, are far more commonplace (Blom-Hansen et al, 2016). This is in opposition to the wealth of empirical suggestion on the relative cost-efficiency of smaller units of local governments (Goodman, 2015). Hansen (2015) has for example observed that an increase in municipal size has negative effects on citizen satisfaction with local services and democracy. This can be interpreted in line with the public choice assumption that smaller units of government provide a certain proximity to politicians and the public sphere for the electorate. So why are municipalities getting larger when

empirical evidence usually dissuades it? It has been argued that along with modernization, greater social responsibilities have been transferred down to local governments, leading politicians on the national level to fear if small municipalities can handle the added weight of the responsibility of providing services such as health services and education. To have municipalities capable of coping with the added responsibilities, municipalities have been made to amalgamate in order to take advantage of economies of scale (Blom-Hansen et al, 2016; Baldersheim & Rose, 2010). The literature on optimal municipal size therefore has an intensely complicated relationship with the economies of scale.

5.2 Economies of scale and efficiency

Discussions of economies of scale are ever-present in the context of municipal size. Some undertakings are however more relative to the economies of scale than others and the tipping point of where economies of scale is best taken advantage of regarding a public good and when they turn into diseconomies of scale varies significantly between public goods and services in question. Essentially as Graves (2003) and Allers and van Ommeren (2016) have pointed out when it comes to economies of scale, all municipalities are both too big and too small simultaneously – depending on the context of the public good involved. These sentiments notwithstanding, the argument for amalgamation has consistently relied upon assumptions of achieving the economies of scale (Baldersheim & Rose, 2010), being a key argument behind large-scale amalgamation processes in Scandinavia for example (Blom-Hansen, 2010), even though a large body of literature suggests otherwise. Again, context matters as Scandinavian municipalities generally have substantial responsibilities in providing welfare services and are responsible for a great proportion of public spending in general (Ministry of Transport and Local Government, 2017a). Advocates of amalgamations are also inclined to use arguments of bureaucratic efficiency, suspecting that fragmentation involves administrative duplication (Boyne, 1992; Swianiewicz, 2010; Schneider,

1986). This argument is however widely disputed and amalgamations have even been alleged to heighten levels of bureaucracy due to the loss of transparency and proximity (Allers & van Ommeren, 2016). Numerous case-studies have been performed on administrative efficiency before and after amalgamation in terms of expenditure. Contrasting examples of municipal expenditure post-amalgamations exist. For example, a Finnish study showed no expenditure reduction (Moisio & Uusitalo, 2013) while findings from Israel demonstrate a clear reduction in municipal expenditure after large-scale amalgamations (Reingewertz, 2012).

5.3 Discrepancies in fragmentation

Critics of the public choice approach usually acknowledge that their criticism has a normative side to it (see e.g. Sadler & Highsmith, 2016) and proponents of the public choice approach also duly recognize the normative nature of their preference (Bish, 2001; Howell-Moroney, 2008). Even though the public choice approach can ostensibly produce efficiency, it evidently does not produce equity. Whether or not, or to which degree social equity should be pursued, is needless to say politically subjective.

Tiebout's (1956) theory has an undeniable descriptive quality but the principal flaw of his derived public choice approach lies in the assumption of perfect mobility among residents – that residents are free to choose between jurisdictions to live in based on the tax-services bundles on offer from the municipalities. In reality, complete mobility almost exclusively applies to affluent residents (Sheller & Urry, 2006). Due to this, the apparent segregational effects of Tiebout's public choice approach have been subject to scathing criticism (see e.g. Swanstrom, Dreier & Mollenkopf, 2002), with some critics even going as far as describing this presumption as a 'caricature' of the realities most people deal with (Howell-Moroney, 2008). The less affluent by and large do not possess a high degree of mobility and are usually not spoiled for choice of jurisdictions to live in. In other words; the right to vote in foot voting elections is mostly assigned to the affluent.

Through the public choice paradigm, it can be reasonably argued that municipalities generally want to attract affluent residents in order to keep a healthy tax base (Bish, 2001). This presents a peculiar set of circumstances as municipalities, in the market for affluent residents, might offer through their policies, conditions that broadly cater to the ‘wants’ of the affluent – the groups that are the least in ‘need’ of social policies offered by local authorities. This can give the affluent considerable leverage as they not only possess the means of voting with their feet, but in the process also have municipal policies ‘*tailored*’ around them (Conley & Dix, 2004). Effectively, a municipality can through their policies on offer, be left with an enormously healthy tax base along with a population that to a large extent has little need for social services commonly financed with said taxes. In this context Sadler & Highsmith (2016) assert that municipalities do not in general “*compete for the socially or economically marginalized*” (ibid. p. 144), and it can scarcely be argued that residents of deprived neighbourhood move there out of sheer preference. These circumstances can leave a neighbouring municipality with a ‘double whammy’ of an inferior tax-base and a greater responsibility for supplying social services. Sadler & Highsmith (2016), for instance use Flint, Michigan as a case study of the Tiebout-endorsed concept of ‘foot voting’, largely attributing the urban decay experienced by the city to the segregational impact of fragmentation and ‘foot voting’.

Jargowsky (2002) argues that affluent groups of society have little contact with the less affluent anymore and have fled to the suburbs not only for physical segregation from the less affluent but also to have another set of government than the less affluent, a government that can offer them beneficial tax terms. Brueckner (2000) speaks of a ‘desire’ amongst the affluent to create their own jurisdictions in an attempt to eschew paying “*more than an equal share of the cost of public goods*” (ibid. p. 168). Moreover, it has been asserted that the public choice approach of

municipal fragmentation is popular with suburbanites (Sadler & Highsmith, 2016).

5.4 Spillovers and sprawl

Studies have repeatedly shown a very clear link between urban sprawl and municipal fragmentation due to a multiplicity of land-use authorities in a relatively unified housing market (Carruthers & Úlfarsson, 2002; Carruthers, 2003). For example, peripheral development in suburban municipalities can put a considerable strain on a central municipality's road system by increasing congestion, travel time and ultimately pollution without appropriate reimbursement (Carruthers & Úlfarsson, 2003). The cost of these externalities is then effectively induced by residents in a suburban municipality but borne by residents in a central municipality (Brueckner, 2000), effectively both inducing urban sprawl and creating negative spillovers for the neighbouring municipality (Rusk, 1993). The suburban residents, it is argued, have generally little interest in sharing the cost of these externalities and spillovers they impose (Howell-Moroney, 2008). In sum, a fragmented municipal setup can produce a host of spillovers between municipalities due to the fact that the benefit of services or policies provided by one municipality is not exclusively enjoyed by that municipality. This context is on occasion described in the economic sense of 'free-riding' (see e.g. Hanes, 2015; Hepburn et al, 2004; Swianiewicz, 2010; Paddison, 2004).

