

## **The OISD/UBCO/MSU IISRE Initiative: Update, Report and Recommendations**

Memorandum January 27, 2005

In an OISD deductive discussion paper and a PowerPoint presentation of February 2004, a discussion was initiated between OISD, UBCO and MSU. The major premise in the paper is to establish a joint institute with participation from governments and the private sector, and with facilities in the UBCO and MSU regions in Canada and Sweden – the **International Institute for Sustainable Regional Economics (IISRE)**.

It is assumed that anybody that is receiving this report has read the discussion paper.

Since February 2004, the initiative has been discussed with memorandums and meetings, involving the Chancellors of both UBCO and MSU, and governments and private sector participants in both Canada and Sweden. In Sweden, Christer Fröjdh and Sture Petersson of MSU and Lars Nelvig of Västernorrland County Administration, are facilitating the initiative. In Canada, Ray Strafehl and Kell Petersen of OISD, and Louise Nelson and Peter Wylie of UBCO/OUC are spearheading it.

Between December 9 to 15, 2004 meetings were held between OISD (Ray Strafehl and Kell Petersen), OUC/UBCO (Peter Wylie) and representatives for MSU and allied government and private sector participants in Sweden.

The consensus in these meetings was to try to move the initiative forward. The purpose of this memorandum is to;

- a) summarize the results of the meetings in Sweden (see appendix)
- b) make recommendations for further discussion and decisions
- c) keep the discussion engaged and provoke thinking

We have chosen to begin with the recommendations followed by supporting documentation. It should be stressed that the recommendations should be seen as a framework for discussion and for agreement and decision in principle. Details can be developed after an agreement has been reached and a decision taken.

### **Our Recommendations Are That:**

1. A Memorandum of Understanding should be exchanged between OISD, UBCO and MSU, with the purpose of outlining the continuation of the initiative. The current two interim informal groups in Sweden and Canada should be formalized with the task to manage, supervise and move the initiative forward in each region, with representation from the natural sciences and social sciences at UBCO and MSU, local and regional governments, the private sectors in each region, and OISD.

2. During a transition period, it is recommended that OISD continues to facilitate and administer the initiative, while reporting to the board/committee in Sweden and Canada. It is recommended that Ray Strafehl and Lars Nelvig continue their liaison facilitation functions, through OISD, in Canada and Sweden respectively.

3. The Swedish and Canadian committees should each choose a Chair and a Co-Chair, and, facilitated by OISD, should each draft interim by-laws governing each committee as needed. The committees should then form a joint board/committee, with the task of managing the overall and mutual development of the initiative. For an acting period of one year or as the board decides, it is recommended that the Chair of the Swedish Committee should be the Chair of the joint board, and the Chair of the Canadian Committee should be the Co-Chair. If the board/committee so chooses and on the recommendation of the Chair and Co-Chair or board members, the board may elect Vice Chairs, a Treasurer, Secretary, executives and other staff categories as the board may determine.

4. Seed funding needs to be provided from the UBCO and MSU regions. Sweden and Canada should each inject \$150,000 (one hundred and fifty thousand Canadian dollars) for a total of \$300,000 into the initiative and subsequently managed by the board/committee. This amount should be used to immediately move the initiative into an operative research stage that offers economic and social value to the communities, in the following ways, to:

Allow OISD to administer the initiative with the Canada and Sweden liaisons, to identify possible medium-term funding sources for the operation of the institute from relevant agencies in Canada and Sweden, to prepare a detailed business plan and other informational documents required for the funding process, and to prepare and submit bylaws and charter documents to the relevant agencies. The business plan should detail the proposed operation (student and scholar exchanges, research seminars, workshops, contracts, lecture series and conferences etc) and proposed governance of the institute.

Organize and prepare a joint UBCO/MSU/OISD conference to be held in Kelowna, with participation of 10-15 participants from the MSU region, and 10-15 from the Okanagan region, drawn from faculty in the natural and social sciences at UBCO and MSU, and from regional governments and private sectors. A theme for the Conference might be: How can social and natural sciences researchers at UBCO and MSU collaborate to help identify and address problems that hamper sustainable regional prosperity and quality of life in regions such as their own and globally.

