

Nordic Cooperation, Scandinavian Model and Cross-Border Integration in Oresund region

November 20th, 2013.

**By Johan Jaouad Malki Jepsen, *Chairman & Founder of OTANES NIT Studies*
& Mostafa Malki, *PhD, Associate Professor of Economics, University of North Texas at Dallas***

What does the Brownsville-Matamoros Metroplex have in common with countries of Denmark and Sweden? At first glance, the answer is probably nothing. Brownsville has just won the race to the bottom and been named the poorest MSA in the country. The countries of Sweden and Denmark both enjoy high qualities of life and economic prosperity.

In matters of complex issues, nothing is better than facts to put things in perspective: the European Union counts almost 500 million inhabitants for 28 member States, among which Denmark totals around 5.5 million (1.1%) and Sweden 9.1 million (1.8%). In contrast, the border region between Denmark and Sweden (the Oresund region) has a population of 3.8 million. Two-thirds of this population lives on the Danish side of the border. This transnational region is the largest (~8052 square miles) and most populated of Scandinavia. Nevertheless, it is less populated than the similarly sized greater Houston area. The Oresund region contains 15 universities, totaling some 140,000 students and 10,000 university faculty and researchers, encompassing several front-line and highly innovative research and science parks. Additionally, they are closely connected to various innovation and economic growth constellations, whose mandate is to focus on business development challenges. This contributes to a robust, high-value added business environment which in turn results in a high level of tax income, a fertile economic environment, high levels of employment and conversely, a very low level of social unbalance, and low crime rates. Today the Oresund region is an important hub for economic activity in Scandinavia and one of the most dynamic economic regions in the world. The Oresund region accounts for 27% of the aggregate of GDP of Sweden and Denmark. It ranks third behind London and Paris-Iles de France (9 million and 12 million inhabitant respectively) in biotechnological and medical research and boasts Northern Europe's greatest concentration of highly educated workers. Some of the largest R&D corporations in Europe have a presence in Öresund (43% of all business R&D in Denmark and Sweden is spent in the Öresund Region).

Denmark and Sweden have not always enjoyed such a high quality of life and economic prosperity. Both Sweden and Denmark were poor and underdeveloped, just a century ago. As the Swedish Professor in global health, Hans Rosling, has rightly pointed it out, most of the countries in the world were "sick and poor" and thereby had similar low levels of development around 1810s, with a very minor favorable exception in the U.K and the Netherlands. As late as the 1880s, Sweden

remained an entirely agricultural economy and many Swedes emigrated en masse to the United States. It was not until the period between the late 1800s and 1914 that Sweden developed the industrialized economy that we see today. To exemplify this movement towards prosperity, it is quite useful to have recourse again to Professor Hans Rosling's illustrative comparisons: Indeed, Sweden in 1830 was at the same level of economic and health development as Sierra Leon in 2007; In 1863, it reached the same level as 2007's Mozambique; In 1891, it was at the same level as Ghana in 2007; In 1921, it was at Egypt's level of 2007; In 1948, year of his birth, the country reached the same level as Mexico in 2007 making him the "Mexican of the family"; in 1974, Sweden was at Chile's level of 2007 (for further information, see www.gapminder.org). One has to bear in mind that famine was a recurrent phenomenon in the history of the country all the way up to the 19th century, and Sweden and Denmark have not always had peaceful relations. So what is the key to the successes Denmark and Sweden enjoy today, and how can the Brownsville-Matamoros region learn from the Danish-Swedish experience? To answer those two questions, we use the cross-border economic integration in the Oresund region and the role of the Oresund committee as an illustration of this integration.

The Oresund region's cross-border integration is relatively young. Indeed, the Oresund's committee celebrates its 20th anniversary this year. Designed as an interest group and a permanent political and administrative coordinating body for the region's elected officials on both sides of the border and a kind of "research and development" unit in charge of the pre-work and facilitation of cross-border integration, it quickly became a key player in the border region between Denmark and Sweden, a sort of stronghold, lobbyist and catalyst for the major actors involved in regional politics as well as in the sociocultural life and economic development. It is designed as an entity of strong cross-border cooperation locally rooted and thereby focused plainly on the region. Furthermore, the Oresund's committee is funded mainly by the region from its own budget through membership subscriptions (approximately 1.9 million USD in 2013) and the Nordic Council of Ministers which is the central organ of the Nordic Cooperation (approximately 230.000 USD in 2013). Some projects of the committee also can be partially financed by special grants from the European Union's funding programs.

Amazingly symbolic in some way, the founding of the Oresund's committee was closely related with the launching of the project of building a bridge connection over the strait between Denmark and Sweden. 20 years later, the committee's assessment is relatively positive. Globalization and the intensification of economic competition worldwide - not to forget the financial crisis - have justified and strengthened its *raison d'être*. But above all, the Oresund's committee has proven by its work and its efforts the all too vital necessity to deal with borders in a whole new way. That is to say, a 180 degree turn was needed concerning the thought and use of borders. In short, it has continuously documented throughout and with its work the acute need of removal of the all too absurd hindrances and obstacles of a border between two neighboring countries if any reasonably sustainable economic development and economic growth will be facilitated and maintained.

If there are three main lessons to learn from the Oresund region's experience, it is first that enhanced, innovative and more efficient governance at the very regional level can make a difference. This implies a new synergic thinking and new organizational models more suitable for the actual regional challenges and potentials. Secondly, the focal level of awareness and assessment needs to be brought up to date in many aspects, especially by rethinking strategically the very idea of border and its functions in a global competitive environment which at the end of the day are rooted and felt at the local level. This implies at the same time thinking global and acting local and thinking local and acting global. That is to say, issues have to be thoroughly assessed and examined and decisions made from the critical standpoint of what is beneficial for the local community, considered as a coherent transnational or cross-border area and not anymore as a divided and antagonist region. Thirdly, it is quite obvious that a true and deep faith in the virtue of an economically integrated border region as well as a strong determination and commitment needs to be a broadly shared key value amongst the key members of the leadership in the region, that is to say on both side of the borderline and at least and to start with amongst the political decision makers and the business community. A clear vision and recognition of mutual interest and challenges need to be shared in order to enable communality in the border area of a coherent transnational type.

It is also obvious that with some necessary alterations, the Oresund region's experience can to a large extent be emulated in other border areas around the world like the Brownsville-Matamoros border region or at least be a source of inspiration. The awareness of the potentials, the virtue and the necessity of an economic integration as well as the determination and commitment of the regional leadership are today unquestionable. Furthermore, the NAFTA framework can be seen in many aspects also as a kind of cooperation framework. Additionally, it is objectively in the interest of both the US and Mexico that such economic integration takes place and succeeds.