These peculiar circumstances have been described as the less affluent 'subsidizing' the lifestyles of the affluent (see e.g. Carruthers & Úlfarsson, 2002; Orfield, 1997). Moreover, these sentiments have sometimes, (rarely in recent times it must be noted) in academia been referred to as 'suburban exploitation' with the key assertion that suburbs pose costs on central cities without providing suitable compensation (Hawkins & Ihrke, 1999; Slovak, 1985). Hawkins and Ihrke (1999) have extensively studied the claim of 'suburban exploitation' in American cities and by their premises they have discovered that most suburbs propose benefits or are neutral towards their

centre cities rather than imposing costs. Overlooked by Hawkins and Ihrke (1999), it is important to realize that people who benefit the most from municipal spillovers in any sense are those who are periodically mobile between urban and suburban municipalities – these are overwhelmingly suburbanites (Ladd & Yinger, 1991). In terms of economic spillovers, Haughwout (1999) has discovered the broad tendency of suburbs benefitting from expenditures made in central cities. Case studies on spillovers between municipalities and who benefits from them are however relatively hard to come by. In a study conducted on the highly-fragmented urban area surrounding the Swiss city Lucerne, researchers found limited evidence of expenditure-spillovers between municipalities and concluded that amalgamation in the area would probably not be a feasible option to internalize the insignificant levels of spillovers noted (Schaltegger et al, 2009).

Academic debate on municipal fragmentation largely mirrors earlier discussion on the urban-suburban cleavage. While fragmentation is usually rationalized by traditional conservative sentiments of competition, its critics more often than not deploy arguments of equity; broadly in line with the inclination of conservative parties enjoying considerable electorate support in the suburbs while urban city centres are usually more liberal. This is true in the context of Capital Area as well, where the core centre of Reykjavík is ruled by a liberal coalition and its mostly suburban neighbouring municipalities are governed by conservatives. The next chapter explains the methodology used to explain this relationship between municipal fragmentation and an apparent urban-suburban political cleavage in the Capital Area.

6 Methodology

To understand the Capital Area's relationship with the existent literature surrounding municipal fragmentation and how political cleavages factor into that relationship, a method of semi-structured elite-interviewing was deployed. This chapter reviews the advantages of the method along with an account of how participants were chosen, accessed and interviewed followed by a segment on the data-processing. The chapter concludes with a discussion of shortcoming and implications to the research method and data-gathering.

6.1 Semi-structured online interviews

Due to the fact that essentially no research has been done on municipal fragmentation in the Capital Area nor on the municipal setup in general, it is logical to start off with qualitative research - in this instance: semi-structured interviews with leading figures within the political and administrative spheres of the Capital Area. A known advantage of interviews is their propensity to yield answers and insight that otherwise would not appear through other more rigid means (Harvey, 2010), and semi-structured interviews are perhaps the most common way of gaining fundamental insight into social phenomena (Bryman, 2012). Eleven participants were therefore interviewed in a semi-structured manner; six of whom are or have been involved with politics in the Capital Area, four former and present high-level public officials involved with the development of the area and one participant with professional experiences of both avenues. The interviews were conducted synchronously online through Skype. The method of accumulating data used here can moreover be described as *elite interviewing* as all the individuals interviewed are or were members of either the bureaucratic or political elite in Iceland on both the national and the local level. The usefulness of elite interviews in terms of acquiring insight into political phenomena and processes as opposed to attempting to discover positivist 'facts' are well-known (Richards, 1996).

6.2 Access and structure of the interviews

In total I contacted 28 possible participants through email whose email-addresses were easily obtainable through a short search on the internet. It must be noted that Iceland is an extremely small country and gaining access to participants is relatively straightforward in most instances. Only on two occasions did I have to go through an intermediary, in both instances a secretary, to request participation from a potential participant. The sample design in this instance can therefore be described as *purposive* as I personally judged, in the context of a given criteria, those who could provide the research significant input. An important objective of the purposive sample design was to gain as much variation as possible. Among the participants were therefore politicians from four different political parties, who had served both in Reykjavík and in other municipalities in the Capital Area, some of whom retired and some still active in politics. The same variance applied to the officials interviewed; active or retired from public offices among the Capital Area municipalities or nationally.

Before conducting the interviews, I made some elementary research on the participants and their potential opinions, viewpoints and rhetoric on the topic of municipal fragmentation. This enabled me to anticipate certain situations and prepared me to react in a manner beneficial for the data accumulation. It must be iterated that these are topics that are of considerable normative political dispute and to some extent concern the livelihoods of both public officials and politicians. Harsh criticism of municipal fragmentation can for example be interpreted as political insinuation and could put some participants on the back foot.

Understanding the social milieu of the participants is generally claimed imperative to interview-based researches such as this (Bryman, 2012) and qualitative research requires a certain amount of reflexivity or self-awareness on behalf of the researcher (Sarantakos, 2005), due to the 'narrative' elements of the data being collected and the circumstances of the data collection.

One of the prime strengths of semi-structured interviews lie in their flexibility (Bryman, 2012). The semi-structured method allowed participants to discuss topics and disclose opinions or information on their own terms and which they personally thought was pertinent. This resulted in a number of new aspects to consider. I tried to interrupt the participants with questions or comments as little as possible as I quickly discovered that digressions or ‘ramblings’ proved particularly insightful – something not unusual for researchers to encourage (Fielding & Thomas, 2008). When a participant seemed to have concluded his or her speech I usually allowed for a period of silence. More often than not participants resumed talking and usually in a more outright manner as if they felt compelled to ‘compensate’ for a period of awkwardness in the conversation. This proved a surprisingly useful tactic. For each interview I did however arrange an interview guide of a few questions or discussion points with the intention however to let the discussion flow as naturally as possible. To start off the conversations I usually asked the participants to disclose what they thought were the advantages of having six autonomous municipalities in the area. This turned out to be a suitable general starting point to the conversation allowing me to sense the participant’s general opinion on the subject.

