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## Interregional Cooperation in Europe: An Introduction

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### 1 Introduction

Until recently, interregional cooperation in Europe had not been identified as a major issue by public opinion and national policymakers. However, the process of fragmentation of many national entities, as has occurred in Eastern Europe, and the gradual removal of national barriers in Western Europe highlight the increasing importance, or even the necessity of, interregional cooperation as a factor promoting the process of European integration.

In fact, the recaptured political freedom and the process of internationalisation lead to a resurgence of ethnic and cultural values so long repressed. On the other hand, the internationalisation of national economies only apparently implies a shift of power to supranational institutions, and leads instead to a greater specialisation of each regional economy in its comparative advantage and to the need to mobilise endogenous resources and to rediscover regional identities, as regions are spaces where a higher internal solidarity may help in facing the challenges of international competition. In particular, interregional cooperation favours a greater autonomy from national institutions and it provides a response to the aim of coping with the interregional spillover effects created by the increasing interdependence between regional economies, while avoiding a concentration of power in supranational or national organisations.

The economic literature on this subject is still not extensive and that which does exist is fragmented in various contributions presented at different conferences, mostly of a regional or national character. It seemed useful, therefore, to ask a selected number of European experts in this field to contribute to this book—to illustrate the results of their research on this topic. This has certainly required a greater effort from authors, but it has also enabled an updated framework to be created for the state of the art of interregional cooperation in Europe. The choice of papers has been guided by two complementary criteria, as the aim has been both to cover the various geographical areas in Europe, from the Nordic to the Mediterranean countries, and to analyse interregional cooperation experiences from various functional perspectives, ranging from technology, to transport infrastructures, to institutional issues.

The book is organised into three major sections. The first section includes chapters in which the authors highlight (a) the role of borders as barriers and as an interface between the various countries and regions and (b) the impact on the structure of the European territory that a reduction

in these barriers may have. The second section contains chapters which are focused on (a) the various factors which justify interregional cooperation from an economic perspective and (b) the institutional and organisational characteristics of cooperation schemes between regions. Finally, the third section includes various chapters in which the actual experiences of interregional cooperation in various policy fields are analysed and stimuli and obstacles to interregional cooperation are illustrated.

As all the authors deal with very similar issues, although from different perspectives, rather than summarise each individual paper, it seems more useful to highlight the most important issues which have been raised by the various authors and which indicate that a substantial degree of consensus exists among them.

## 2 New regions in a borderless Europe

The removal of national barriers within the European Community, and the development of economic and political relationships with the European countries external to the EC, imply a new geo-economic order in Europe and a change in the hierarchical relationships between the various regional and urban production systems (CEC, 1991). As indicated by Hingel and Veggeled, interregional cooperation will lead to a change in the spatial organisation of Europe. However, there are different criteria which may be adopted for a redefinition of the regional concept in a European perspective. Therefore, next to the criteria of economic, social, and ethnic homogeneity, or that of polarisation and accessibility (which, as indicated by Rievelde, are traditionally relevant for defining regional units), a new regionalisation criterion may be represented by the sharing of a joint strategy of future development, as this may be a crucial factor favouring a common sense of regional belonging.

Thus the European territory may be subdivided into various types of regions, such as:

- (a) actual administrative regions, which define the spatial framework of regional powers of self-government;
- (b) historical regions, which are based on the principle of homogeneity and, to a large extent, correspond to the 15th-century city-region states. They may define the spatial frameworks which have common cultural values and have common regional identity and thus may also have a specific common 'image' to be promoted at the European level;
- (c) new meso-regions, which are based on network relationships among various urban centres and indicate new development trends.

Meso-regions are characterised by a relative spatial contiguity and may comprise regions which are 500 km to 800 km apart from one another. They are also to a certain extent based on a common identity, on reciprocal trust, and thus on a common sense of belonging; factors which represent a precondition to defining a common development strategy.

A peculiar characteristic of an interregional approach is the fact that it is leading not to new rigid boundaries but to a patchwork pattern of overlapping jurisdictions or to a variable geometry of multiple transnational cooperation networks, as indicated by Hingel, Cappellin, van der Veen, and Figueiredo. In fact, the increasing cooperation between firms within the European economic system and the need to create modern infrastructural networks between the various European urban centres and regions is linked with the identification of new groups of regions and countries at a transnational scale; groups which represent new transnational meso-regions within the European economy. These meso-regions are characterised by a higher than average internal level of economic integration, and this justifies the creation of cooperation schemes or alliances between the various regions which belong to them. On the other hand, global competition concerns not only individual firms but also the various national and regional production systems.

Thus, the European economy may be interpreted as an urban system made up of a combination of various urban networks or large European meso-regions which have a transnational dimension (Cappellin, 1988; 1989), as indicated in figure 1. Within these urban networks, cooperative relationships based on the specialisation and complementarity of each individual urban centre or region prevail, whereas competitive behaviour prevails in the relationships between these individual urban networks or meso-regions at a European scale.

