

The Nordic countries have always been sparsely populated. People have been scattered over vast areas. To gather force, they must communicate.

In the old days, the seas were the answer. The Vikings mastered the waves; the Danes dominated the Baltic. The transit lines to the German coast were the key to the amazing success of the Finns and the Swedes in the Thirty Years' War.

But maritime travel was not enough. To mobilize the resources of the countries, inland communications became more and more crucial. The architect of the modern state in Sweden and Finland was Axel Oxenstierna, chancellor of the realm for more than 40 years. In his days, copper, iron, and tar were the most important export products. All of them were hidden in the inland. At the outset, they could only be brought out during the winter, when lakes and rivers were frozen.

Oxenstierna opened the inland. He initiated road-building on a grand scale; not only did he build roads, but communities as well, as peasants were needed to hold the horses that travelers had to change every now and then.

Some 200 years later, Sweden prepared itself to enter the era of industrialization. The crucial politician was the then Minister of Finance, Johan August Gripenstedt, who joined the Cabinet in 1848 and gradually became its most influential member. He was instrumental in modernizing the economy – he negotiated Sweden's adherence to the free trade system, he actively pushed the introduction of the metric system – but first and foremost, he brought about the modern railway system.

The third observation relates to the development of mass industrialization in the middle of the last century, with the tremendous expansion of the road network in the Nordic countries from the 1920's onwards. It was this effort that integrated our countries and our domestic markets, and were the ultimate precondition for the development of the welfare state.

Over the last 25 years, I have been preoccupied with the interplay between demography and the economy. In all the Nordic countries, the WW2 baby boom is about to leave the labour market, to be replaced by the much smaller cohorts of the 1980's. This poses great strains on growth. As the labour force is shrinking, much more will be demanded in terms of productivity.

When you look for means to enhance productivity, you come across education, investment, wage formation, the organization of the work place – but not least, the right man and woman in the right place. As the turnover of employment accelerates, the need to be mobile increases. The preservation of the welfare state demands a smoothly functioning infrastructure, that permit people to find new work in other places than where they actually live. I was brought up in Skåne, in southernmost Sweden, which was industrially devastated in the turbulent 1970's – but the development of the regional road

and railway network has worked wonders to integrate a dozen labour market regions into a single one, which contributes to higher employment.

Looking even further ahead, I have argued the potential inherent in closer Nordic cooperation, perhaps with a Nordic federation as the ultimate goal (Swedish:

<http://www.norden.org/sv/publikationer/publikationer/2010-582>; English:

<http://www.norden.org/sv/publikationer/publikationer/2010-583>). A Nordic federation would carry greater international weight, but it would also permit an acceleration of growth rates in Member States. But that Federation would put increasing demand on infrastructure development; on virtual as well as physical communication, on travel by air, by sea, but first and foremost by rail and road, as the networks that allow individuals, companies and society the greatest flexibility.