The interviews were conducted as video calls through the telecommunications software Skype. While deploying Skype has many of the benefits of traditional phone-call interviews it furthermore has the added dimension of the visual element which can allow for important visual cues (Sullivan, 2012). Another supposed strength of Skype-interviews is the physical distance between interviewer and interviewee which could result in the interviewee feeling more comfort in disclosing sensitive information than in the physical presence of an interviewer (Bryman, 2016). Moreover, there is no evidence to date of Skype-interviews generating a worse-rapport between researcher and participant than traditional face-to-face interviews (Deakin & Wakefield, 2014).

6.3 Processing the data

It is generally not recommended to leave analysis until all data has been compiled (see e.g. Lofland & Lofland, 1995) and in that respect, analysis went underway very early in the process. While the interviews were all transcribed by myself immediately afterwards, I furthermore wrote down some notes during the transcription phases that helped conceptualize some general themes relating to the data. The transcripts were printed out on a regular basis and codes written on the page margin. This process was repeated at least five times for each transcript ultimately resulting in hundreds of codes. In the end the codes were grouped and combined into three general themes with relevant sub-themes. As all the interviews were conducted in Icelandic they were transcribed accordingly. The quotes found here have been translated by the author.

6.4 Ethical Consideration and shortcomings

The study and the research design was submitted to the *Ethics Committee for Non Clinical Research Involving Human Subject* which fully approved the application without any major recommendations. All participants were sent *Plain Language Statements* explaining the nature of the research and *Consent Forms* where they were asked to give their permission for participation and asked permission for audio-taping the interview. All participants signed and returned the Consent Forms and gave their permission for audio-taping both on the Consent Form and during the interview. Due to the smallness of Iceland and its political and administrative spheres, providing absolute anonymity is problematic. I did however assure participants, both on the Plain Language Statement and during the interviews, that I would do my utmost in protecting their identities. None of the participants explicitly asked to be named.

Some participants were however not entirely comfortable of expressing certain opinions ‘on the record’. Again, Iceland is an extremely small society and even though the data collected in the research is meant to be non-traceable, it cannot be guaranteed to be completely so. Albeit fully

aware of the anonymous nature of the data collection, one senior expert for example said: *“Again this is something I can have an opinion on as a citizen but not necessarily in the position that I am in.”* In this light it has been argued that elite members of society might eschew during interviews their personal opinions in favour of the ‘official’ workplace position (Harvey, 2010), and they might feel uncomfortable of wading into the territory of personal disposition rather than exerting the official standpoints of the workplace (Harvey, 2010; Elwood & Martin, 2000).

Harvey (2010) claims that elite members often try to take the lead and dictate the terms of the interview, something they have grown accustomed to and something that the interviewer should be alert to. Almost all participants had very obvious topics of particular interest usually reflected in their professional expertise on the matter. These matters were sometimes relatively ‘niche’ and some participants managed to steer this interest of theirs into almost every aspect of discussion. This was however broadly useful rather than detrimental to the research.

All potential participants that I reached out to and responded back to me were positive towards the research and its objectives. Some potential participants however, did not respond to my email nor follow-up email yet more commonly a number of participants agreed to participation only to drop out of the exchange without any notice on the agreed date and not responding to my emails. No participant did however explicitly retract their approval for participation. A few older potential participants, seemed deterred by the prospect of using Skype which eventually did not prove to be much of an obstacle. It cannot however be ruled out that some of the non-responsive participants might have been deterred by the inconvenience of using Skype. While the flexibility of using Skype is well-known it could apparently also be too flexible as it can be tempting to drop out on an interview (Lo Iacono et al, 2016).

One of the original proponents of elite interviewing, Lewis Anthony Dexter (1970) argued that there are certain implications regarding young inexperienced researchers conducting elite interviewing in the sense that they are not prepared enough and the participants might become impatient and condescending. This is fair warning as this research is indeed conducted by a young inexperienced researcher. These warnings are however perhaps more relevant when interviewing members of the business elite as opposed to politicians and bureaucrats who have certain responsibilities towards the public.

The most serious implication to the research lies in the notion of who are the most enthusiastic towards expressing their opinions on the subject and who are not. It can be argued that the participants that did indeed agree to participation and honoured the agreed date of interview are the ones who feel the most critical towards fragmentation in the Capital Area.

Conversely it can be argued that the ones that did not reply to my original participation proposal or the ones that dropped out perhaps found themselves having to endorse or defend something ultimately quite challenging to defend. Current politicians and public officials are of course employed within the framework being researched and might for the sake of their job-security refrain from any hard criticism on the entity that provides them with employment. On the whole, I found participants that had retired from politics or their bureaucratic positions to be considerably more direct and unconditional in their responses.

7 Results and Analysis

A number of themes emerged from the interviews with the participants. Noticeable in the discourses, in tandem with earlier evidence, is a cleavage within the urban fabric of the Capital Area. Primarily there is a distinguishable division between Reykjavík and the other municipalities. Participants more often than not grouped Kópavogur, Seltjarnarnes, Mosfellsbær, Hafnarfjörður and Garðabær together vis-à-vis Reykjavík. However, no less common was an inclination to pit Garðabær and Seltjarnarnes collectively against Reykjavík, further indicating that the largest cleavage in the Capital Area lies there between. The cleavage is in many aspects a wider representation of the academic dichotomy regarding municipal fragmentation. The theoretical divergence between public choice approaches and amalgamationism is inherently normative and seems eminently spatio-politically manifested in the Capital Area. The cleavage in question appears to create a sharp distinction between political inclination, attitudes towards social policy and even attitudes towards fundamental urban developments.