In particular, each national area can be subdivided into two or more areas which can belong to different European meso-regions. Moreover, each meso-region can be defined in a way that includes regions belonging to three or more nations. Therefore, the fact that a region belongs to a specific national community does not exclude, and may on the contrary be complementary to, the fact that this region also belongs to a large interregional transnational community. In fact, the creation of European meso-regions is a factor conducive to a greater integration of the various national economic systems at a European level.

These meso-regions suggest new strategic frameworks in the promotion of regional development. They are abstract ideas, symbols, visions, or strategic instruments which aim to mobilise resources in order to solve common problems. They do not correspond to existing territories but may indicate future territories and certainly correspond to the actual tendencies that may be perceived by an expert analyst.

These large meso-regions identify new development axes which insure a greater European cohesion in territorial terms, and are of special importance from the perspective of a policy of 'amenagement' of the European territory. Vickerman illustrates the impact of large transportation projects on interregional cooperation, and many of the other authors in this volume underline the fact that national authorities design infrastructure networks

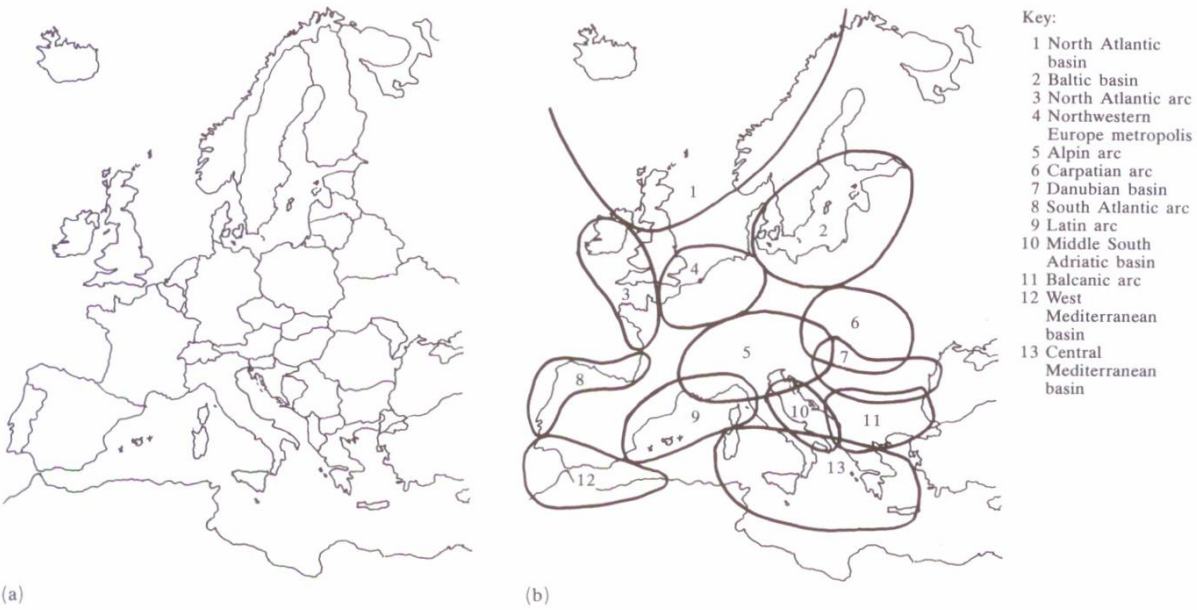


Figure 1. (a) The Europe of nation-states. (b) The Europe of regions.

in their own national interests and that reducing transport barriers is a major objective of cooperation between border regions.

Within each meso-region each individual urban centre should develop infrastructural links and economic, financial, and technological relationships with the other urban centres of that meso-region, as well as with other European meso-regions. This seems a precondition for a meso-region to represent an internally integrated subsystem which could compete at the European level with other European transnational regions, or could develop positive relationships with other neighbouring countries and regions both in Europe and in the Mediterranean basin.

The chapters by Pedersen, Horváth, and Funck and Kowalski indicate that interregional cooperation schemes may represent a key strategy in promoting economic growth, and that these schemes have been initiated or are at least discussed even in Eastern Europe, where nationalism seems to have been an almost inevitable consequence of recaptured freedom after the removal of the Iron Curtain and of the social tensions created by a fast transition to a market economy.

Many chapters, such as those by Figueredo, Vickerman, Quéviti and Bodson, Pimpão, and Brenner refer to EC regional policy and especially to recent programmes such as INTERREG (for development in border regions) and RECITE (Regions and Cities for Europe). An open question is still whether the EC is willing and able to perform the role of network incubator, or if it can play only the more limited role of supporter of specific projects by already existing networks.

### 3 Three international organisational paradigms

A transnational interregional perspective represents a challenge to two traditional views of the process of European integration. In fact there is an increasing consensus that it is too restrictive to base an approach to European integration on only the creation of a *European Single Market*, or a European economic space, characterised by:

- (a) the abolition of the various obstacles to the international movement of goods, services, capital, and people;
- (b) the creation of a common legal framework which would ensure equal competitive conditions for all firms;
- (c) a monetary system which would ensure the stability of exchange rates; and
- (d) a convergence of the inflation rates and of other macroeconomic indicators, which would ensure a stable framework for exports and international investments of the firms.

