

**Decolonising the economy in micropolities: rents, government spending and infrastructure development in Kalaallit Nunaat (Greenland)**

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**Abstract:** Assessments of both legitimate governmental activity and responsible economic policy tend to be dominated by conceptions developed at the scale of the large state. Nevertheless, large state perspectives on appropriate levels of public spending relative to economic size and appropriate forms of economic activity do not always match the reality of governance and economics in micropolities (including both very small sovereign states and highly autonomous subnational jurisdictions). This paper considers the case of Kalaallit Nunaat (Greenland), a subnational island jurisdiction of Denmark, to explore how the needs of micropolities are not served by understandings of governance and economics scaled to the large state. Focus is placed on Kalaallit Nunaat's accrual of rents, government spending, and infrastructure development. Although Kalaallit Nunaat is, like many other micropolities, economically dependent on rents, it has been subjected to large state economic understandings that are often tied up in neocolonial processes and lead to the privileging of metropolitan expertise and development trajectories. Micropolities like Kalaallit Nunaat are better served by policy approaches that take into account the realities of small scale governance and economics, even if these fly in the face of large state experiences and expectations.

**Keywords:** decolonisation, economy, government spending, Greenland, infrastructure development, Kalaallit Nunaat, micropolities, subnational jurisdiction

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## **Introduction**

Decolonisation is a process, not an event. It is more than just the formal resolution of a legal status determined by a metropolitan state. A colonised people may remain entangled in 'the colonial matrix of power' (Mignolo, 2011, p. xviii) long after it has ceased to be called a colony.

Kalaallit Nunaat (known in English as 'Greenland') is in the midst of a long-running decolonisation process. Having become a colony of Denmark-Norway in 1721, Kalaallit Nunaat was integrated into the Danish state as a county in 1953. Whereas Denmark's activities in Kalaallit Nunaat in the formal colonial period focused on Christianisation and resource extraction, Kalaallit Nunaat's legal decolonisation was followed by strengthened efforts to promote Danish culture, language, lifestyles and systems of government (Grydehøj, 2016a). A home-rule system was introduced in 1979, and the present self-rule system was introduced in 2009, following a referendum. Kalaallit Nunaat is thus today a highly autonomous subnational island jurisdiction (SNIJ) within the Kingdom of Denmark.

Nevertheless, the territory's movement towards political independence has been accompanied by expectations of Westernisation and modernisation in line with Danish standards. This has resulted in Kalaallit Nunaat acquiring a system of government closely modelled after that of Denmark, notwithstanding the significant differences in culture and population size. Kalaallit Nunaat has also inherited Danish ways of thinking about the economy. Despite strong feelings among Kalaallit (Greenlandic Inuit) that Kalaallit Nunaat ought to make its own decisions, discussions about what is economically and politically possible are conditioned by Danish expectations. This has led to Kalaallit Nunaat's continued dependence on Danish professional expertise. As Baldacchino (1993, p. 33) has noted, this situation is shared by many formerly colonised small territories:

Microstates have hardly ever looked at themselves critically in terms which are not of foreign, typically western, provenance. They may thus have failed to come up with proper answers to their problems because they have failed to raise the proper questions. What is missing is a praxis informed by local experiences and guided by locally determined objectives.

Genuine decolonisation requires that Kalaallit break free from Danish expectations, particularly since, as I argue here, Kalaallit Nunaat's economic reality does not resemble that of Denmark; rather, it resembles that of other 'micropolities' (political entities with very small populations *or* land areas) around the world. This is significant because truisms of large state economics – designed to be executed at a vastly different scale – have frequently been deployed to oppose potential economic strategies in Kalaallit Nunaat.

Research into micropolity economics is inextricably bound up with notions concerning systems of governance. The scalar mismatch upon which this paper focuses – that between Denmark (population: 5.73 million) and Kalaallit Nunaat (population: 55,847) – is replicated in many other large state-micropolity relationships around the world, which are similarly characterised by economic, political and cultural power imbalances as well as a presumption that the large or metropolitan state holds a monopoly on professional expertise. The discourse of economic and governmental weakness and failure that often surrounds micropolities is built upon these territories typically being described and evaluated through the lens of the large state (Baldacchino, 1993, p. 33). This discourse is inseparable from the neocolonial processes by which metropolitan powers maintain and entrench their influence over polities at the periphery. However, by grappling with scalar mismatches and seeking to bring economic policy down to the micropolity scale, we can recognise potentially beneficial policies and forms of success that fit micropolity – rather than large state metropolitan – conditions and needs.

I begin by providing some background into studies of micropolity governance and economics and the relative nature of smallness in the economic literature. I then introduce a number of theories of micropolity economics, followed by a discussion of how some micropolity economies are structured to optimise acquisition and spending of aid and other forms of rent. Following this, I present examples of how Kalaallit policymakers at the local and national levels are engaging in major infrastructure projects, including an urban expansion project and investments in connective infrastructure. I then show how metropolitan expertise is challenging these initiatives on the basis of large state understandings of the economy, frequently with recourse to a scalar logic. This is followed by a brief discussion of the ubiquity of major infrastructure spending in other micropolities around the world. I then place the kind of large state advice that Kalaallit Nunaat so frequently receives within the

framework of neocolonial development discourse, before concluding the paper by recommending that Kalaallit Nunaat pursues an economic strategy that is appropriate to its micropolity status.

## **Background**

Conceptions of sovereignty, statehood and territory are both relative and strategically produced (Faludi, 2013; Gad, 2017). It is useful here to deploy the concept of ‘scales’, which “are spaces of human-environment interaction in which processes take place, and ... constitute geographies of power” (Green, 2016, p. 89). Powerful state actors at various scales deploy particular conceptions of legitimate governmental activity to serve particular political purposes. This has led to the dominance of a Western liberal, institutionally defined understanding of democracy, which in turn favours large states and established national governments while delegitimising subnational attempts to exercise greater policymaking powers (Grydehøj, 2016b).

Although large state and liberal democratic notions of Westphalian statehood dominate the international arena, the reigning rhetoric of sovereignty, statehood and territory does not match global political reality. Not only are there dozens of microstates that are recognised as fully sovereign by the international community, but there are also dozens of small territories that possess a high degree of autonomy, ambiguous political status, or contested statehood (Baldacchino, 2010). Furthermore, there are various groups the world over that advance territorial claims on ethnic or nationalist grounds *vis-à-vis* a larger state or collection of states. Two of these, Kurdistan and Catalonia, held ‘independence referenda’ in late 2017.

Much has been written about the relative advantages and disadvantages of sovereign or non-sovereign status for very small (often island) territories (Armstrong & Read, 2000; Baldacchino, 2010; McElroy & Parry, 2012; Rezvani, 2014). Although there is an association between economic success and non-sovereignty, recent research suggests that the causality may lie in the association between small population size and non-sovereignty (Bertram, 2015): That is: 1) very small island polities are less likely to be independent states than are larger polities; and 2) very small island polities are more likely to sustain highly productive relationships with their metropole or benefactor states.