There are considerable discrepancies between the municipalities and especially so between Garðabær and Seltjarnarnes on the one hand and Reykjavík on the other. These discrepancies are possible, according to some of the participants, by way of the legal framework surrounding Icelandic municipalities, or more precisely – the lack of a legal framework and the fact that holistic policymaking for the area is predominantly voluntary. This furthermore generated discourse on the possible introduction of a third-level government in Iceland yet in general, participants were neither enthusiastic on wide-scale amalgamation nor were they keen on introducing a third government level, much rather preferring to confront the detriments of fragmentation by other means. While all participants were unanimous on there being an extremely small probability of any amalgamations in the area in the near future, they were furthermore asked to theorize on what maintains the fragmented setup of

municipalities in the Capital Area and the perceived lack of interest in the matter among the political parties.

All participants were asked to disclose what they considered the advantages and the flaws of the present fragmented setup in the Capital Area. The common public choice arguments for municipal fragmentation habitually appeared; proximity between politicians and the electorate resulting in stronger democracy as argued by Newton (1982) and Bish (2001); but the foundational predicament derived from Tiebout (1956) on healthy competition between municipalities resulting in diversity in terms of choices of where to live received only fleeting attention: *“I think there’s some sense in competition being beneficial.”* (Former politician in the area). Interestingly, although the literature has to a large extent argued for the cost-efficiency of small local governments (see e.g. Goodman, 2013), this sentiment very rarely appeared in the interviews.

Some participants did however have a hard time in finding any obvious qualities to the fragmented setup of municipalities in the Capital Area. When prompted to outline the advantages of the system one high level bureaucrat answered:

“[laughs] well... this can be a tricky question especially when you’re on the record. There are essentially none ...”

One former politician was even more emphatic in his response: *“None. No. There are no advantages to it.”* On the whole, participants did generally recognize that the Capital Area suffers from numerous problems in terms of its fragmentation: *“... it’s so obvious that something needs to be done ... I mean it’s just clear as day that something needs to be done and there has been a lack of consideration in terms of what options are viable”* (Former ministry official).

This chapter is divided into three main sections. Firstly, the legal and institutional implications are addressed with special attention towards a

possible third level of government and the inherent problems relating to planning in the area. This is followed by an analysis of the urban-suburban cleavage in the Capital Area which is particularly visible between Reykjavík on one hand and Seltjarnarnes and Garðabær on the other. The chapter concludes with a deliberation on the dynamisms that maintain municipal fragmentation in the Capital Area and how that factors into the apparent cartel-like features of the party-system.

7.1 Legal and institutional problems

In the responses there was a clear sentiment towards the municipalities having a very loose legal framework in terms of obligations, particularly in terms of social obligations. The level of discrepancies in the Capital Area and inequalities between the municipalities is seemingly best explained by the loosely knit legal framework the municipalities work within. One public official provides a description of the circumstances:

“So this environment surrounding the municipalities [...] they have simply decided to allow the municipalities considerable freedoms. At the same time their right of self-determination is emphasized, they can in fact free themselves from responsibility and say: ‘no we’re not going to offer any housing policies here and social housing, because we don’t care for it’. Then that’s just okay. I just think the state did the groundwork on this. Among the municipalities there is no solidarity in changing this.”

This lack of legal obligations, for most participants is most apparent in terms of social policy as the laws on the social responsibilities of municipalities are so ‘general’ according to a former councillor that it is ultimately difficult to follow through on them. One public official enquired: *“Doesn’t it play a large role that the state hasn’t either had any clear policy or line towards the municipalities?”* and another asked: *“why has the state neglected, or in fact given the municipalities so much freedom towards not having to shoulder any responsibilities?”*, implying that the

Icelandic state has very unclear expectations of its municipal level and confirming the allegations that there are considerable grey areas between state and municipal responsibilities (Iceland Association of Local Authorities, 2014). Another example of the loose legal framework and often brought up by the participants is the fact that laws on municipalities do not even state a minimum size in terms of population, a number of respondents considered imperative to introduce such a minimum to municipal law. While the loose legal framework of municipalities seems to be generally recognized by all parties concerned, participants revealed that the Icelandic state was in no hurry to further define the legal obligations of municipalities regarding their social responsibilities. Instead the Icelandic state has rather attempted to ‘encourage’ them to act responsibly in terms of social responsibilities according to one high-level bureaucrat: *“So this is the ‘soft measure’ so to speak which is practiced here without changing any legal framework or anything [...] This doesn’t have much bite to it.”*

Most participants thought this leeway and resulting discrepancy in terms of social policy should be rectified and regularly mentioned in that context was the Equalization fund. One former leading political figure in the area explained: *“I think we’re in a place now in this all where there is ample reason to reconsider the Equalization fund and possibly add to it a variable [...] which would be a social service variable.”* Another former politician in the area said: *“I think this is an issue we need to resolve. For example, with the Equalization fund”*, underlining the fact that there is no variable within the fund that is meant to equalize in terms of welfare-spending and the fund does not take into account whether a municipality is maximizing its tax-raising capabilities or not, which was twice described as *‘ridiculous’*. In sum, there was a clear sentiment towards the Icelandic state laying out the foundations which can produce considerable inequalities. A former councillor in the area provided the state with some blunt recommendations, urging the state to dictate against its municipalities: *“‘Hey, you’re obliged to have a certain percentage of*

social housing. Period. And if you don't want that you can amalgamate with your neighbours”.

One of the few legally obligatory facets of Capital Area cooperation is the Capital Area Regional Plan introduced to law in 2010. This step was unanimously praised by the participants usually on the basis of it being legally binding and not advisory. *“The fact that the Capital Regional Plan is a legally-bound entity is absolutely imperative”*, said one public official. The resounding success of the Regional Plan introduction can be interpreted as a call for further legitimation of inter-municipal cooperation in the area. The furthest step towards inter-municipal cooperation legitimation would ultimately be an introduction of a new level of government for the area. Participants had very differing opinions on the introduction of a third level of government.

7.1.1 Third level of government, agency and reliance

Many respondents were adamant to point out that the fragmented setup of the Capital Area is not specifically Icelandic and that cities in other Nordic countries experience fragmentation as well. In this context the tiny exclave of *Frederiksberg* in Copenhagen was mentioned along with the *Bærum* neighbourhood of Oslo. Both are autonomous municipalities inhabited largely by people of considerable affluence. Norway and Denmark do however have three levels of government while Iceland only has two. Some participants pointed out that the area already has an ‘indicator’ towards a third level of government, being the AMC. Again, a testament to the loosely knit legal framework is the fact that The Capital Area municipalities are not even legally obliged to be members of the AMC: *“Precisely because it’s outside the legal framework and a bit ad hoc is a bit of a disadvantage. And precisely also what agency and responsibility they have in coordinating things not legally obliged to”*, one former councillor explained on the status of the AMC introducing the notion of *agency* in terms of the AMC and its quasi-governmental status. Even though the organization lacks any considerable powers, politicians and

professionals alike were keenly aware of the apparent democratic deficit inherent to its structure: *“We’ve known about this democratic deficit and the problems that these matters of cooperation generate”*, one councillor in the area said.