On the other hand, another conception of the political and institutional development of European integration, which differs from the previous one in its greater attention to microeconomic aspects and in its dependence on the need for specific public interventions in the process of European integration, is the traditional conception. This has been elaborated since

the 1950s and is a *European Community*, characterised by:

- (a) the overcoming of those national conflicts which had given rise to two world wars;
- (b) the mass-production model;
- (c) the power of multinational firms;
- (d) the harmonisation of national regulations and their replacement with a European legal system;
- (e) the homologation of local cultures and the overcoming of national diversities;
- (f) the development of a European culture;
- (g) the development of a European identity and of a European nationalism;
- (h) the development of supranational institutions with a hierarchical power with respect to those of individual nations;
- (i) a decrease in the powers of national institutions;
- (j) an instrumental alliance with regional institutions; and
- (k) the gradual extension of the powers of the EC even in those fields in which regional institutions are competent.

However, this conception of European integration also seems increasingly to conflict with the actual trends in European economy and society. In fact, since the 1980s a new conception has gained strength; namely a *Europe of regions*, or the European federalism, characterised by:

- (a) the internationalisation and innovation process in the individual regional and national productive systems;
- (b) a model of flexible production;
- (c) the development of network organisational forms, not only at a local level but also at an interregional level;
- (d) the increasing role of small and medium-sized firms in international markets;
- (e) the increasing integration or internationalisation of regional and national productive systems;
- (f) the claim of autonomy and self-government by regional institutions and the increasing consensus on the principle of subsidiarity;
- (g) the increasing perception of the value of regional and national diversity;
- (h) the discovery and development of transnational historical, social, and cultural identities;
- (i) a flexible geometry of interregional and international cooperation relationships;
- (j) the development of nonhierarchical relationships based on partnership between national institutions and regional institutions in joint programmes; and
- (k) the development of specific European programmes, additional to, rather than instead of, regional and national programmes.

The typically federalist perception of the Europe of regions differs from that of the European Single Market in that interregional flows are not perceived in a functional way or as controlled by a global system of multinational

or transnational firms, but as the effects of the interdependence and integration between the different regional productive systems. On the other hand, the Europe of regions is a concept which is different from that of a supranational European Community, as regionalism and the claim for regional self-government are based on the belief that economic development in individual areas depends mostly on the capability of local initiatives and on the exploitation of synergies among the local resources.

As indicated in the papers by Hingel, Veggeland, Cappellin, Pedersen, Horváth, and Steiner and Stern the process of interregional cooperation has profound implications for the very characteristics of European integration. Interregional cooperation implies a bottom-up or grass-roots approach to European integration. This seems to justify a thorough analysis of the characteristics of concepts such as those of regional administrative autonomy, regionalism, federalism, or nationalism which are often used in a rather contradictory manner.

In abstract terms, the distinction between the three different concepts of a European Single Market, a European Community and the Europe of regions is similar to that between the three different organisational forms of the modern theory of the firm, but also to the three principles at the base of liberal-democratic thinking. Therefore, it is possible to identify three different organisational-institutional models or paradigms, each of which is characterised by an internal logic, implying a tight interaction between concepts related to the organisation of relationships between firms and to the forms of political and institutional relationships as indicated in table 1.

In particular it is worth underlining the tight relationship between federalism and modern organisational forms of the economic system and of the individual firms. Federalism or regionalism correspond to a paradigmatic transformation of the structures of society, economy, and production technologies in Europe (Cappellin, 1990; 1992). Federalism ensures a greater decentralisation in the decisionmaking process and therefore represents an institutional form, which is more suited to a socioeconomic system that is more articulated, culturally more advanced, and technologically more complex. Therefore, whereas federalism is typical of an 'open system' logic, centralism is typical of a 'closed system' logic.

The internationalisation of economies or the integration of local and national production systems, on the one hand, and regionalism and federalism in the government structures of economy, on the other hand, are complementary phenomena. In fact, it is typical of regional economies to imply a tight integration not only of product markets but also in terms of the flow of production factors. Thus the internationalisation process transforms nation-states into large regions which are highly heterogeneous, and this leads to the need for a regionalisation of individual national systems.

It also seems important to underline the tight complementarity between the concepts of regionalism or federalism and those of cooperation and

solidarity which, being based on individual consensus, seem rather distinct from those of an equity imposed by a superior authority and of legal rights to public transfers. Moreover, separatism is more like centralism or nationalism than regionalism. In fact, centralism implies opposition to developing those flexible forms of integration which are a typical characteristic of regionalism and the oppression of ethnic minorities, and this may lead to separatism, which is in fact a form of micronationalism. Thus the centralistic power of the nation-state not only is the main factor of the lack of unity at European level, but also is often the factor which leads to division of the individual national communities.