Prepare, as a result of the conference, but also engaging additional work from faculty in the natural and social sciences at UBCO and MSU, the regional governments and the regional private sectors, a detailed comparative analysis of the UBCO region in British Columbia with the MSU region in Sweden. The analysis must identify and study issues in the allocation mechanism that currently hamper investment in sustainable economic production to the erosion of social and economic well-being in the two regions. It must analyze government monitoring, information and intervention methods and systems in the two regions, identify research needs and formulate approaches to finding solutions for sustainable regional development. Both the conference and the analysis must function as conduits for the identification of research issues for the subsequent attention of the institute.

### Rationale for the Institute

In support of the above recommendations we offer the following rationale and framework for the proposed IISRE.

Regional economies are composed of a complex mix of production and consumption activities that depend on the allocation of scarce resources that have alternative uses. The allocation mechanism, either through markets or governments, is the mechanism that determines the pattern of consumption and production of products and services, and it is this pattern that determines social well-being. Components that influence and determine this allocation mechanism are individual producers and consumers working through markets, money and finance, government, knowledge, politics, bureaucracy, and the stock of natural, human and capital resources.

In democratically-governed mixed monetary economic systems such as found in Canada and Sweden and hence, in the MSU and UBCO regions, society depends on the private and government sectors to meet their respective roles in the economy. The private sector invests in economic production, pursues profit, and distributes wealth through employment. Government's role is to provide the goods and services that the private sector fails to provide, to provide goods and services that the voters have decided should be excluded from the private sector, to monitor the allocation mechanism and intervene before issues, unsolved, escalate into adversity, and to regulate the private sector to meet social goals. The government is accountable to society for the behavior of the private sector and for its own behavior. Failure in either sector - private and government - inevitably causes allocation problems and subsequently a loss of social well-being.

What is needed in the MSU and UBCO regions is socially relevant research on identifying and addressing problems in the allocation mechanism that hamper sustainable regional prosperity and quality of life in these respective regions. This research must engage both of the universities and their communities, and both the natural and social sciences. In this way UBCO and MSU research can assist their local regions, and other regions in the global economy, in improving resource development and allocation, from which stems regional prosperity, health and welfare.

The general rationale for the interdisciplinary approach of the institute, involving as it does both the natural and social sciences, is that just as it is inappropriate to attach value to science and technology outside of its social and economic context, it is also inappropriate to discuss economic development without understanding the scientific and technological context upon which it depends. Social science and economics address issues and formulate solutions to the socioeconomic and ecological issues society faces. The problem is that social science and economics cannot develop the technological solutions without the use of the natural sciences. It is only through **cooperation and collaboration** between the **natural and social sciences** that research can develop the **sustainable** economic solutions society needs.

Failure of voters to cast their ballots based on valid and reliable information causes the ultimate failure of democratically-governed mixed economies. Just as consumers must give signals to producers to provide the goods and services they want, voters must give signals to their political communities to provide the kind of society they want, and what services they want government versus private sector to provide. The institute founded on

UBCO and MSU research can produce information to the government and private sectors on issues society is facing and suggest alternative solutions, leading to a more efficient allocation mechanism in the respective regions. Information on fundamental strategic issues challenging the regional quality of life will in this way be extended by the institute beyond the walls of the regions' respective universities and governments and into their democratic communities.

The region is becoming the critical political unit for analysis of socio-economic and ecological issues. This stems from the so-called globalization paradox – as economic and social interaction is increasingly global, the determinants of our regional society's place in this globalizing economy are increasingly local. Regions such as those of MSU and UBCO that are peripheral to the major growth poles in the global economy require unique analysis and solutions.

Knowledge is one of the key resources that make possible the optimal working of the allocation mechanism into production and consumption for maximizing social well-being. The University's role is to provide the knowledge that is critical to society. This knowledge no longer depends on how the private sector, governments, and universities perform independently, but increasingly, on how they co-operate through research institutes such as the one proposed.