A number of participants wanted to build upon the success of the Regional Plan introduction and thereby empower the AMC further: *“The AMC just has to be given more agency to make decisions on certain things in my opinion”* said one public official while another claimed the Regional Plan introduction was only *‘half a measure’*, suggesting further empowerment. Much like Allers and van Ommeren (2016) argued, participants worried about the added complications and heightened levels of bureaucracy that a new level of government would bring about. One former councillor in the area concisely summarized most of the sentiments towards the introduction of a third level of government:

“There has of course been an ongoing discussion for a very long time about the third level of government [...] but it hasn’t materialized because people haven’t been willing to complicate matters, it’s complicated enough as it is”

7.1.2 Planning problems and dependency

Very dominant in all discussions on the faults of the Capital Area was the subject of planning. The presence and autonomy of six different municipalities can apparently be acutely obstructive for holistic policymaking in the area: *“In terms of planning there’s of course always this risk of winding up with the lowest common denominator in terms of solutions [...] at the cost of a sharper long-term vision”*, said one public official while a former councillor in the area claimed that the area had experienced all kinds of *‘nonsense’* in terms of planning and especially in terms of transport. As Ladd and Yinger (1991) have asserted, mobility between municipalities is primarily utilized by suburban residents in tandem with Dale’s (1999) argument that suburbanites and residents of the

urban cores ‘consume’ urban areas very differently, complications concerning planning inevitably arise in a fragmented area with no comprehensive governing body. This seemed to be the biggest gripe the participants had on Capital Area fragmentation in general. The fact that there are six autonomous planning departments in the area was routinely described problematic and while Boyne (1992), Swianiewicz (2010) and Schneider (1986) have argued that fragmentation brings about administrative duplication, there rather was an indication of issues getting ‘watered down’ while being processed by the six municipalities. Due to there being so many checks and balances in the Capital Area system, formulating wide-scale policies for the area can prove immensely troublesome as one former public official describes:

“The disadvantages are of course that it’s impossible to formulate any sort of holistic policy to which all the municipalities work towards. It all becomes a bit indecisive and unclear where things are headed and somehow everyone gets self-centred.”

One could argue, in line with the established links between fragmentation and sprawl (see e.g. Carruthers and Úlfarsson, 2002; Carruthers, 2003), that this difficulty of formulating comprehensive policies for the area along with its multiple checks and balances has manifested itself in an acute problem of urban sprawl experienced in the area. *“Not having a common holistic policy and decision-making [...] it’s just... it’s just a level of expenditure that’s probably immense all in all,”* claimed one public official and while the smaller municipalities are presented with a ‘moral hazard’ as described by one former councillor, of developing land in peripheral areas, they were also claimed to be reliant on Reykjavík for expertise. Much like the tendency of municipalities imposing costs borne and paid for by another (Brueckner, 2000), a number of participants argued that Reykjavík had to compensate for its neighbour’s shortcomings. This is supposedly most observable in terms of a lack of expertise in planning as one former

councillor claimed that the biggest problem in terms of inefficiency in the area is a *'lack of expertise'*. This discussion of reliance or dependence then stretched further towards Seltjarnarnes very specifically: *"I have said about Seltjarnarnes that if it should vanish from the map and cease to exist it wouldn't have any effect on Reykjavík [...] but if Reykjavík disappeared from the map then Seltjarnarnes would be deserted. There's nothing there"* asserted one former leading political figure in the area.

7.2 Reykjavík against the rest

Apparent from the interviews was a degree of categorization between Reykjavík and the other municipalities. Reykjavík is of course by-far the largest municipality in Iceland and considerably larger than the other Capital area municipalities and apparent from the interviews was a notion towards a conflict of interests between Reykjavík and the other municipalities and an ensuing friction of political ideology. As observed by Ströbele (2012) in Europe and McGrane et al (2016) in North America, there are generally markedly different political ideologies between central cities and suburbs. The participants generally portrayed the Capital Area as being no different, primarily reflected in the division between the liberally governed Reykjavík and its suburban-conservative neighbours. Reykjavík as an urban core and its surrounding municipalities being chiefly suburban therefore corresponds with what has been described as an urban-suburban cleavage (de Maesschalck, 2009; Hoffman-Martinot & Sellers, 2005; Lewis, 2015).

Even though Reykjavík proportionally shoulders by far the highest burdens in the area and that some academics have argued that suburbs benefit greatly from central city spending (see e.g. Haughwout, 1999), some participants claim that Reykjavík gets regularly criticized for not doing enough (also reflected in Althing Ombudsman, 2018). Reminiscent of the observations made by Sadler & Highsmith (2016) that municipalities with inferior tax-bases are also accompanied by greater social responsibilities, a public official recounted: *"Reykjavík is somehow... it gets panned for all*

sorts of things but the other [municipalities] can steer freely away from it". While Reykjavík apparently receives criticism from its neighbours for not doing enough, Howell-Moroney (2008) has argued that suburban residents in general have little interest in sharing the derivative costs of fragmentation which then inevitably falls proportionally harder on the urban centres.