**Table 1.** Organisational forms and models of institutional integration.

	Free market model	Centralistic model	Federalist model
Organisational forms	market atomistic competition	hierarchy mass production	cooperation flexible production
Organisational principles	initiative responsibility efficiency	authority legal rights economies of scale	self-government synergy flexibility
Interaction logics	competitively monetary exchange interdependence	homogeneity control/ dependence coordination	differentiation influence/ leadership negotiation
Geographical framework	homogeneous space	administrative units	territorial production systems
Negative effects	hegemonism economism liberalism	bureaucracy assistance dirigism	conflicts assemblicarism veto power
Political ideals	liberté	égalité	fraternité
International relations	free trade	mercantilism	complementarity
European integration	Single Market	supranational community	interregional federation
Negative developments	economic/political disequilibria	nationalism/ separatism	confusion/ impotence

#### 4 The principle of subsidiarity

The economic foundation of federalism is represented by the principle of subsidiarity, according to which each function should be attributed to the lowest efficient decision level within the hierarchical system of relationships between regions, nation-states, and the EC. Therefore, functions should

not be transferred to a superior level when they can be efficiently exercised at a lower level.

The subsidiarity principle, on the one hand, implies a limitation of powers of national governments and of the EC and, on the other hand, can lead to greater efficiency in national government, and in the EC, which, being free from disparate competences, may gain in terms of greater flexibility and may concentrate efforts in policy fields which have a specific national or European dimension.

In particular, the policy fields for which the regional level seems to be the optimal decisionmaking level in a modern economy typical of that of most European countries are:

- (a) territorial planning, infrastructure, and environment;
  - (b) vocational and higher education, and applied research; and
  - (c) industrial and innovation policy for small and medium-sized economies.
- In fact, the ineffectiveness and inefficiency of national administrations in these policy fields is demonstrated by a long-term record in most countries.

As the extent of regional autonomy according to the subsidiarity principle depends on the criteria of efficiency, the actual solution may be rather ambiguous and depends on the specific country and region concerned, and especially on the different approaches adopted in the specific policy fields considered. Thus a traditional industrial policy based on financial incentives may be managed more efficiently at the national level, whereas a modern industrial policy based on innovation promotion and on intersectoral technological interdependencies could be more efficiently organised at the local level. Therefore, there is a mutual interdependence between changes in the approach to economic policy and changes in the optimal institutional solution to the relationships between regions and nation-states.

However, a further limit of the subsidiarity principle, apart from its relative ambiguity, is its hierarchical character, as it explicitly takes into account only vertical relations between the regional, the national, and the EC levels. Therefore, it would imply a shift to higher levels of all competences related to problems which have a superregional dimension. This is a serious limitation, as most problems have clearly interregional spillover effects across regional boundaries. On the contrary, interregional cooperation, both in a bilateral and in a multiregional framework, seems an institutional and organisational solution that is more efficient than simply creating new 'authorities' to tackle those cases of policy interventions which, despite having a superregional dimension, do not in fact have a clearly national relevance.

This may be the case when only a limited number of regions in a given country have a common interest in the problem considered. A further typical case is that of relationships between border regions, as the coordination of respective national administrations, which are much less familiar with the concrete problems at hand, would often imply greater problems than direct negotiation between the regional governments of the regions concerned.

This problem is illustrated by figure 2, where the various functions are organised according to a hierarchical principle starting from those which imply a smaller planning geographical unit to those which, for their efficient management, imply a larger territorial framework. The horizontal axis indicates various location points, which correspond to different regional administrations.

Thus, for some functions the relevant areas do not intersect and total autonomy can be allowed to each regional administration. On the other hand, in the case of superregional problems (for example, when the required planning minimal units overlap, as is indicated by the areas D, E, and F) bilateral or multilateral cooperation schemes may be more efficient solutions rather than the complete delegation of power to a superregional or national authority. According to this approach, power should be delegated to a superregional or national authority, which may have its own legitimacy and act autonomously from the various regional governments considered, only when the area of overlap between the regions concerned represents the largest portion or is just greater than half of their territory.

Thus, the principle of interregional cooperation is consistent with a bottom-up decisionmaking process and it appears as a logical extension of the principle of subsidiarity. In fact, the impulse to cooperate comes from the individual local governmental units as much as from individual firms and local lobbying groups. Interregional cooperation is both the effect of and an instrument aimed at promoting the active participation of local actors.

A thorough analysis of the different characteristics of national borders and their relationships with interregional cooperation is developed by Rietveld, Ratti, van der Veen, Pedersen, and Steiner and Sturm. According to Ratti, borders represent a favourable element in the determination of a supporting space for the firms of the individual regions, and this allows the creation of a transborder economy characterised by a common technological regional system.