This paper uses the term ‘micropolities’ to refer to territories with populations under 100,000 that are fully sovereign states, highly autonomous territories, territories of ambiguous sovereignty or statehood, or territorial claims of communities. This is not intended to assert the legitimacy of any particular claims of sovereignty, statehood or territory; it is simply to recognise that, in practice, legal distinctions between various kinds of self-government represent just one of many factors conditioning the ways in which a small territory’s governance, economics and relationships function (Bahcheli, Bartmann, & Srebrnik, 2004; McConnell, Moreau, & Dittmer, 2012; Favole & Giordana, 2018; Prinsen, Lafoy, & Migozzi, 2017; Pöllath, 2018).

Although I set a micropolity maximum population threshold of 100,000 for the purposes of this article, there are no consensus definitions for ‘small’, ‘microstate’, or ‘micropolity’ (Baker, 1992; Hey, 2003; Raadschelders, 1992). Whatever definition one chooses, it is necessary to parse the literature to ascertain the scale in question. Thus, for example, Easterly and Kraay (2000) use ‘small states’ to refer to (mainly island) states with

resident populations of under one million. In contrast, Katzenstein (1985) analyses industrial performance in the ‘small states’ of Austria, Belgium, Denmark, the Netherlands, Norway, Sweden and Switzerland, relative to large states such as France, Germany, Japan, the United Kingdom (UK) and the United States (USA). Even the smallest of Katzenstein’s ‘small states’ (Denmark, Norway) have larger populations than all but the three largest (specifically Cuba, Dominican Republic and Puerto Rico) of the 57 full members and observers of the United Nations’ Small Island Developing States (SIDS) group. Indeed, there are at least 27 sovereign states with populations under 500,000 (i.e. less than a tenth the populations of either Denmark or Norway), not to mention the many other SNIJs with fewer inhabitants.

There are good reasons for researching the impact of relative size from the perspective of a state the size of Denmark. Such an approach is only problematic if a particular scale is taken as standard. Just as research has shown that merely small economies differ from large economies, research has also suggested that micropolity economies differ from merely small polity economies. As Bertram (2015, pp. 37-40) has demonstrated through a long-run analysis (1970-2008) of GDP per capita, the gap in economic performance between what are today sovereign and non-sovereign small island polities respectively has long been far wider for island polities with populations under 100,000 than it has been with regard to differences in economic performance for island polities at population thresholds of 500,000, 1 million and 1.5 million. That is, the very smallest of polities in terms of population size seem to be subject to different economic dynamics related to trade openness and governmental status than are larger – but still small – polities. This means both that the present article’s use of 100,000 residents as a cut-off point for micropolities is not simply arbitrary and that comparisons with the economies of significantly larger island polities (such as Mauritius and Iceland) must be treated with caution. It is also important to underline that, since this paper focuses on Kalaallit Nunaat and takes a micropolity perspective, Denmark itself must be regarded as a ‘large state’.

### **Theories of micropolity economics**

A key development in research into micropolity economics *per se* was the creation of the MIRAB (MIgration, Remittances, Aid, Bureaucracy) thesis by Bertram and Watters (1984; 1986). The MIRAB thesis initially sought to explain the economies of five Pacific island polities associated with New Zealand but has since proved a useful heuristic device for understanding very small island economies more generally. As Jacobs and Overton (2017, p. 153) summarise it, the MIRAB thesis holds that:

traditional understandings of development based on productive growth and economic independence [are not] representative of the experience of smaller islands ... Instead, links [to larger polities] appear to provide stable and higher aid transfers, migration flows, transnational networks, remittances, access to labour markets abroad and a large bureaucratic presence in the islands.

Bertram and Watters argue that the structural disadvantages confronting remote island micropolities preclude the effective execution of traditional development strategies:

Size, openness, the strength of the natural economy, and the relative-price situation, render the islands an unsuitable seedbed for capitalism. The private sector has long recognised this, and capitalist productive enterprise has remained confined to a very few specialised niches. ... The promotion of large-scale commercial ventures is now

undertaken by bureaucrats in pursuit of political or social targets – not by capitalists in quest of profits (Bertram & Watters, 1984, pp. 83-84).

If primary and secondary sector production has difficulty fuelling ‘modernisation’ in such very small economies, how precisely do the economies keep running? The MIRAB proposition is that former export-oriented island economies found economic stability by maintaining close links with and an inflow of capital from a metropolitan economy, while “aid and remittances underwrote the long-run sustainability of trade deficits and government budgetary deficits which would have been crippling for less open economies” (Bertram, 2006, p. 752). As Jacobs and Overton (2017, p. 153) put it:

In a MIRAB economy ‘productive’ activities to promote development were generally underused or required additional subsidies, whereas the ‘unproductive’ activities funded by metropolitan centres such as education and health services were more valuable to the communities. Due to this, MIRAB researchers assert that ‘dependent development’ [can be] a viable alternative and more sustainable than the promotion of ‘self-reliance’.

MIRAB status is not necessarily a matter of happenstance but may be pursued as a matter of policy, given that the optimal organisation of society to operate under MIRAB conditions can prove difficult to reconcile with an emphasis on certain labour-intensive primary sector economic activities (e.g. Bertram & Watters, 1984, p. 79). Dean, Green and Nunn (2017, p. 58) recommend reconceptualising MIRAB micropolities “not as dependent, insular, or vulnerable units, but as open and resilient, sometimes able to draw on a range of resources outside their territorial boundaries and to maintain agency over their economic development.”

This is not to deny the possibility of other successful economic strategies: The larger island state of Mauritius, for example, has been regarded as evidence of the potential success of export-oriented manufacturing and industrial diversification (Subramanian & Roy, 2001). Furthermore, as Fraenkel (2006) notes, the MIRAB thesis is primarily descriptive, and inasmuch as ‘success’ along MIRAB lines may sometimes be a function of weak governance, the viability of alternative economic strategies should not be rejected out of hand. Baldacchino (2006) moreover cautions against an overly broad application of the MIRAB thesis.

Other economic theses particularly relevant to micropolities have since emerged. McElroy (2006), for instance, developed the SITE (**S**mall **I**sland **T**ourism **E**conomy) thesis, significantly inspired by Caribbean islands. In the SITE thesis, small islands overcame “scale diseconomies by restructuring their colonial economies towards the twentieth century global growth engine, international tourism, and to a lesser extent offshore banking and light manufacturing” (McElroy & Hamma, 2010, pp. 36-37). More significantly for our purposes, Baldacchino (2006) developed the PROFIT (**P**eople (immigration), **R**esources, **O**verseas management (diplomacy), **F**inance and **T**ransport) thesis. Both MIRAB and PROFIT economies are dominated by their bureaucracies, function as rentier states, and “constitute approaches towards managing the hinterland beyond” (Baldacchino, 2006, p. 54). However, PROFIT economies emphasise more active manipulation of jurisdictional resources:

What we have here is a combination of freeriding by the smaller, island party in the context of (at times deliberate) oversight by the larger, metropolitan party, crafting in the outcome some kind of regulatory legitimacy, while the island faction never completely relinquishes the potential resort to the metropole (Baldacchino, 2006, p. 50).