Some participants distinguished a certain level of tension between Reykjavík and its neighbouring municipalities in multiple respects. Firstly, judging from the interviews there is discernible tension because of the proportionally higher social responsibilities weighed upon Reykjavík and one former councillor noted: *"It's perhaps mainly that Reykjavík gets annoyed with the other municipalities. And also because in the others, the Independent party is in charge and they're constantly criticizing Reykjavík for not doing enough"*, and another former Independence party councillor duly recognized the unfairness to that criticism: *"But this discussion isn't always fair on Reykjavík's part concerning the operating costs."* Secondly, Reykjavík also seems to be responsible for much of the planning policy innovation and formulation for the area – seeing as Reykjavík's planning department is apparently the only planning department in the area professionally capable of developing long-term strategies along with conducting its day to day affairs – something which the other municipalities are primarily preoccupied with according to one public official:

"... it's kind of rural. Because there are so few people living there and there are maybe two or three people working in any planning or transport issues and the same two persons are concurrently taking care of some water distribution systems and planning next year's paving and mucking some hayfields [laughs]"

Many participants implied that the limited comprehensive policy making for the area usually lands on Reykjavík due to the *"limited funds and little*

initiative” found within the neighbouring municipalities as described by one public official who furthermore went on to say that currently “*Reykjavík is kind of paving the way and pulling the ship towards more urbanism.*” In general, there seem to be considerable structural differences between Reykjavík and its neighbours which furthermore translate into political contrasts. This political and structural difference is perhaps best observed between Reykjavík on one hand and Seltjarnarnes and Garðabær on the other hand.

7.2.1 Seltjarnarnes and Garðabær

While all the Capital Area governments bar Reykjavík are led by the conservative Independence party, the governments of Garðabær and Seltjarnarnes are not only led by the Independence party but through a single majority, while Reykjavík has mostly been governed by liberal coalitions in recent decades. In fact, the two municipalities have always been governed by an Independence-party single majority and thus align themselves with the broad inclination towards conservative politics in the suburbs (Gainsborough, 2005).

While some academics (see e.g. Walks, 2004) are indeterminate of whether a spatio-political relationship materialize due to ‘self-selection’ or ‘neighbourhood effect’ (some participants mentioned the chicken and the egg in this context), much like Bish (2001) who maintains that municipalities in general want to attract affluent tax-payers, an ex-politician in the area, is not in any doubt of it being a conscious strategy: “*It’s abundantly clear and has been for a long time that Reykjavík’s neighbouring municipalities have, plainly speaking, consciously attempted to entice to them a certain demography which are maybe wealthier and don’t need much social service and so forth*”. The ex-politician was not the only participant to use this discourse of ‘enticing’ a wealthy demography in the context of Garðabær and Seltjarnarnes. A current politician in the area reiterated that statement also hinting towards the alleged ‘tailoring’ of policies around the affluent (Conley & Dix, 2004) and the argument that

inter-jurisdictional competition is not pertinent to the economically marginalized (Sadler & Highsmith, 2016), saying: *“And if we look towards Seltjarnarnes and Garðabær, then that’s kind of the agenda. Enticing that kind of population and just not catering to any social needs. So if you have any of them you move to Reykjavík”*.

The evidence on social responsibilities and financial outlay towards social services clearly indicates an overt difference between Reykjavík on one hand and Seltjarnarnes and Garðabær on the other hand. Garðabær and Seltjarnarnes are the two municipalities in the area that spend the least on social services and social housing, have the lowest tax rates and have been claimed to be the home of a large part of Iceland’s elite. The assertions that the affluent seek out segregation from the less affluent to enjoy better tax terms (Jargowsky, 2002), and that the affluent have an inherent desire to live in their own jurisdictions to avoid paying for public goods they are unlikely to consume (Brueckner, 2000), is particularly pertinent to the following description offered by an ex-mayor in the area:

“The reality is that, and you don’t need to explain that to people, that the wealthiest and most powerful people primarily live in two areas of Iceland; Seltjarnarnes and Garðabær and of course that effects society both explicitly and not so explicitly [...] the reality is that over there are the wealthiest people in the country, they live there in these two towns. Social expenditure is close to none. I think it is just zero, no one needs any social assistance there.”

Some participants had a hard time with providing justification for Garðabær and Seltjarnarnes being autonomous municipalities. A former Reykjavík politician was forthright on the subject of Garðabær and Seltjarnarnes’: *“I mean; it makes no sense. Why is Garðabær some kind of a separate entity? You know? What’s that all about? [...] or Seltjarnarnes. In itself it makes no sense that Seltjarnarnes is a separate entity with its own emphases and such and ... you know, what’s that all about?!”*.

Returning to the legal obligations of municipalities some participants were not very concerned about the fact that Seltjarnarnes and Garðabær exist as separate autonomous municipal units: “*rather what are their obligations?*” one public official asked, building on the sentiments that any given municipality is simultaneously too big and too small (Graves, 2003; Allers & van Ommeren, 2016). Along with apparently ‘enticing’ a certain wealthy demography and avoiding responsibilities, the two municipalities were subject to a host of other reprobations. They were routinely described, in a certain manner of ‘moral outrage’ (Lewis, 2015), as free riders (a frequently used term in this context see e.g. Paddison, 2004; Hepburn et al, 2004) on the Capital area and even as ‘parasites’ in one instance:

“I mean I have said that these are free-riders. They just demand a lot, they demand that their residents enjoy separate terms ‘and then we’re just going to be parasites on you who offer everything we can’t be bothered with offering” (Former councillor).

In sum, the cases of Seltjarnarnes and Garðabær versus Reykjavík indicate a common thread lying through conservative political ideology and the suburbs (which is already widely established, see e.g. Ströbele, 2012) and moreover through the overall public choice rationale towards municipal fragmentation (Sadler & Highsmith, 2016).

7.3 Maintaining the arrangement

There was undivided harmony amongst participants on whether amalgamations in the area were on the horizon; not a single participant foresaw any amalgamations in the near future. Most public officials and politicians claimed that there was little political interest in the subject at present and one former councillor was not sure where the political initiative was to arrive from: “*But just to be completely realistic, I don’t know from where the driving force for amalgamations is supposed to come from*”, and a public official similarly stated that “*I don’t think there’s*

anything specific pushing people towards that work right now". No one therefore seems willing to invest in amalgamations due to their apparent high cost in political capital (Hepburn et al, 2004), rather preferring the 'status quo' (Swianiewicz, 2010; Paddison, 2004).

Borrowing the terminology deployed by Carruthers and Úlfarsson (2002) and Orfield (1997); there are strong arguments of the less affluent 'subsidizing' affluent, suburban lifestyles in the Capital Area. A lack of political willingness for amalgamations notwithstanding and the fact that respondents had no trouble in expressing unfavourable opinions on the arrangement, the question remains on why this arrangement is essentially maintained. Some participants could not offer much explanation in this respect: *"I don't really have an explanation for that"*, said one public official.