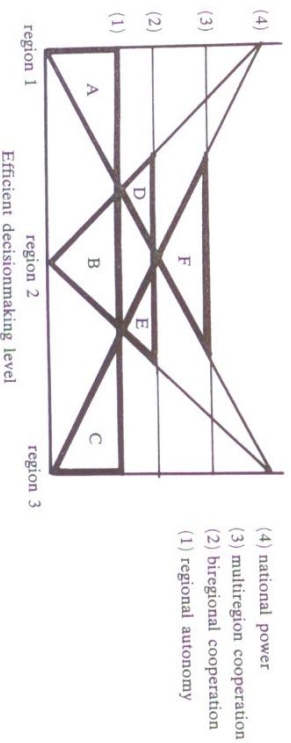


Figure 2. Functions and efficient decisionmaking levels.

The chapters by Cappellin and Pimpão underline the close similarity between the processes of interregional cooperation and of internationalisation of private firms and the applicability to interregional cooperation of concepts elaborated by modern industrial economics and the theory of the firm. Although interregional cooperation is suggested mainly for reasons of allocative efficiency, and analysis is concentrated on the supply side, it can also be justified in theoretical terms by an analysis of the demand side, as indicated by van der Veen. In fact, reference to the literature on fiscal federalism may be useful in indicating the roles of different local tastes, the production of local or cross-border public goods, and external effects, and because it may guide the search for an optimal spatial jurisdiction and aid in the analysis of the implications for fiscal autonomy and interregional transfers of fiscal resources.

##### 5 The development of interregional cooperation

The design of a new interregional framework from a European perspective leads to new types of relationships between nation-states and regional governments. This is especially important for land-border regions, which are highly contiguous, but it is also true for sea-border regions and more generally for those regions which may be considered a member of a large transnational meso-region.

Border regions are the most severely penalised by the existence of various obstacles which may be defined as territorial costs of the non-Europe, according to the terminology used in the construction of the European Single Market. Thus, they deserve greater attention from EC institutions and national governments aiming to promote a greater cohesion of the European economy. This explains why the EC Commission has recently supported, although with what are still inadequate financial allocations, the development of cooperation schemes among regions through the INTERREG programme and the RECITE initiative.

In particular, cooperation between border regions may be consistent with the achievement of three different objectives:

- (1) to remove the barriers between the two regions concerned and solve bilateral problems and conflicts;
- (2) to represent an interface area or a gateway in the relationships between the two countries; and
- (3) to represent an overall transnational region which may play a role in international competition with other European meso-regions.

It must be underlined that there are advantages and costs in the process of transnational cooperation between border regions. First of all, the relationships between border regions have been, and still often are, relationships of conflict for various reasons, such as the existence of ethnic minorities, fear of immigration, fear of unfair competition, negative environmental spillover effects, and so on. However, conflictual relationships may be transformed into relationships of cooperation, whenever bilateral

relationships are interpreted in a larger European perspective (Mailhat, 1990; Nijkamp, 1993).

In some cases, the survival of national barriers may represent an advance not only for the capital regions where the national administrations is concentrated but also for some border regions, which benefit from a form of rent position because they are the location of customs administration, various international transport and financial activities, and of military installations, and may receive considerable subsidies from national governments.

Several chapters, including those by Cappellin, Guesnier, and Brenner, underline the fact that interregional cooperation cannot be based on mere goodwill. On the one hand, there are economic reasons for creating an alliance and, on the other hand, there are operative requirements to be satisfied in order that an alliance can be effective. In particular, according to the contributions in this volume, the benefits of regional integration may be summarised as follows:

- (a) the development of joint historical-cultural values and regional differences;
- (b) the exploitation of complementarities of regions;
- (c) the exploitation of network economies in the circulation of information and know-how;
- (d) the exploitation of common natural resources taking into account external economies and diseconomies;
- (e) the exploitation of economies of scale and the overcoming of indivisibilities in the production of specific important public services and infrastructures;
- (f) increases in the flexibility of the regional economy, more-timely reactions to market changes, the stimulation of innovation, and a reduction of risk;
- (g) the exploitation of economies of scope in the planning of tightly complementary services which require a large territorial basin, and the exploitation of economies of scale in the joint planning of these services;
- (h) a reduction in the transaction costs which hinder the cooperation of firms in the various regions;
- (i) a reduction of the competition between the regions concerned and of those conflicts due to the existence of national borders;
- (j) the promotion of joint coordinated actions and the sharing of the international contacts in order to sustain the challenges created by some external 'enemy', such as the competition of other European meso-regions or the centralism by respective national authorities, and the advocacy of greater regional autonomy.

A number of authors, such as Pedersen, Horváth, Steiner and Sturm, Quévrit and Bodson, Funck and Kowalski, and Guesnier, consider inter-regional cooperative initiatives in the field of new technology and the support of small and medium-sized firms. From this perspective new 'soft

infrastructures, such as industry and technology parks, may be a useful instrument in order to promote technology transfers. However, most of the authors also indicate that interregional cooperation can be important in the development of service sectors and in increasing the efficiency of local public administrations.

However, the development of cross-border cooperation may imply various costs, such as: transaction costs in interregional negotiations; the displacement of firms, or of production, into neighbouring regions; and greater immigration from neighbouring regions.