The MSU and UBCO regions are both heartland regions that create value for metropolises outside of their region such as Vancouver and Stockholm. New ways must be found to sustain these heartlands in order to sustain prosperity for both themselves and their metropolises. Moreover, new ways must be found to add more value in these heartland regions using less non-renewable and irreplaceable resources. The renewable and creatable resources of these regions, such as knowledge, must be augmented. The comparative approach of the institute will do much to advance thinking in this area by each region being able to learn from the research and problems of each other and will lead to more creative respective solutions.

### **Potential Work of the Institute**

A possible institutional mission might be to find new ways of adding value in regional development using fewer resources. The institute should identify, analyze and research market failures and issues facing society, including the issue of "identifying what we do not know" and gather together interdisciplinary teams to carry out research and to formulate approaches to solutions. The detailed comparative analysis of the UBCO region in British Columbia with the MSU region in Sweden would function as a conduit to identify research issues. However, the following are already identified issues, subject to confirmation in the comparative analysis:

In the area of money, finance and capital markets, the institute could attempt to identify the information, liquidity and transactions failures that hamper investment and the monitoring of that investment in small and medium sized business in regional economies. The institute could attempt to identify potential technological solutions in the natural and computational sciences to overcome these failures, at home and globally.

In the area of economic development, the institute could provide independent, unbiased and critical analysis of existing regional development strategies and initiatives from the social and natural sciences perspectives within the universities.

In the area of innovation, the institute could compare the regional innovation systems in both regions, involving the dialogue between universities and firms and local governance in innovation, and the lessons to be learned from each.

In the area of governance, the institute could compare the nature of the economic and governance systems, in particular the structure of the government and taxation systems in both regions and the lessons to be learned from each in their compatibility with encouraging social well-being. This could be expanded to involve other regions of the world.

In the area of higher education, the institute could attempt to identify new needs for management education, particularly in relationship to entrepreneurship and the management of knowledge and technology in small and medium sized business in regional economies such as those of MSU and UBCO, for production for the international market.

In the area of sustainable regional and urban planning, the institute could develop metrics of sustainability and examine the UBCO and MSU in relation to these metrics. Is regional growth adding or subtracting value, that is, is it sustainable? It is sustainable if it adds more value that takes away from the regional economy, with the evaluation of that economy placed within its full environmental context.

In areas involving First Nations in Canada and the Sami Community and Sami Parliament in Sweden. The institute could examine paths and institutional structures for sustainable economic development on First Nations lands. Also, how First Nations and Sami initiatives and perspectives can inform sustainable development of the UBCO and MSU regions, and how First Nations can become full and equal partners, along with regional governments, universities and colleges, and the private sectors, in the sustainable development of these regions.

Entomology and pest management and allied issues in relation to the forest sector are other areas of potential research. There is leading-edge pheromones research and research in advanced sensor technology at MSU, which ties in to forest management research at both MSU and UBCO, in cooperation with private forest sector research, for example, the cooperation between MSU and SCA, the latter Swedish company being largest private forest owner in Europe.

In the area of social welfare, the institute could compare the health care and social welfare systems in the MSU and UBCO regions, and the lessons to be learned from each in their compatibility with encouraging social well-being.

In the area of healthcare, interdisciplinary research programs involving neuroendocrine and economics might be examined, to better understand how economic-socio-psychology, government policies, and biology interact. There is a social and economic need to more comprehensively understand how behavior in government and the private sector involving the healthcare system impacts public health, the environment, work, personal relationships and the community. Indeed, inefficiencies and excess spending and consumption of healthcare, if at the expense of investment in economic production, education, research, and other socio-economic and ecological needs, might paradoxically undermine the maintenance of good public health in a community.

In the areas of agriculture, food, biotechnology, forestry, and water ecology, the institute could attempt to identify in the Okanagan and the MSU and other regions of Sweden the needs for development in these areas including increasing value added using fewer non-renewable natural resources. Special interest could be attached to the increased centralization and distribution of the food supply, and to the issue of community food systems.

In the areas of digital communities, information technology and electronics, the institute could attempt to identify issues in the allocation mechanism related to information and transaction shortcomings that hamper, for example, investment and development of economic production in small and midsize enterprises in the Okanagan and the MSU regions. Also, the potential economic impact of information technology in healthcare, care for the elderly, e-business, e-government, and e-democracy for community involvement in their respective political systems.

