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**The Implications of Transportation Infrastructure
on Regional Development in Northern Norway and
the Western Isles**

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In this brief research note the different scale and rate of

regional development in Northern Norway and the Western Isles of Scotland will be compared in terms of their differing transport infrastructures. The concentration on one set of variables is an exercise to see whether or not the remedies for development lag in the Western Isles is a simple or a complex problem. This author tends to think it a simple problem.

Both the United Kingdom and Norwegian governments have expressed practical concern about the continued viability of the marginal economies in the Western Isles and Northern Norway respectively. In financial terms this concern has taken the form of a system of grants and loans to small and medium scale commercial enterprises, administered through the Highlands and Islands Development Board and the North Norway Development Plan respectively. These two bodies are regional development agencies; the former operates in terms of a centralized bureaucratic structure whose role is to respond to local initiative, while the latter was administered in terms of local development officers whose role is to stimulate as well as respond to local initiative. While the differences in administrative structure and role of the respective development agency is an important variable in the relative development of the two areas, I would like to minimise this effect in order to see how far one can develop an argument based solely on differences in transportation infrastructure. Given that the grant and loan schemes administered by the two development agencies are similar, why is it the case that the response to these opportunities has been so much greater in Northern Norway than in the Western Isles? The answer to be explored in this brief communication is in terms of the North Norway Plan having the advantage of an adequate transportation infrastructure, while the HIDB grant and loan incentives operate within an infrastructural void.

The point to be made is that the viability and continued growth of an area such as Northern Norway is largely due to an integrated transportation system — rail, road, air and sea — that permits freight and other goods to move into the region at a cost that is not exorbitant compared to other more accessible regions in Norway.

The decision was taken at central government level that the viability of remote and marginal communities was a social and political priority, and transportation, as part of the North Norway Plan, was designed to fit these priorities. Although there has been a move towards greater centralisation of administration and transport in recent years in Northern Norway, the main feature of the transportation system is still that of a service function to a marginal and remote region.

Of particular relevance to the Western Isles is the approach to sea transport services and costs. The ferries are heavily subsidised by the Norwegian central government, and freight charges are calculated in terms of a complex sliding scale which approximates to an extension of road and rail costs. Thus the transportation system enhances and encourages the development of industry and manufacturing, and provides a relatively cheap outlet for resources and goods processed in the region.

In the Western Isles the exact obverse of this situation holds true. High freight costs across the Minch and from Glasgow *are* a major obstacle to economic growth. The islands as a whole are very much dependent on ferry and cargo boats for the import of consumer goods, fertilizer, feed, machinery and building materials and for the export of stock, fish, manufactured and processed goods.

The cost of shipping goods and materials in and out from the Western Isles is a serious deterrent to growth as the cost of inputs is raised and the net return from outputs is lowered. Despite the Gaskin report (HIDB 1971) which maintained that freight costs are not a significant deterrent to development — either of new firms or existing industries — the author's experience from interviewing crofters, fishermen and businessmen is that a revision downwards of freight costs would provide an enormous impetus to the economic life of the Western Isles. This revision can only be effected by central government action in terms of either subsidising freight costs or running the sea transport system as a national concern in order to provide essential services to remote regions. This would entail freight

costs across the Minch being calculated in terms of an extension of rail costs.

A brief review of the major industries in the Western Isles will demonstrate the necessity for some type of action re the present level of freight costs.

In agriculture, despite subsidies and increased stock prices, the costs of bringing feed and fertilisers in and shipping stock out, does not provide much of an incentive for stock and pasture improvement, with the result that potential earnings from stock are not as high as they could be. The difficulties of establishing additional manufacturing industries are due in no small part to the costs of bringing machinery and building materials across the Minch. These costs would cut into profit margins to such an extent that in most cases it is simply not worth while to expand an existing industry or establish a new one. Because of freight costs to mainland markets, island based buyers of shellfish, whitefish and herring are constrained to offer fishermen less than mainland prices. Thus in one of Scotland's richest fishing grounds, island fish buying and processing operations are small scale, whereas there is the potential to establish processing as a major rather than an ancillary industry. (An eventuality anticipated by Lord Leverhulme over 50 years ago).

High freight costs are a similar deterrent to the development of tourist related employment and income generation. The cost of moving cars across the Minch is so great that hotels, restaurants, bed and breakfast establishments operate at a capacity much lower than their potential. Furthermore the general cost of consumer goods from the shops is approximately 10% higher than on the mainland.

In this very brief 'thumbnail' sketch many factors and considerations have been left out, but it is evident that the expansion of tourist, manufacturing, agricultural and fishing industries is seriously constrained by the present level of sea transport and freight costs. Only large scale industrial concerns, such as Olsen's, have the capital to overcome these constraints. Most commercial enterprises in the Western Isles, however, are on a

radically more modest scale than the oilrig servicing industry, and are simply not able to absorb a high level of freight costs.

If the Western Isles is to retain its population and realize its potential for growth and development then the transportation system has to be rationalized in terms of the island's special needs. Without this rationalization, the present outflow of population is not likely to improve. The important point to note is that the development of industries discussed above would in turn produce multiplier effects in terms of upgrading housing, medical, social and other services, and provide an income and job generation beyond the specific industries concerned. The main obstacle to this cycle of growth is the level of sea transport and freight costs. In other words, the present state of transportation infrastructure is a serious deterrent to economic growth.

The lesson to be taken from the Northern Norwegian example is that in a region more remote than the Western Isles, and with less resources, development and population have been built up and maintained by a transportation system that offsets the costs of freight, encourages the establishment of industry and processing, and serves the unique needs of the region.

The irony of the comparison is that the North Norway Plan — which integrated local initiative and central incentives with an adequate transportation infrastructure — no longer exists. It achieved its objectives and put itself out of business. The HIBD on the other hand is still faced with the same initial problem it encountered at its inception. How do you locate and encourage small and medium scale commercial enterprises in a remote region, in the absence of a rationalized transportation system? Incentives, no matter how generous, cannot have a maximal effect when the infrastructure is incomplete; and it is simply poor planning on the part of the HIBD to anticipate anything different.

The remedy to the development situation in the Western Isles is a simple one. Earlier I minimized the effect that differences in bureaucratic structure would make on the development

situation. While I anticipate that a change in the HIBD's structure, even at this late date, *would* make a difference, it is my firm opinion that a rationalisation of the transportation infrastructure that serves the Western Isles would radically transform the economic potential of the region.

The Comprehensive Clearances

Robin Jackson

A distinctive characteristic of social life in the Scottish highlands and islands is the number of children obliged to leave home to obtain a secondary education. Often this means either leaving their island and travelling to the mainland or moving from Gaelicspeaking crofting and fishing communities on the West Coast to English-speaking urban centres on the East Coast (e.g. Inverness). This involves for the majority staying in a school hostel and for a select minority in approved lodgings in the town in which the secondary school is located. In 1972 eight of the 35 Scottish education authorities provided accommodation for 1700 secondary school pupils in 32 hostels (26 single-sex and 6 mixed).

It is perhaps relevant to note that Norway — which has similar problems to Scotland in the provision of education in sparsely populated regions — rejects the policy of hostelisation for pupils of compulsory school age. There are four main reasons. First, it is too expensive! Second, the community benefits from retaining its children. Third, the children gain by remaining members of the community. Fourth, hostelisation accelerates the process of depopulation.

Although going away to hostel is not something new — it has been the traditional pattern in many island communities (e.g. Orkney, Shetland, Outer Hebrides) for most of the century — it has now been extended to a new and totally different pupil population. No longer is it the case that most pupils in hostel are those seeking the necessary educational qualifications for