The development of a strategy of interregional cooperation is also hindered by a series of obstacles which in some cases may represent either a constraint, which can scarcely be overcome, or a precondition for the start of a strategy of interregional cooperation. Obstacles to interregional cooperation have been identified even in the most central of EC regions, as indicated by Vickerman, and Quévrit and Bodson, and they are even more important in the case of border regions with Eastern Europe, as indicated by Pedersen, Horváth, and Steiner and Sturm.

Among the obstacles which have most often been identified in the previous experience of interregional cooperation are the following:

- (a) a different technological or development level;
- (b) different institutional competences;
- (c) inadequate financial resources;
- (d) different languages;
- (e) different working methods;
- (f) weak knowledge and reciprocal trust, as cooperation is a gradual interactive learning process;
- (g) inadequate specification of respective interests;
- (h) inadequate identification of respective strengths, complementary resources, and specific knowledges;
- (i) inadequate identification of respective weaknesses and bottlenecks;
- (j) a lack of engagement and motivation;
- (k) the length of time required for preparing joint activities;
- (l) insufficient stability in objectives and of the persons responsible for the individual projects;
- (m) the inadequate development of a networking process between regional actors; and
- (n) an inadequate design of those efficient institutional forms which are required for managing the cooperation scheme.

In addition, the urban structure of a region may favour its degree of openness to the international economy and municipal authorities may have a very active role in promoting interregional cooperation initiatives, as is indicated in the chapters by Cappellin, Figueiredo, Steiner and Sturm, Funck and Kowalski, and Pimpão.

Cappellin emphasises that the creation of an agreement is not a sudden occurrence but resembles a gradual learning process. Thus, as well as the

conditions which may lead to the creation of an agreement, are the factors leading to its continuity and success or interruption which may be even more important.

The existence of different competences is not a crucial obstacle for the creation of successful cooperation schemes. What clearly matters is the behavioural logics of the various regional administrations, as interregional cooperation requires a pragmatic logic of public entrepreneurship or a project-design capability, rather than the formal respect of bureaucratic competences.

Funck and Kowalski underline the interdependent relationships between economic structure and institutional architecture. Thus, whereas the existence of sound economic factors is supporting the effort to a greater regional autonomy and the promotion of effective schemes of interregional cooperation, the change in the institutional framework implied by interregional cooperation is fostering economic development in peripheral regions.

As indicated by Vickerman and Guesnier, interregional cooperation has profound implications both for policy design and for policy implementation by local authorities, and it is an instrument capable of leading the identification of innovative projects and to the mobilisation of an enterprising spirit and of external and internal resources. Thus the case of the Atlantic Arc, described by Figueiredo and Guesnier, has become a paradigmatic example of the success of interregional cooperation as an instrument in the lobbying of action at the EC level.

According to Hingel, Cappellin, and Figueiredo, interregional networking and cooperation has an implicit hierarchical or selective character. It also implies the existence of regions performing the role of leaders, especially in preparatory phases and the creation of specific structures or contractual provisions which will ensure coordination in implementation. In particular, there is a close relationship between the capabilities at the interregional scale and those at the regional level. In fact, the development of interregional cooperative relationships clearly implies the capability of the individual regional governments to establish cooperative relationships with the other regional institutions and organisations, such as professional associations, individual private firms, cultural and research institutions, and so on, in order to design joint projects which may promote the international role of the overall regional production system.

As indicated by Veggeland, Figueiredo, and Guesnier, interregional cooperation is not limited to local public administration but is closely related to internally networking within the individual regions, as may be anticipated by or as may lead to the mobilisation of political leaders and of other local specialised actors, which may have a crucial role in developing cooperation in various new specialised fields. Therefore, the existence of an integrated local production and innovation system represents both a

strong point and a prerequisite in order to participate in more complex initiatives of networking at an interregional level.

Interregional cooperation may represent a stimulus to the recognition of the importance of regional policies in countries where economic policy seems to be directed towards only sectoral or macroeconomic issues, or to change outdated approaches in regional policies such as those still followed in many economically lagging European regions. Interregional cooperation varies according to the nature of the economic problems affecting the various neighbouring regions. Thus, in the case of less-developed regions not only is it addressed at different objectives, as indicated by Pedersen, Funck and Kowalski, and Pimpá, but it should also face particular obstacles and it should imply a different role by public institutions.

In the case of the economically lagging regions of the EC, interregional cooperation initiatives are hindered by the lack of a project-oriented mentality, which is the effect of the prevailing centralist and 'dependent development' model. In these regions it is still not widely recognised that interregional cooperation may also be a business for private organisations. According to Figueiredo, regional administrations are facing a lot of difficulties in order to involve entrepreneurial organisations in cooperation strategies. Local actors aim only at the financial incentives to be granted by public authorities within the framework of these initiatives and refuse to take a more active role in the organisation of cooperation projects. Thus it is necessary for cooperation initiatives to be promoted first of all by the various regional administrations with technical assistance and financial help from national and EC institutions.