Moreover, the subject of amalgamations in the Area was described by one former councillor as a *'minefield'* and one former politician in the area said deliberations on the subject were *'uncomfortable'*. The debate around fragmentation has been noted to be inherently normative in nature (Sadler & Highsmith, 2016; Bish, 2001; Howell-Moroney, 2008), thus some participants attempted to tread lightly and several participants even seemed to feel distinguishably uneasy about the subject matter. This was especially evident when participants were asked to identify the benefits of the arrangements. To that question one high-level official promptly responded: *"This is going to be anonymous isn't it...? [laughs]"*, and one participant felt it was a difficult subject to remark on:

"I don't see any obvious qualities to it except for the one that's perhaps a bit difficult to talk about – this kind of political balance of power ... that Reykjavik has in fact had a bit of a different political angle than the neighbouring municipalities. Maybe the same thing would happen as in Toronto?"

The famous amalgamation case of Toronto came up on occasion in the interviews, each time deployed as an example of wide-scale amalgamations having negative consequences fearing that instead of the Capital Area becoming a ‘city without suburbs’ (Rusk, 1993), the area would become a ‘suburb without a city’ (Savitch & Vogel, 2004). One current politician in the area revealed being at one time radically in favour of wide-scale amalgamation in the area but becoming deterred after studying the case of Toronto: *“in Toronto this had led to the sentiments of the periphery, which is very populous, gaining strength over the sentiments of the liberal urbanists in the old centre of Toronto”*. The politician furthermore asserted that amalgamating the municipalities into a single area would have *“no chance”* of advancing ‘urbanist’ liberal agendas promoting smart growth and environmentalism probably resulting in a suburbanization of the political power structure (Keil, 2000) or falling prey to what has been described as ‘suburban domination’ (Savitch & Vogel, 2004). One public official did however eloquently sum up most attitudes on the subject

“I think there’s some kind of ... I think there’s some kind of fear. Look, there’s no one that dares to run for office in Reykjavik saying ‘I’m going to amalgamate the municipalities in the Capital Area’ or something like that. There’s just kind of no one that dares to do that and I don’t really know why, I just have to admit that.”

One curious theme did however emerge, relating to a certain willingness to maintain a level of ‘politeness’ in inter-municipal relations. One public official offered a description of the circumstances: *“I of course think that Reykjavik is often trying to be careful to be kind of fairly polite towards... because it matters of course having the municipalities on your side”*, another thought it was *“just strange how polite people are.”* Politicians in the area seem inclined to steer clear of publicly criticizing each other too heavily and moreover seem to have a high level of tolerance towards each

other's policies and as one public official described it: "*everyone just wants their room to manoeuvre.*"

7.3.1 Cartels, collusion, competition and cooperation

Bearing in mind that the Icelandic political party system has been described as exhibiting many of the characteristics of cartel parties (Kristjánsson, 2004; Kristinsson, 2006), Katz and Mair's (1995) cartel party theory is considerably useful to shed a light on why municipal fragmentation is maintained in the Capital Area; especially in terms of competition, cooperation and collusion. A central tenet of the cartel party thesis is the argument that political parties have receded from their roles as intermediaries between the public and authorities. Rather, parties have converged with the latter resulting in an interpenetration between parties and the state. The objectives of politics therefore become self-referential to the interests of the parties themselves rather than the public (Katz & Mair, 1995). All in all, the municipal arrangement in the Capital Area does not seem to yield many benefits for its residents so it is pertinent to consider if the arrangement is beneficial to the political parties instead.

While some participants described a willingness among the municipalities to keep a certain polite air around their relations, one former councillor in the area made an interesting remark claiming that there is indeed tension between the municipalities but rather it is: "... *beneath the surface. It's always attempted to solve [the tensions] without making much of a drama out of it*", furthermore adding that there is an endeavour among politicians in the municipalities of wanting to approach tensions as "... *solvable with other means than grumbling about it publically.*" While no participant foresaw any amalgamations in the area, virtually all respondents mentioned that the municipalities worked well together and many praised the cooperation between them at present. Even though most participants offered varying levels of criticism on municipal fragmentation in the Capital Area, the cooperation between them, especially since the introduction of an obligatory Regional Plan, was praised highly. One

mayor in the area for example mentioned a tight working relationship between the mayors: “*we meet a lot and work together a lot, the mayors in the area.*”

To maintain their status and power, cartel parties aim to minimize, or ‘*contain and manage*’ (Katz & Mair, 1995, p. 19) competition between them (Detterbeck, 2005). Borchert (2013) argues that this collusion is not necessarily conscious, but is rather a facet of a wider network of mutual insurance developed by the parties in order to minimize the cost of political loss. The notion that politicians and political parties in the Capital Area generally endeavour to suppress inter-municipal tension corresponds with the collusion posited by cartel party theorists. All the while municipal fragmentation is supposed to produce competition, it appears somewhat contained and does not seem to translate to the Capital Area as one former councillor stated:

“I mean it [the competition] doesn’t achieve anything you know? It doesn’t do much, I don’t think it does much for the companies, it doesn’t do much for the societies and things could be done so much better if there was more of a ‘sync’ between them”

From the responses was a discernible indication of not everyone enjoying the benefits of competition between the municipalities. As a public official put it: “... *that the benefits of competition between the municipalities is returning any sort of holistic benefit to everyone. I’m just going to allow myself to be doubtful of that.*” The fragmented Capital Area therefore does not seem to benefit from the alleged essential quality of the public choice approach and all the praise lavished upon inter-municipal cooperation begs serious questions regarding collusion in maintaining an arrangement that does not appear to have many benefits.

If we align the Capital Area with the Toronto area there would conceivably be a very similar outcome in the occurrence of a wide-scale amalgamation.

This would mean that the conservative Independence party would in all likelihood emerge triumphant over the area as a whole:

“Practically, they [the Independence party] would be the ones to gain the most from amalgamations but these interests are not a priority to them. In this context they’re more focussed on the priority of maintaining Seltjarnarnes and Garðabær. That’s at least safe, it’s in hand [...] They govern there. Then there’s perhaps an uncertainty if they merge with Reykjavík”

While amalgamation would conceivably politically benefit the conservative side of the cleavage it could also benefit the liberal side of the cleavage in ironing out discrepancies and achieving a more comprehensive aspect to planning the area. There is however no discernible interest for it amongst current politicians. Political parties on either side of the urban-suburban cleavage thus seem fairly content in maintaining a fragmented municipal arrangement with seemingly exceptionally limited advantages.