From a PROFIT perspective, receipt of large amounts of aid can be regarded as a consequence of successful overseas management or diplomacy when micropolity governments adjust their jurisdictions to deliberately cultivate aid flows. For example, the decision of policymakers in Kalaallit Nunaat *not* to pursue immediate political independence from Denmark (which, in the absence of further arrangements, would result in the immediate loss of Kalaallit Nunaat's annual subsidy from Copenhagen) may be regarded as a kind of political choice to cultivate rents.

The research suggests that micropolities are generally far more economically stable and sustainable than they are often given credit for (Armstrong & Read, 2000; Easterly & Kraay, 2000; Baldacchino & Bertram, 2009), in large part because of their close dependence on the economies of larger metropolitan states. It is widely accepted that economic openness can sustain production and compensate for a small domestic market (Alesina, Spolaore, & Wacziarg, 2005), but the MIRAB and PROFIT theses go a step further and recognise that, in the smallest of territories, economic openness also facilitates the export of intangible goods; what I term 'strategic services' (discussed below).

The stability and sustainability of micropolity economies are rendered partially invisible by standard territorial accounting practices. As Bertram and Watters (1984, p. 95) argue, for example, "there is no crisis of trade dependence" in MIRAB economies since trade deficits are paid for by "'foreign exchange' injections" in the form of aid rather than by "internally generated stimulus to aggregate demand" funded by "overseas borrowing." Similarly, when analysing Kalaallit Nunaat's skewed balance of trade, the consultancy Copenhagen Economics (2013, p. 22; translation my own) has noted that:

Subsidies from abroad provide a safety net for the economy and make it less exposed to fluctuations in the fishing industry. In fact, the subsidies resemble export income in many ways.

Nevertheless, highlighting the gap between micropolity economic reality and the ways in which micropolity economies are frequently discussed, the development of Kalaallit Nunaat's balance of trade is closely observed and frequently commented upon by both Kalaallit and Danes (e.g. Schultz-Nielsen, 2018).

### **Receiving and spending rents**

In the game of aid acquisition, it can be beneficial for micropolities to appear economically weak and vulnerable and to engage in the discourse of development-oriented aid. This is evident in efforts by many micropolities to emphasise particular kinds of vulnerability (Baldacchino & Kelman, 2015), a practice that is encouraged by the preference of many aid-giving bodies for quantitative measures of structural neediness. A clear example of such positioning within the aid game is Briguglio, Cordina and Vigilance's (2010) 'manual' for small states, which sets forth how to quantify small polity vulnerability. Similarly, Guillaumont (2013) first explains why small island territories possess exceptional structural vulnerability, then argues that "if aid is allocated according to vulnerability (among

other criteria) [rather than according to quality of governance], its effectiveness will be increased” (*ibid.*, p. 34). In other words, many places in the world need aid, but aid provided to island territories is exceptionally visible. Aid visibility is not, of course, the same as aid efficiency, dollar for dollar, which will often be higher in more populous, mainland areas. Because the impact of investments may be easier to calculate and conceptualise in small polities than in larger polities, however, investors and donors are incentivised to target small polities as a means of enhancing reputational benefits (Grydehøj & Kelman, 2016; 2017). Baldacchino and Bertram (2009, p. 142) note:

Many of the statistical measures paraded before international agencies as signs of vulnerability and special needs are in fact the outcomes of purposive and rational strategic behaviour by active agents (both individuals and collectivities) operating in microstate environments. Successful small countries actively increase their trade ratios, narrow their economic diversification, increase their reliance on financial transfers from larger metropolitan powers, explore alternatives to industrialisation, and embark on high-volatility activities while making due provision to retain windfall gains to offset losses. Statistical indices made up of weighted averages of these indicators do not serve as proof of vulnerability; rather, they presume it.

The risk of appearing too strong or resilient is a real one, with polities such as the Cook Islands (Roy, 2017) finding that improved economic indicators can jeopardise the flow of aid. Problematically though, even regular calculations of GDP – partial though this measure may be – are frequently absent for the smallest of sovereign microstates and even more so for subnational micropolities, which frequently lack their own statistical agencies, preventing meaningful quantitative comparisons and economic assessments.

These processes are specific not just to small territories but to *very small* territories. Although polities of all sizes receive rents, micropolities may, as we have seen, be particularly well placed for attracting rents for a number of reasons: 1) they tend to be characterised by exceptional economic openness, including retention of economic relationships with metropolitan (and often former colonial) powers; 2) they are exceptionally likely to appear economically vulnerable on the basis of standard statistical measures; and 3) any aid or investment is likely to be exceptionally visible, providing reputational benefits to donors and investors. As such, rent-generating strategies in micropolities and rent-generating strategies in larger polities may not be directly comparable inasmuch as these may be based on different local needs and reliant on different ‘itches’ to potential donors and investors.

The oft-cited inherent vulnerabilities of micropolities may sometimes be stated in an overly deterministic manner (Baker, 1992, pp. 6-7); but limited skill sets, remoteness from key markets and diseconomies of scale in important sectors are realities for many such territories. These disadvantages may be less extreme in larger but still small polities, such as Iceland (population: 349,000), Malta (population: 445,000), and Mauritius (population: 1.26 million). Yet, even if micropolities may face difficulties undertaking profitable production, at the costs and efficiencies required for success on the global market, this does not necessarily prevent them from undertaking unprofitable production (which provides employment and contributes to consumer spending) funded by rents.

In micropolities, assessments of ‘profitability’ can and should be made not just at the project level but also at the territorial one. As Karlsson (2009) demonstrates, it can be productive to apply the ‘theory of the firm’ to micropolities such as Kalaallit Nunaat, understanding that conscious efforts can be made to create an effective portfolio of competencies and industries, some of which may not be profitable in themselves. From this perspective, for example, major infrastructure projects and even entire economic sectors may serve as ‘loss leaders’ in boosting a micropolity’s economy as a whole (Grydehøj, 2011).

Crucially, as Hampton and Christiansen (2007) have shown in the case of Jersey, a specialised economy designed to harness rents may end up being unproductive to productive sectors. In the case of Jersey, this is related to the micropolity’s low-tax status, which has priced out agriculture and tourism. In the case of Kalaallit Nunaat though, this is related to the reliance on state-owned enterprises to channel rents into the economy, resulting in anti-competitive behaviour that weakens the private sector. The Kalaallit Nunaat state holds full or partial ownership over many of the largest companies in the territory: within transport (Air Greenland, Arctic Umiaq Line, Mittarfeqarfiit, Royal Arctic Line, Sikuki Nuuk Harbour), fishing and food processing (Neqi, Royal Greenland), communications (TELE Greenland, KNR), consumer goods (Pilersuisoq), energy (Nukissiorfiit, Polaroil), and property construction and ownership (Illut). Conflicts do arise between state-owned enterprises and private companies, and economic experts often stress the importance of fair competition between the various actors in the market (e.g. Økonomisk Råd, 2016a). Nevertheless, a radical privatisation of industry in Kalaallit Nunaat would on the face of it seem to reduce the state’s potential to effectively spend rents and ensure that yields from such ‘unproductive’ economic activities benefit society as a whole. As Kalaallit Nunaat’s Economic Council highlights:

The state’s significant involvement in business life is primarily geographically and historically conditioned. Large portions of it are derived from the Royal Arctic Trading Department [*Den Kongelige Grønlandske Handel*] ... Other portions of it are grounded in a desire to supply residents in peripheral areas with many of the goods that would not be available under normal market conditions (Økonomisk Råd, 2016a; translation my own).