The centre-periphery logic is negative, as it leads to the focusing of effort on the direction of the development of further centripetal relations between each peripheral region and a supposed centre, instead of developing horizontal relations of interregional cooperation. In fact, it is typical of EC economically lagging regions and also of Eastern European countries to compete with each other in order to attract resources and to achieve the best position in the process of economic integration with the 'central' countries and regions in the European economy.

The development of a strategy of interregional cooperation would allow a centre-periphery logic, which is prevailing in economically lagging regions, to be overcome and would stimulate these regions to adopt a polycentric logic. According to this logic, regions peripheral with respect to a supposed centre of the European economy may also become central in a different geographical perspective, which may be enlarged to include countries which do not belong to the EC, such as those of Eastern Europe or of the Mediterranean basin.

Thus, the logic of interregional cooperation has a selective or hierarchical character, as the regions which are most capable of participating in a networking process at the European level are the most developed ones.

This may lead to an increase in regional disparities, unless national and EC institutions help economically lagging regions to escape from their relative closure and to increase their awareness of the need of each region to develop its international relations.

#### 6 New tasks for EC regional policies

The objective in EC economic policies is to achieve a greater cohesion between European regions and countries. However, 'cohesion' is an ambiguous expression which may be interpreted according to three different definitions which refer to three very different policy fields:

- (a) the convergence of macroeconomic indicators;
- (b) reequilibrium in regional development disparities; and
- (c) the development of integration/interdependence between the various regional and national production systems.

Although the first two concepts refer to the concept of a European monetary union and of a supranational community having a large fiscal autonomy, respectively, the last definition is the most important from the perspective of a European policy of 'aménagement du territoire' and of the creation of a Europe of regions. This last definition of cohesion should be considered in the design of a new strategy in EC regional policy (Cappellin, 1991b; Cappellin and Molle, 1988).

In fact, it seems necessary to complement the traditional strategy of EC regional policy, which was aimed at promoting economic development in various types of problem regions, with a second objective. This involves the removal of all the obstacles having a territorial dimension and hindering a greater economic and social integration of the regions and countries of the EC, just as the programme for the European Single Market has done in the case of obstacles created by various national regulations.

Therefore EC regional policy could be articulated in two different objectives, as indicated in table 2: (a) programmes for economic development; and (b) programmes for regional European integration. These two objectives lead to two different approaches to regional policymaking. The first mainly implies a bottom-up strategy based on the paradigm of endogenous development, whereas the second suggests a top-down strategy based on the paradigm of interregional networks (Cappellin, 1991a; Konsolas, 1990).

A policy aimed at promoting regional economic integration should not necessarily adopt the typical centralist and technocratic approach based on multiple and often conflicting programmes organised according to a strict functional logic, the definition of different macroregions for each particular programme, the creation of various high authorities for each programme, and the vertical negotiations between EC institutions and each individual national and regional authority. This approach clearly contrasts with that based on interregional cooperation which, as indicated by cooperation between the Nordic countries, relies on the principle of bottom-up development and does not require the creation of strong

international authorities, having their main competences in the design and implementation of measures in the different fields of intervention. In particular, the development of EC and national programmes aimed at a greater integration of the European space should lead not only to large-scale physical networks, as in the case of major transport investments, but also to the creation of flexible or 'software' networks between the various local, regional, and national institutions.

Table 2. Two complementary strategies in EC regional policy.

Regional development	European integration
<p><i>1. Development model</i> Economic development is promoted by the interdependence between endogenous and exogenous factors</p>	<p>Innovation and competitiveness is promoted by interregional network and interregional cooperation</p>
<p><i>2. Spatial framework</i> Individual problem regions. Concentration in EC regions.</p>	<p>Networks of regions. Extension to non-EC regions.</p>
<p><i>3. Policy strategy</i> Intersectoral integrated programmes. Partnership between local actors. Promote local entrepreneurship.</p>	<p>Tackle European common problems. Promote interregional cooperation. Decrease transaction costs in inter-regional relations.</p>
<p><i>4. Policy design</i> Mainly bottom-up. Local authorities propose specific projects. EC elaborates general regulations and evaluates project proposals.</p>	<p>Mainly top-down. EC elaborates strategic plans. Local authorities contribute with specific projects.</p>
<p><i>5. Financing</i> EC financing has a complementary role. Coordination of regional, national, and EC programmes.</p>	<p>EC funding has a principal role. Interregional cooperation. Public-private partnership.</p>
<p><i>6. Institutional procedures</i> Hierarchical principle. Vertical coordination. Cooperation between regions, states, and the EC Commission.</p>	<p>Subsidiarity principle. Horizontal coordination. Cooperation between regions. Concertation between an assembly of European regions and the EC.</p>
<p><i>7. Relations between regional and nonregional policies</i> Regional policy aims at cohesion as regional disparities decrease. Each policy aims at different and often conflicting objectives. Regional policy has mainly a redistributive and compensatory character.</p>	<p>Regional policy aims at cohesion as European integration increases. Regional and nonregional policies aim at common and complementary objectives. Regional policy contributes to achieve the objectives of other policies.</p>

Thus, relations between EC institutions, and national and regional governments may be designed according to a network model and may be based on the principle of partnership and negotiation, rather than on the principle of a clear-cut separation of competences. A network structure has the advantage of being flexible and of promoting the power or the duty of defining strategic directives by national and EC institutions and the power or the right of initiative by regional institutions.