**Appendix: Summary of Meetings in Sweden**

Ray Strafehl and Kell Petersen of OISD, and Peter Wylie of UBCO/OUC, had five days of meetings in the MSU region in Sweden Thursday December 9 – Wednesday December 15, 2004, with travel to the MSU region occurring December 6-8, and from the region, December 15-16.

Dec 8/19.00; arrival in the MSU region.

Meeting # 1 – Dec 9/11:00; with Lennart Bergström, MSU, Project Leader for the “Samhällets Informationssystem” A discussion of research opportunities in e-government and associated issues.

Meeting # 2 – Dec 9/13:00; discussions regarding the proposed institute with Christer Fröjd, Sture Petersson (Dean), Hans Höglund and Lennart Bergström. Hans is a leading researcher in paper technology specialized in mechanical pulping, and has a special assignment in the regional development within “Åkroken”, Palle Sjölander’s EU project.

Meeting #3 – Dec 10/10:00; with Hans-Erik Högberg, Professor in Organic Chemistry with his co-researchers Erik Hedenström and Kristina Sjödin, with discussions on pheromone research in relation to pine and other bark beetles, and the role of public research in organic chemistry in improving forest management.

Meeting #4 – Dec 10/14:00; further discussions with Christer Fröjd and Sture Petersson, in particular work in electronic sensor technology (e.g. in forest fire warning systems), energy-sensitive and medical imaging, broadband issues, and a tour of the impressive electronics and computer science research facilities at MSU.

December 11, 12, weekend activities

Meeting #5 – Dec 13/10.30; St. Lucia celebrations, and then a lunchtime meeting in Härnösand with Palle Sjölander, County Administration of Västernorrland, Länsstyrelsen, with a discussion of “Åkroken”, the EU project that he leads in regional development.

Meeting #6 – Dec 13/13:00; with Lars Gunnar Rönnqvist, Kurt Johansson and Ulla Johansson, all of County Administration of Västernorrland, Länsstyrelsen, Härnösand. A discussion of the proposed institute in relation to “Vision 2010” the economic development strategy for the MSU region.

Meeting #7 – Dec 14/09:00: with Christer Strandberg, Business Administration, MSU, a discussion of customer relations and regional development issues.

Meeting #8 – Dec 14/13:00; with Örjan Petterson, Managing Director SCA Graphics Research. A discussion with emphasis on SCA’s R&D cooperation with MSU. Örjan is chairman and member of Steering Committee of the Fibre Science and Communication Network, which includes other industry members from the forest sector and members of scientific community. Also a tour of the impressive SCA/MSU joint research facilities

Meeting # 9 – Dec 15/9:00; with Lars Nord, MSU Demokratiinstitutet ([www.demokratiinstitutet.com](http://www.demokratiinstitutet.com)) A discussion of Lars’ research in e-democracy and related issues.

Meeting #10 – Dec 15/10:00; with Christer Strandberg and Olof Wahlberg both of Business Administration, MSU. A discussion of our joint interests in regional economics, IT for market knowledge and business systems, and business investment angels' solutions for SMEs, call centres for regional development, the importance of communications and social information systems for mobilizing local tourism and destination development, and local partnerships and strategic alliances in local urban and rural development projects.

Meeting #11 – Dec 15/11:30; with Thomas Lindstein (Vice Chancellor MSU), Christer Fröjd, Sture Petersson (Dean), discussion of the proposed institute.

Meeting #12 – Dec 15/12:00; lunch with Thomas Lindstein, Christer Fröjd, Sture Petersson, further discussions. To make further contact with Susanna Ohman, new Chair of Social Sciences, MSU.

Dec 15/13:30; departure from the MSU region for return to Okanagan December 16, 2004.