The impossibility of operating certain activities commercially (such as supplying fresh fruit to a tiny settlement that is only accessible by sea) requires either direct state involvement or subsidising private companies, but it is only direct state involvement that guarantees democratic accountability for how such funds are ultimately spent (Grydehøj, 2013).

Kalaallit Nuunat is not alone among micropolities in inheriting much of its state-directed market activities from a former colonial or overseas power. For instance, until a sequence of privatisations in the early 2010s, the economy of Longyearbyen, the largest settlement in Svalbard, a remote SNIJ of Norway, was dominated by successor bodies to the (unprofitable and rent-dependent) Norwegian state-owned mining company that had held a monopoly over all economic activity in the town for the better part of a century. In contrast, Shetland, a Scottish SNIJ, built up a portfolio of municipally owned businesses and charities in the 1980s and 1990s as a means of distributing rents indirectly accrued from the North Sea oil industry (Grydehøj, 2013). As a result, Shetland, like Kalaallit Nuunat, hosts a productive fishing industry, but its economy is substantially supported by a very large combined public sector and publicly controlled charitable sector.

State-owned enterprises and similar bodies are present in polities both large and small; but micropolities are exceptionally dependent on such enterprises to spend incoming rents. Furthermore, the inevitable conflicts of interest and breaches of common standards of 'good governance' arising from such state involvement in the market may be less democratically problematic in micropolities, given the small social distance between and overlap of citizens, stakeholders and policymakers (Grydehøj, 2013; 2016b).

### **Kalaallit Nunaat as a microstate economy**

The above discussions can help shed light on Kalaallit Nunaat's microstate economy. Kalaallit Nunaat has a small population (55,847 people) and a small economy (2015 real GDP of DKK 14.9 billion, approximately US\$2.4 billion) (Naatsorsueqqissaartarfik, 2017a, p. 2; 2017b, p. 40). Denmark absorbs Kalaallit Nunaat's outgoing migration and returns skilled workers. Kalaallit Nunaat citizens have the right to settle in Denmark, attend Danish universities and receive specialist healthcare in Denmark. Over 40% of Kalaallit Nunaat's workers are employed in public administration and public services alone (excluding employment in publicly subsidised or state-owned enterprises in other sectors), representing 33% of GDP (Naatsorsueqqissaartarfik, 2017b, p. 110). The English-language *Greenland in figures* statistical guide asserts that "Fishing is the primary industry of the country" (Statistics Greenland, 2017, p. 13). Indeed, in 2011, fishery exports (nearly all of which went to Denmark) were valued at DKK 2.4 billion, amounting to 57% of Kalaallit Nunaat's total exports (Copenhagen Economics, 2013, p. 8). In addition, however, the Kalaallit Nunaat state receives DKK 320 million each year from its fisheries agreement with the European Union and associated measures (allocating specific fishing rights and quotas for activities in Kalaallit Nunaat waters) (Naatsorsueqqissaartarfik, 2017b, p. 123, p. 143).

The most productive element of Kalaallit Nunaat's economy is the territory's ability to generate overseas development assistance and other forms of rent. Denmark provides the Kalaallit Nunaat state with an annual block grant (*bloktilskud*) of around DKK 3.7 billion, representing around 25% of Kalaallit Nunaat's GDP and over 50% of state income (Naatsorsueqqissaartarfik, 2017a, p. 2; Danmarks Nationalbank, 2017, p. 5). In 2011, Kalaallit Nunaat received nearly twice as much income from the combination of the Danish block grant and EU fisheries agreement than it did from actual fishery exports (Copenhagen Economics, 2013, p. 21). Kalaallit Nunaat's economy is strongly dependent on the micropolity's relatively large bureaucracy and the multiplier effect of governmental and otherwise-publicly financed employment. This sustains a Nordic-style welfare state, despite the real challenges of population dispersion (discussed below).

Kalaallit Nunaat has had considerable success 'exporting' strategic services to Denmark and other foreign actors in exchange for rents (Grydehøj, 2016a; Prinsen, Lafoy, & Miggozi, 2017; Overton & Murray, 2014; Poirine, 1998). Strategic services currently supplied to Denmark include: Danish military presence in both Kalaallit Nunaat and its surrounding seas; USA military presence, which provides Denmark with diplomatic benefits; a voice in Arctic and climate change diplomacy; capacity in Arctic research; ports for use by Danish maritime industries; and a supply of seafood products for Danish distributors.

The USA military presence in Kalaallit Nunaat, centred at Pituffik (Thule Air Base), is an example of the hosting of an extraterritorial zone for a foreign state, though in this case, it is Denmark – not Kalaallit Nunaat – that reaps the benefits of this relationship. Significantly, in 2014, Greenland Contractors, a company part-owned by the Kalaallit Nunaat

state, lost its longstanding service contract to undertake operations and maintenance at Pituffik, resulting in an annual loss of state income estimated at DKK 200 million (KNR, 2016). The contract was instead won by a subsidiary of Vectrus, an American corporation. These developments occurred shortly prior to the break out of a Danish-Greenlandic diplomatic dispute over responsibility for the existence and clean-up of Camp Century, an abandoned American military base (Petersen, 2016). Simultaneously, it emerged that the Danish government had intervened to prevent a Chinese corporation from purchasing the disused Danish military base at Grønnedal, thereby potentially hindering industrial development in Kalaallit Nunaat (Brøndum, 2016). It is in this context that the Danish and American military presence has become a significant source of tension in the Danish-Kalaallit relationship, feeding the feeling among many Kalaallit that Denmark benefits from Kalaallit Nunaat without fulfilling its responsibilities to Kalaallit Nunaat.

As Baldacchino (1993, p. 40) suggests, because “rents are revenues which are cut off from any directly productive activity on the part of the recipient,” micropolity reliance on rentier status is “frowned upon as parasitic, fragile and non-entrepreneurial; it does not contribute to any basis for local accumulation.” That is, there is demand in large states for the strategic services provided by micropolities, yet the sale of such strategic services is often regarded as illegitimate or immoral from a large state perspective (Poirine, 1998).