According to an interregional cooperation approach, interventions by EC institutions should be characterised by the definition of meso-regions based on a sense of belonging, the creation of interregional working communities within the various regional governments, the definition of interregional planning contracts among groups of regions and the EC institution, the creation of joint ventures or 'Sociétés Mixtes', and other forms of public-private partnership on various specific projects. EC regional policy should support interregional cooperation schemes both in the case of the economically developed regions and in the case of the economically lagging regions. The first type of measure is often that most needed, because of the central role these regions have in promoting European integration and of their function as interfaces between the various countries of the EC. These measures should be supplemented with measures addressed to economically lagging regions in order to avoid an increase in regional disparities as a result of the lower capability of these regions to develop active relations with foreign regions and countries.

In particular, national and EC regional policies should recognise the need to attribute a greater importance, also in financial terms, to programmes of interregional cooperation to be integrated within the traditional regional policy schemes elaborated for the economically lagging regions, such as the European Community Frameworks. This may require a simplification of procedures and specific financial incentives for the promotion of exploratory contacts and the design of cooperation in operational projects.

EC policies should not support only the cooperation schemes between the economically lagging regions and developed regions. In fact, these schemes have the same shortcomings as the traditional national policies of technology transfer and of cooperation with less-developed countries. On the contrary, it is necessary first to promote cooperation schemes among contiguous economically lagging regions. These schemes may be considered as a precondition in order to establish cooperation with the more-developed regions based on a more balanced distribution of the decisionmaking power. In fact, only through a greater internal integration within large European meso-regions may economically lagging regions be capable of sustaining the competition of the developed regions.

In this framework, the role of national governments and of the EC is initially that of ensuring the institutional framework that would allow cooperation between the various European regions by removing outdated regulations hindering international relations between regional and local

institutions within an integrated community. Second, they may guarantee those financial incentives required to overcome the transaction costs in the development of interregional cooperation and can offer various forms of technical assistance and take a leading role in promoting innovative initiatives of interregional cooperation.

## 7 Conclusions

The contributions to this volume indicate that the gradual development of schemes of interregional cooperation is a powerful instrument for the promotion of European integration, in the case of central and developed regions and in that of peripheral and economically lagging regions, and also between EC regions and between these regions and those external to the EC. Although national authorities have a vested interest in the preservation of international differences, the creation of new large transnational regions based on interregional cooperation may promote the overcoming of national barriers.

National and EC institutions should have a clear interest in promoting cross-border cooperation not only as an effective way to promote a more integrated European territory but also for equity reasons, as interregional cooperation represents an effective strategy in promoting regional development in peripheral regions. A greater role assigned to interregional cooperation is a factor favouring the adoption of a new regional development strategy in economically lagging regions, based on the endogenous approach, the responsibility of local actors, and the development of internationally competitive activities.

Interregional cooperation, especially with regions of former socialist countries, is instrumental in strengthening democratic institutions and thus in reinforcing political stability in Europe. However, interregional cooperation may also be of fundamental importance in reinforcing the powers of local governments, trust in its own capabilities, the sense of responsibility, the values of democratic accountability, and the efficiency of local public administrations in many less-developed regions of Western Europe. In conclusion, I wish to express the hope that, although they may appear preliminary and fragmented, the experiences of interregional cooperation illustrated in this book may stand as a laboratory for a process of overcoming national differences and conflicts in Europe with a bottom-up or federalist approach.

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**Regional Networks Border Regions, and European Integration**

**Regional Networks, Border Regions  
and European Integration**

**3**

Editors R Cappellin, P W J Batley

In recent years, interregional cooperation has emerged as a powerful instrument for the promotion of European integration. Interregional networks are now found throughout Europe, both in developed and in economically lagging regions, and they link regions inside and outside the European Community. There are several reasons why they have been created; for example, as a means of overcoming national barriers; of promoting regional development in peripheral regions; of reinforcing the power of local government; and, in the case of former socialist countries, of strengthening democratic institutions and encouraging political stability. This volume contains an analysis of the experience to date by drawing together a collection of specially commissioned papers by European experts in which interregional cooperation is examined from both a geographical and a functional perspective. What role do borders play as barriers and interfaces between the various countries and regions? What will be the effect of removing these barriers? What economic justification is there for interregional cooperation? In other papers the institutional and organisational characteristics of interregional networks in different parts of Europe are examined, and the experience in a number of policy fields analysed. The material contained in this collection represents the most comprehensive account of interregional cooperation to date and adds substantially to our understanding of the factors that contribute to its successful development.