### **Note of Appreciation**

We wish to thank everyone we met in Sweden for the kind reception, productive meetings and the many good laughs. Special thanks to Christer Fröjd for hanging in there and being able to understand Kell. The same to Lars Nelvig for arranging everything and to Chancellor Thomas Lindstein for his imperative support. A warm thanks also to the people at the Government County Administration and to SCA and Örjan Petterson for the informative meeting about their research cooperation with MSU. Special thanks to Alf Dahlin and his giant Schnauzer Nixa, for his support for the initiative and for opening up his home and providing us with accommodation during our stay - we had a hard time to leave. We look forward to seeing you all over here and to meet you all again!!!

**Photos on following pages:**



**Mid Sweden University**



**Peter Wylie, Kell Petersen, Lars Nelvig – MSU**



**Peter Wylie, Lennart Bergström, Sture Petersson, Kell Petersen, Christer Fröjdh, Lars Nelvig, Hans Höglund**



**Kell Petersen, Peter Wylie, Kristina Sjödin, Hans-Erik Högberg, Erik Hedenström**



**Lars Nelvig, Peter Wylie, Kell Petersen – SCA Graphic Research: Örjan Petterson, Managing Director**



**Christer Fröjdh, Thomas Lindstein, Sture Petersson**



**Demokrati Institutet, Lars Nord – Kell Petersen, Peter Wylie, Ray Strafehl**



**Kell Petersen, Peter Wylie, Lars Nelvig, Christer Strandberg**



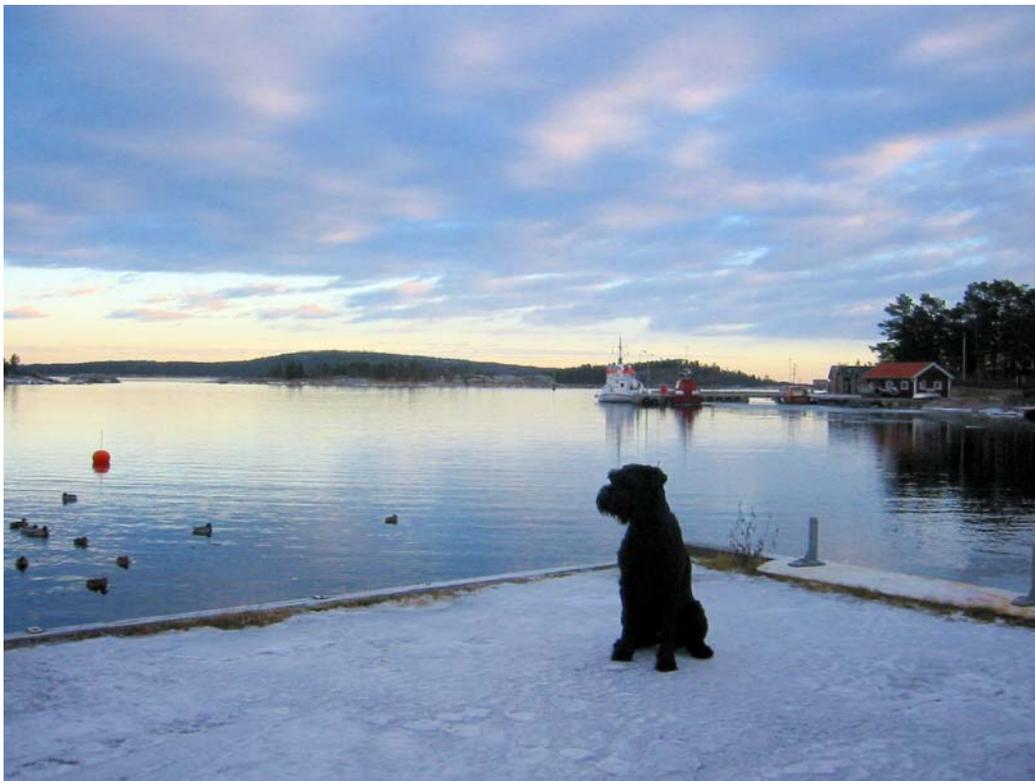
**Peter Wylie – County Administration: Ulla Johansson, Lars Gunnar Rönnqvist**



**County Administration Presentation**



**Kell Petersen – Länsstyrelsen Västernorrland: Kurt Johansson**



**Nixa**