It is precisely this tension that has led to the commonplace oversimplification that Kalaallit Nunaat must choose between independence from Denmark and continued receipt of aid. It is symptomatic of the broader Western and neocolonial perspective that micropolity rent-generating activities are regarded as a sign of economic weakness, even if they are characterised by long-term stability and are a result of active policy choice. That said, it is legitimate to question what would occur if Denmark ‘turned off the tap’ and stopped the block grant. It is worth noting that the 2008 Self-Government Act provides Kalaallit Nunaat – not Denmark – the unilateral right to withdraw Kalaallit Nunaat from the Danish realm and that, in the absence of negotiation between the two governments and/or sizable Kalaallit Nunaat state profits resulting directly from mineral extraction, the block grant is otherwise fixed. It is, moreover, impossible to determine the ‘market value’ of the strategic services that Kalaallit Nunaat does or could provide, given that such services are worth precisely what an external actor would pay for them *in a competitive market*. It may be that Denmark pays more than Kalaallit Nunaat’s strategic services are otherwise worth due to Danish feelings of responsibility toward its former colony; but it may also be that Denmark currently pays less than these strategic services are worth simply because it has never needed to bid against another external actor.

Kalaallit Nunaat seems in any case to be exceptional in combining its high receipt of rents (both in absolute and relative terms) and its high economic output (2015 real per capita GDP of DKK 266,800, around US\$43,900) (Naatsorsueqqissaartarfik, n.d.). Of course, the fact that Kalaallit Nunaat *does* depend on rents does not prove that it *should* depend on rents or that such a status is desirable (or undesirable). In this paper, I do not wish to argue that rentier status is good or bad for Kalaallit Nunaat, that Kalaallit Nunaat should or should not become a sovereign state, or that any particular development policies are good or bad ideas. Rather, I wish to suggest that the wisdom (or folly) of Kalaallit Nunaat’s development policies cannot be assessed on the basis of received wisdom from large state economics. Informed policymaking in any direction must take the Kalaallit Nunaat economy’s present micropolity status as its point of departure.

## **Infrastructure development in Kalaallit Nunaat**

Kalaallit Nunaat's national and municipal governments are currently engaged in a number of major infrastructure projects that attempt to support modernisation in various ways. The largest of these projects (described below) seeks to cope with Kalaallit Nunaat's extreme population dispersion.

Nuuk, Kalaallit Nunaat's capital and largest town (population 17,316), is home to nearly a third of the territory's residents. Outside of Nuuk, however, Kalaallit Nunaat is highly decentralised. The next largest towns are Sisimiut (population 5539), Ilulissat (population 4,442), Qaqortoq (population 3,265) and Aasiat (population 3,134) (Naatsorsueqqissaartarfik, 2017b, pp. 57-58). There are 11 towns and 12 settlements (*bygder*) with populations between 200-2,999 and a further 42 settlements with populations under 200. Due to the difficult natural environment and huge distances, none of Kalaallit Nunaat's 70 towns and settlements are linked by road, making internal transport reliant on plane, helicopter, boat, snowmobile, dogsled, or some combination of these transport methods. Despite its appearance on the map as a single, unitary island, Kalaallit Nunaat thus in many ways resembles a vast archipelago, with numerous small population centres, separated by sea; albeit with waters that are (in some areas) unnavigable in winter. Kalaallit Nunaat's dedication to the Nordic model of the welfare state proves particularly expensive in this context, with the need to provide government services to a highly dispersed and difficult to reach population. Nevertheless, voluntary population concentration is gradually occurring as people move from settlements to smaller towns and from smaller towns to Nuuk. Despite decades of expansion, Nuuk's housing supply is significantly lower than the town's housing demand, both restricting inward migration from elsewhere in Kalaallit Nunaat and encouraging outward migration by young people who move to Denmark due to a lack of affordable local housing. It is thus unclear how many people would move to Nuuk from elsewhere if they had the opportunity.

Sermersooq Municipality, a local administrative entity within Kalaallit Nunaat, administers a vast land area, but with a population of 22,480 (Naatsorsueqqissaartarfik, 2017b, p. 57), it is dominated by Nuuk. In February 2017, plans were presented within the Sermersooq Municipal Council for the Siorarsiorfik Nuuk City Development project, which aims to expand the existing neighbourhood of Qinggorput (constructed in the late 2000s-early 2010s) and link it with a new neighbourhood called Siorarsiorfik. The plan initially seeks to construct 1,600 residences to accommodate 5,000 people over the next 6-8 years; yet it is also regarded as a precondition for longer-term efforts to expand Nuuk to the south, out to the islands at the entrance of Kobbefjorden and the peninsula across the water (Siorarsiorfik Nuuk City Development, 2017). Siorarsiorfik will be split up into multiple sub-projects (Juncher Jørgensen, 2017b).

The Kalaallit Nunaat state is itself involved in major infrastructure projects, most notably regarding airport expansion and construction. The state-owned company Kalaallit Airports (2016) was established with the purpose of constructing, owning and operating three airports (in Nuuk, Ilulissat and Qaqortoq) capable of hosting transatlantic flights. Today, transatlantic flights can only land at the former American military airports in the small towns of Narsarsuaq and Kangerlussuaq, the latter of which currently serves as Kalaallit Nunaat's air traffic hub. Whereas the Siorarsiorfik project can be seen as a municipally driven effort to further centralise Kalaallit society, the national air transport strategy is more complex, seeking to boost tourism and other industries in multiple regional hubs.

The municipal Siorarsiorfik town expansion and the national airport construction are the largest infrastructure projects currently being advanced in Kalaallit Nunaat. However, other significant initiatives have also recently been carried out or are underway on both national and municipal levels, such as and the Kalaallit Nunaat state-owned Sikuki Nuuk Harbour Company's DKK 650 million harbour expansion (Djørup, 2016).

### **Scalar criticisms of infrastructure development in Kalaallit Nunaat**

Taken on its own terms, Siorarsiorfik – with its planned 30% boost in Nuuk's housing capacity, its expansion to the road network, shops, schools, childcare institutions, indoor football stadium and national art gallery – is a major project. Projects such as this, however, have a different kind of impact in micropolities than they do in larger polities. Thus, for example, across the ocean in Denmark, in Copenhagen Municipality, the state-owned enterprise By & Havn (2017) is currently working on neighbourhood construction and expansion projects of a similar scale at Ørestad and Nordhavn, at the same time as another state-owned enterprise is expanding the city's Metro rail system in what represents Copenhagen's largest infrastructure project since the 1600s (Metro, 2017a).

Copenhagen, however, has over 600,000 residents and draws incoming residents and commuters not just from its Danish hinterlands but also from other countries around the globe. In contrast, the Siorarsiorfik project seeks to construct new housing for the equivalent of 9% of Kalaallit Nunaat's population and comes at a cost (DKK 4-5 billion) equivalent to a third of Kalaallit Nunaat's GDP, significantly higher than the annual block grant from Denmark and over twice as high as Sermersooq Municipality's annual revenue (DKK 1.7 billion). In response to criticism concerning project funding, Sermersooq mayor Asii Chemnitz Narup (2017; translation my own) emphasises that Sermersooq Municipality will not itself be responsible for funding most of the project:

The vast majority of the project consists of private construction for private rental. The only part of the project that will be paid for by Sermersooq Municipality is that which involves schools, childcare institutions and so on. The municipal loan for the project will thus amount to between 500 and 700 million kroner, which will be paid off over 30 years. By comparison, the municipality is spending 240 million kroner on infrastructure costs this year alone.