The literature suggests that political parties may have a colluding incentive to maintain an arrangement such as this one. After all, Mair (1996) argues that not only are cleavages imperative for the establishment of parties but parties also bend over backwards to maintain them; cleavages are after all politically exploitable (Schattschneider, 1988; Neto & Cox, 1997).

Therefore, conservative parties with their considerable electorate support in the suburbs, might want to preserve their foothold and continue deploying the suburbs in cultivating conservative sentiments, which de Maesschalck (2009, p. 323) describes as *“an excellent countermeasure against socialist mobilizations in the cities.”* On the other hand, liberal parties might have an incentive in maintaining the arrangement to avoid ‘suburban domination’ as experienced in Toronto and Louisville. Walks (2006, p. 394) has furthermore recognized that the urban-suburban cleavage can offer ‘party mobilization strategies’ to be taken advantage of.

Fragmentation thus allows each side of the cleavage its own backyard to cultivate ideologically.

8 Conclusion

The Capital Area in Iceland presents a relatively special case of municipal fragmentation. While in most countries a third level of government is usually present in some form to coordinate areas consisting of multiple municipalities, Iceland only has two levels of government. Coordination and holistic policymaking for the area has therefore been problematic at best and The Capital Area is characterized with many of the well-known negative side-effects of municipal fragmentation. These are mostly relating to the extent municipalities partake in providing welfare services as the brunt of welfare provision in the area is predominantly borne by one municipality, Reykjavík, while others provide less, although to a varying degree it must be noted. Paradoxically, the municipalities that provide the least in terms of social services are concurrently the municipalities that have the strongest tax-bases. Furthermore, the area is dealing with the adverse effects of urban sprawl, a phenomenon with closely established links to municipal fragmentation.

These issues notwithstanding and albeit considerable support among the electorate for jurisdictional change in the area, political parties have been perceived to show a distinct lack of interest in amalgamations. This lack of interest in amalgamations was largely confirmed by the participants who all the while generally acknowledged that the area has immense problems in relation to its fragmentation. The literature on optimal municipal size, fragmentation and amalgamations provides a solid foundation to better understand the Capital Area which hitherto has not been subject to much academic research. While municipal fragmentation is widely championed by public choice theorists on a basis of inter-municipal competition, fragmentation in the Capital Area does not seem to yield many benefits of competition judging from the interviews. The other main component of the public choice argument for fragmentation, proximity between the electorate and politicians, was however largely recognized to be true in the Capital Area according to the participants. In general, this was the only

advantage participants were able to mention of having a fragmented setup of municipalities.

Conversely, there was no shortage of criticism from the participants regarding the drawbacks of fragmentation in the area. Participants aired a surprising amount of grief in terms of the planning difficulties experienced due to the fragmentation and not only in the sense of urban sprawl. Participants routinely mentioned how holistic policymaking for the area, very often in terms of housing and transport, can be vastly troublesome due to the many ‘checks and balances’ produced by fragmentation and that the little policymaking that does take place gets ‘watered down’ in the arduous process. Also largely unanticipated was the level of criticism aimed towards the Icelandic state and the legal framework it provides for its municipalities. Participants were often quick to point out that the problems experienced in the Capital Area were largely institutional – social discrepancies in the area are broadly the result of the loose legal frame they are provided with. Instead of defining further the legal obligations on social responsibilities, the Icelandic state has rather attempted to ‘appeal to their good senses’.

Correlating with public choice criticism in general, arguments relating to inequality and unfairness were prevalent. Participants regularly purported the view that some municipalities, Seltjarnarnes and Garðabær in particular, took advantage of their positions and consciously attempted to allure strong tax-payers of little need for welfare services. The level of discrepancy between Seltjarnarnes and Garðabær on one hand and Reykjavík on the other is reminiscent of the academic discussions on urban-suburban cleavages and the two municipalities were regularly subject to scathing criticism – or to borrow from Lewis (2015), ‘moral outrage’.

Interestingly, on the subject of why this arrangement has remained relatively unchallenged politically and why it is essentially maintained,

some participants displayed visible discomfort. This indicated that the fragmented arrangement, with all its inherent flaws and discrepancies, is in some respects beneficial towards the political parties seeing as they ostensibly attempt to keep inter-municipal relations as ‘polite’ as possible and endeavour to keep disagreements between them under the surface. This denotes an effort on behalf of the political parties to minimize competition in order to secure their survival and positions of power, corresponding with the apparent cartel-like nature of the Icelandic political party system which has been shown to have in order a system of patronage and mutual-insurance. Present is therefore an urban-suburban cleavage in the Capital Area fabric which the political parties might have a vested interest in maintaining as it provides them with the means of furthering their ideological ambitions.

Positioning the Capital Area into the context of the largely dichotomous academic debate on municipal fragmentation has proved useful in gaining a much-needed understanding of the political structure of the area, while also yielding some interesting deviation to the traditional literature – in the form of legal obligations and problems relating to planning. The data accumulated has also given rise to the argument of Icelandic political parties having an incentive to maintain the arrangement of fragmentation and urban-suburban cleavage on account of the cartel-like structure of the Icelandic political party system. Further empirical research on the Capital Area and the power structure between the municipalities is however needed as there are exponential gaps in the literature on urban politics in Iceland.

9 Appendix

A translation of the recruitment letter sent to participants:

“Dear [insert name],

my name is Dagur Bollason and am a masters’ student in Public and Urban Policy at the University of Glasgow. I am currently working on my thesis which revolves around the setup of municipalities in the Capital Area.

One aspect of my research is interviewing people of extensive expertise and experience of politics and planning of the municipalities in the Capital Area and therefore I would like to interview you. As I am based abroad it would be best if we could have a conversation through Skype or Facebook Messenger or through phone and the interview shouldn’t run for more than 20 minutes. I guarantee anonymity and that the data to be non-traceable.

Please let me know if you have a spare moment in the coming days and are able to assist me!

All the best,

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