Furthermore, in the words of Nuuk City Development's director, Jens Frederiksen (qtd. in Juncher Jørgensen, 2017b; translation my own):

Siorarsiorfik is divided into small pieces so that the urban development can occur at a tempo that allows us to take account along the way of society's needs and of what it can manage in terms of labour force, budget, and so on.

One of the great advantages for the local business community is that this project, unlike traditional projects in the municipality and the national government, works with budgetary horizons that extend beyond one year. That means the business community can adapt to it and bid on projects.

The disadvantage of Sermersooq Municipality's plan, which is strongly dependent on public-private partnerships, is that it is exceptionally subject to the vagaries of circumstance and the market. This is less the case for the three new transatlantic airports planned by the

national government, which are estimated to cost the state DKK 3.6 billion, of which around 60% will be paid for through loans (Jakobsen & Gundersen Lihn, 2017). These are substantial numbers for a small economy with a small population.

Much, indeed, has been made of the disproportionality of these municipal and national expenditures. In an interview that dominated the 31 March 2017 front page of the weekly newspaper *Sermitsiaq*, Ole Helby Petersen, a professor at Roskilde University with expertise in public-private partnerships, provided stark warnings about the scale of such a strategy, saying of the Siorarsiorfik project alone:

In my opinion, it is an absolutely huge project relative to Greenland's total GDP ... In comparison, the Metro [project in Copenhagen] costs DKK 20-30 billion, which needs to be seen relative to Denmark's total GDP of nearly DKK 2000 billion. In Nuuk, they want to make a public-private partnership project for DKK 5 billion and Greenland has a total GDP of DKK 14 billion. I mean, the project is of such a scale that it could topple Greenland's overall economy because of the huge levels of debt being piled up ... Calculated in terms of Danish conditions, the Siorarsiorfik project would amount to simultaneously building 30-40 Great Belt Bridges [the most expensive infrastructure project in Danish history]. There are no equivalents to the project in Denmark or in Europe, as far as that is concerned. (Helby Petersen, qtd. in Juncher Jørgensen, 2017a; translation my own).

Helby Petersen's expertise is not in question. Yet, his is a scalar argument that takes Denmark as the baseline for what is normal. The logic of proportionality in such a case amounts to requesting that micropolity governments do nothing much at all. If Denmark's GDP is 126 times the size of Kalaallit Nunaat's, then must Kalaallit Nunaat content itself with doing everything at 126<sup>th</sup> Denmark's scale? Taking Copenhagen's Metro expansion (currently budgeted as costing DKK 24.6 billion; Metro, 2017b) as a point of comparison, by this logic, Kalaallit Nunaat's largest infrastructure project should cost DKK 195 million – a substantial sum of money but also substantially less than the DKK 230 million contract that the Danish construction firm MT Højgaard was awarded in 2015 to build a mere 126 housing units in Nuuk city centre (Uldum, 2015). As Sermersooq Municipality's accountants have noted, Siorarsiorfik only appears unprecedentedly expensive because its costs are being calculated as belonging to a single project: "Over the past 12 years, at least DKK 8 billion have been spent on construction in Nuuk. [Siorarsiorfik] contains construction for around DKK 5 billion over the next 12 years" (Pedersen, qtd. in Schultz-Nielsen, 2017; translation my own).

Nevertheless, the National Bank of Denmark's most recent analysis of Kalaallit Nunaat's economy similarly argues that systemic and potentially intractable weaknesses preclude the state from responsibly undertaking multiple major infrastructure projects:

[It is] the projects' fundamental profitability, not just consideration of financial technicalities, that determines whether it is wise to implement them. If both the airports and the town expansion project are implemented simultaneously, it will unavoidably lead to a bottleneck and increased costs since activity in the construction and infrastructure sector is also high in, for example, Denmark and Iceland.

The large infrastructure projects involve a direct or indirect risk for the Government of Greenland's finances, primarily via the risk of increased costs if the project finances prove unreliable. (Danmarks Nationalbank, 2017, p. 5; translation my own)

Concerns about a labour bottleneck may be legitimate, but this argument fails to consider that major infrastructure projects in micropolities bring about not just relatively enhanced financial risk but also relatively enhanced positive economic impacts. (This is setting aside the potential benefits for a territory to maximise public expenditure as a means of maximising attractiveness as a target for aid.) Bearing in mind our above discussion of micropolity economics, it is worth considering that precisely these kinds of major infrastructure projects – aimed at increasing mobility and standards of living – may be especially compatible with a rentier economy inasmuch as they seek to increase mobility, decrease the population's distance from services, and promote the tertiary sector but only indirectly increase exports and productivity. During the construction phase, these projects will boost employment and local consumer spending, and if they succeed, they will enhance Kalaallit Nunaat's attractiveness for further foreign direct investment and emphasise its need for further 'aid' while at the same time making lasting contributions to local standards of living. From this micropolity economics perspective, what matters is not whether such projects are 'profitable' but: 1) whether they are affordable in the context of incoming rents; and 2) whether they produce worthwhile multiplier effects and outcomes.

Expertise from or informed by the metropole generally creates a false dichotomy between economic responsibility on one hand and economic, political and cultural liberation from the metropole on the other. For example, National Bank of Denmark argues:

There is simultaneously a widespread desire in Greenland for greater independence, yet according to opinion polls, support is low if this were to come at the cost of standard of living. There is thus a conflict between the widespread support for large projects that are not proven to be profitable or that carry high risk, support for plans to reduce the productivity of the country's major industry [i.e., fishing] with the subsequent risk of falling public income and finally support for the desire for increased independence. This last point requires extreme budgetary discipline and the need for increased income (Danmarks Nationalbank, 2017, p. 5; translation my own).

This is less a plea for a 'slow and steady' approach than it is for Greenlandic despair disguised as economic realism: greater independence requires both more income and less expenditure, while the reduced expenditure results from cuts to the typical economic driver in micropolities. Kalaallit Nunaat's Economic Council advocates major structural reforms to avert "economic crisis":

The significant financial contribution to the plan comes from a planned modernisation of the public sector. The aim is to achieve improved yields of DKK 650 million, primarily via a reduction in public expenditure (currently around DKK 7,400 million) ... The plan to reduce public expenditure is highly ambitious but not unrealistic in light of the current large size of the public sector (Økonomisk Råd, 2016b, p. 4; translation my own).

As with Helby Petersen's warnings of disproportionality (Juncher Jørgensen, 2017a), this advice does not account for the fact that a large public sector is virtually unavoidable in micropolities. Analyses of micropolity governance should bear in mind that, if one wishes to

maintain high service standards, micropolity public sectors are almost compelled toward disproportionate size relative to the per capita public sector size of larger or mainland polities with similar service standards. Rather than debate whether large public sectors are ideal, we should ask how to make the most of the reality of large public sectors in micropolities (Grydehøj, 2011).

As I have argued elsewhere (Grydehøj, 2016b), from a large state perspective, governments of micropolities like Kalaallit Nunaat have in a sense been designed for failure: on the one hand pushed by the metropolitan state to replicate the divisions of government and responsibility characteristic of large state liberal democracies and on the other hand criticised for their inability to make the resultant unwieldy governmental structures meet metropolitan expectations regarding good governance and public expenditure. If decades of micropolity research have taught anything, it is that cuts to public *services* and cuts to infrastructure development are rarely the answer, given that this reduces local spending and the multiplier effect without usually increasing productive investment. In a landmark article, Baker (1992, p. 17) notes that micropolity governments must divert a disproportionate amount of revenue to infrastructure spending given that “the per capita costs of these basic services are much higher because the pool of users is small, and the overhead costs do not diminish linearly with scale.” Baker’s (1992) solution, however, is not to shrink the state or seek to avoid disproportionate infrastructure spending but to instead decrease the degree to which the small territory seeks to emulate large state machinery of government and administrative divisions. Micropolities possess substantial governmental innovative capacity, as long as they do not allow themselves to be straightjacketed by large state expectations (Wettenhall, 2001).

### **Big infrastructure spending in small places**

Past actions and present policy by Kalaallit Nunaat’s national and municipal governments suggest an awareness that Kalaallit Nunaat’s economy cannot straightforwardly be assessed at a Danish scale. Indeed, contrary to Helby Petersen’s protests (Juncher Jørgensen, 2017a), there is nothing whatsoever unique about the relative scale of Kalaallit Nunaat’s current batch of infrastructure projects, at least as far as micropolities are concerned. Examples of similarly scaled infrastructure spending abound, but here I shall briefly mention just a handful of cases from recent years.

In the Faroe Islands, Denmark’s other highly autonomous SNIJ, a pair of undersea tunnel projects connecting the islands of Streymoy, Eysturoy and Sandoy are being implemented as a public-private partnership between a state-owned company and a Norwegian construction firm, at a total cost of DKK 2 billion, DKK 400 million of which will be directly invested by the state (Andersen, 2016).

From 2010-2016, Shetland hosted the construction of the Shetland Gas Plant, a US\$2 billion infrastructure project paid for by Total and carried out by Petrofac (2017), both multinational corporations. The large amount of employment created by this infrastructure development buttressed Shetland’s economy, regardless of a simultaneous precipitous drop in oil prices (Dickie & Stacey, 2016). That is, from the SNIJ’s perspective, the Shetland Gas Plant has been an economic success even if it might prove financially disastrous for the powerful corporate actors that invested in it.

A relatively even more extreme case is provided by the South Atlantic island of St Helena, another British SNIJ, which hosted the construction of an airport (replacing an

existing ferry link with South Africa), paid for by the UK government at a price of £285 million (US\$368 million). Following completion of construction in 2016, difficult wind conditions delayed and then watered down plans for regularly scheduled commercial flights, leading to the airport being dubbed ‘unusable’ (Wintour, 2016) and ‘useless’ (Smith, 2017) by UK-based commentators. Scheduled commercial flights using smaller aircraft finally began in October 2017 (Weaver, 2017). British public opinion may be overwhelmingly negative, but local opinion highlights that, notwithstanding its enormous cost per St Helena resident, the airport has enabled lifesaving emergency medical air transport (Henry & Henry, 2016). Construction of an airport had long been locally controversial due to concerns that an increase in St Helena’s ability to pay its own way through tourism would lead to a decrease in the UK government’s subsidy to the island. The socioeconomic impact assessment carried out by the Atkins (2007) consultancy on behalf of the St Helena government prior to the start of airport construction couches its arguments in a large state mindset:

The island has since become increasingly dependent on UK budgetary aid which has increased rapidly over the years. In 2000 budgetary aid totaled £3.2 million and represented a third of SHG revenue, while in 2005/6 it had risen to £6.4 million representing nearly half of SHG total revenue. ... The public sector is the main source of economic activity, accounting for nearly half the island’s Gross Domestic Product (GDP). The island’s economy is highly dependent on imports and has a significant trade deficit. The tourism sector is not a significant source of employment, with revenue accounting for only around 3% of GDP in 2004/5.

The impact assessment regards dependence on aid and public sector employment as negative and reduction of such dependence (and by extension, reduction in aid) as positive. This is not to deny other problems (such as brain drain and population decline) highlighted in the report, yet replacing public sector jobs with tourism jobs is hardly a tried and true path to retaining and attracting skilled labour. In the long run, the partial failure of the airport might prove the best of both worlds: improving local quality of life while keeping the island self-evidently dependent on UK aid. Although the airport was arguably not a great deal from a UK perspective and although continued dependence on UK aid is likewise perhaps unfortunate for the rest of the UK, it is unclear why residents of St Helena ought to be taking a UK perspective.

Such experiences are not relegated to cold-water islands. In Tokelau, a dependent territory of New Zealand, a solar energy development project cost over US\$7 million (Rocky Mountain Institute, 2013), equivalent to around 70% of GDP in an economy in which public administration accounts for a full 89% of recorded output (Government of Tokelau, 2017). In Taiwan’s Kinmen archipelago, local government actors engage in a constant stream of infrastructure projects ostensibly to boost tourism earnings and primary sector productivity but also in large part to sustain employment in the construction industry and public administration (Lee, Huang & Grydehøj, 2017); an economic strategy that may not be sustainable indefinitely but that has been effective for decades.

Not all micropolity infrastructure projects have proved successful or have had a positive impact on their respective communities. One can no more argue that all infrastructure projects are good than one can claim that all strategies are bad within any particular policy area. Hendriksen (2017; translation my own), who is critical of some of the infrastructure projects being planned in Kalaallit Nunaat, is correct that a national approach to spatial planning is necessary to ensure that infrastructure projects successfully balance local

and national needs: “If we only invest locally, there is a danger that potentials will not be optimally exploited. Or worse, that by promoting local development one place, we come to render development impossible other places.” Furthermore, Nuuk in particular has a history of being afflicted by a lack of rational long-term spatial planning (Grydehøj, 2014). Major infrastructure projects may not be problematic *per se*; but some major infrastructure projects may be more beneficial than others.

It nevertheless remains significant that all the aforementioned micropolity projects are hugely disproportionate relative to GDP from a large state perspective. They are all also disproportionately dependent on overseas capital, whether in the form of transfers from a metropolitan or benefactor state, loans from banks, grants from aid agencies, returns on investments, or investment from multinational corporations.

### **Neocolonial development discourse**

Dependence on overseas capital does represent a risk to a micropolity’s economy, though it is worth noting that every state and territory in our globalised world is more or less open to fluctuations in the world economy.

Kalaallit Nunaat’s ability to attract rents may be influenced by, but is not fundamentally dependent upon, whether the territory remains a SNIJ or becomes a sovereign state. As indicated by Puerto Rico’s experiences following Hurricanes Irma and Maria in 2017 (Milman & Holpuch, 2017), SNIJ status does not provide a fail-proof safety net in the event of catastrophe. Significantly, the Self-Government Act agreed upon by the governments of Denmark and Kalaallit Nunaat does indeed set forth how the annual block grant will be reduced over time as the Kalaallit Nunaat state gains increasing income from mineral extraction, yet it neither prevents the current block grant from being replaced by some other funding mechanism nor sets forth that the block grant will decrease alongside rising state income that does *not* derive directly from mineral extraction.

The Danish and Danish-informed expertise that has been offered to Kalaallit Nunaat has generally advocated building resilience by reducing reliance on the public sector and reorienting the economy towards export-led growth with a primary sector focus. Such advice is commonly targeted at micropolities (e.g. Duncan, 2016; Jaunky, 2011; Jayaraman & Lau, 2009), even as it has ceased to be mainstream expert opinion when applied to larger polities. It bears emphasising that primary sector exports-led approaches are rarely pursued with much vigour by the kinds of large states that micropolities might be most inclined to emulate. States like Denmark tend to place policy focus on grounding future economies in skilled services, advanced technology exports, high value-added manufacturing and other areas dependent on primary sector production elsewhere.

In Kalaallit Nunaat, there has long been hope that mineral exploitation (oil, jewels and precious metals) could ultimately help replace the block grant and fund political independence. Thus far, large-scale mineral exploitation activities have not proved successful, and foreign investment has been far lower than anticipated. Yet, even as expert advice has played down expectations for such activities providing a massive boost to the economy, it has continued to cast natural resource extraction as the bedrock of the present and future Greenlandic economy (e.g. Committee for Greenlandic Mineral Resources to the Benefit of Society, 2014). It is impossible to state with any certainty, but one can wonder: is it a vestige of the colonial mindset that causes much of the Danish research and policymaking

community to regard its former colony as capable only of exporting raw materials to the metropole; while the metropole is destined to reap value from the upper echelons of the secondary and tertiary sectors? This question is today more relevant than ever, with heated public debate, separating largely along Kalaallit and Danish ethnic lines, for example regarding the extent to which distributors in Denmark profit from the fishing industry in Kalaallit Nunaat (Juncher Jørgensen, 2018).

The common large state advice to shrink micropolity government by cutting back on public sector services not only runs counter to decades of experience of what works in micropolities but is also often accompanied by demands for ‘good governance’. Thus, the very existence of disproportionately large infrastructure projects is regarded as evidence of faulty decision-making processes by Kalaallit policymakers. Just as the metropolitan state is made the arbiter of the only right way of practising economics, so too is the metropole’s system of government regarded as universally applicable. Anghie (2006) exposes the colonial logic underlying the very concept of good governance. Dean et al. (2017, p. 55) show how metropolitan actors’ demands for increased ‘capacity’ on the part of micropolities “mask the subjective and power-laden nature of the concept (the question of capacity to do what and according to whose agenda), while ignoring their own roles in producing ‘lack of capacity’ by imposing conditions and requirements derived from continental experience.” Poirine (1998) describes the moralistic aspect of overseas aid, in which large states ask micropolities to feel guilty for receiving aid, despite the strategic benefits acquired by the aid givers in return. Sometimes, the person giving you money is the last person whose advice you should take on how to spend it.

Although Kalaallit Nunaat’s very status as a former colony of Denmark is sometimes challenged in the discourse surrounding the Danish-Kalaallit relationship, most prominently by the historian Thorkild Kjærgaard (Hansen, 2014), Kalaallit Nunaat is widely regarded as being in a postcolonial situation (Gad, 2009). Nevertheless, it can be useful to place Kalaallit Nunaat within a *neocolonial* framework as well. As Nkrumah (1965, p. ix) puts it, the essence of neocolonialism is that even a state that possesses “all the outward trappings of international sovereignty” may have “its economic system and thus its political policy is directed from outside.” For Aluli Meyer (2001, pp. 145-146), policies of standardisation and belief in “universalism” represent a “neocolonial trap.” That is, the Western discourse of development insists that, in order to truly become independent, colonised and marginalised places must follow the guidelines and strategies set by the centres of metropolitan power, which leads to a vicious circle of dependence on systems and expertise created for and supplied by the metropole. Neocolonialism is thus less about economic dependence on another polity (given that all places are today more or less dependent on other places) than it is about embeddedness in political, economic and cultural structures determined elsewhere.

The metropolitan rhetoric of capacity and good governance as prerequisites for development often veils demands for the further importation of metropolitan expertise, for the building of administrative capacity at the expense of the capacity to actually make decisions for the public benefit, for economic liberalism that primarily serves elite interests at home and abroad and for the channelling of money away from local economic activity and into the budgets of overseas experts and consultants. The elevation of Western expertise and the Western construction of purportedly universal developmental frameworks represent a betrayal of the promise of decolonisation (Pugh, 2017). Denmark encourages Kalaallit Nunaat to choose its own path; as long as that path leads back to Denmark.

## **Conclusion**

Kalaallit Nunaat is a micropolity, largely dependent on aid from Denmark. Its economy is frequently said to be failing as a result of this dependence; yet if Kalaallit Nunaat represents a failure, it is a very odd kind of failure. Of the 47 small island economies charted by Bertram (2015, p. 37), Kalaallit Nunaat has the fourth-highest per capita GDP, bettered only by the SNIJ financial centres of Bermuda and the Cayman Islands (both of which host extreme inequality) and the highly developed small state of Iceland.

Kalaallit Nunaat's economy can only be said to be failing from a perspective that delegitimises the export of strategic services in exchange for rents and that regards the oft-noted limits to the Danish block grant as a law of nature. Such a stance sees Kalaallit Nunaat as balanced on a knife edge between complete dependence on Denmark and the abyss of economic collapse. It should be no surprise if Kalaallit Nunaat's public and policymakers associate this perspective with Denmark's public and policymakers, given the frequency of media statements by prominent Danish commentators denigrating Kalaallit Nunaat's economy and quality of governance. Yet, what such a perspective really represents is a failure of the *metropolitan* imagination, entranced and entrenched by coloniality, perhaps an unwillingness to see that Kalaallit Nunaat has many potential futures, many potential 'partners' in its journey into independence. The same is true for many micropolities struggling to overcome the tyranny of metropolitan expertise.

I have not sought to argue that large state perspectives on governance and economics are flawed, only that they are not necessarily applicable to the very smallest of polities. Large state economics may be perfectly suited to large states; we just need to be aware of their limits. Neither infrastructure development nor governance practices in micropolities can or should be made to align with large state expectations. This does not necessarily mean that Kalaallit Nunaat needs four transatlantic airports or that the Siorarsiorfik urban expansion is the ideal way forward for Nuuk. But it does mean that informed assessment and potentially criticism of these and other projects must recognise the epistemic foundations of the large state perspective and consider how micropolity economies work in practice.

Kalaallit Nunaat's continued decolonisation requires a Kalaallit perspective on the economy. This may ultimately mean that the Danish block grant is left behind and that Kalaallit Nunaat pursues other rents or other economic strategies. Alternatively, it may simply mean that Kalaallit Nunaat becomes more adept at harnessing its existing rents. In either case, it will require that Kalaallit Nunaat become more comfortable with the decolonial understanding that 'decolonisation' and 'independence' are not about not depending on anyone but are instead about being able to choose and shuffle one's own interdependences on the basis of one's own best interests.

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