

Forum of Federations

700-325 Dalhousie Street
Ottawa, Ontario K1N 7G2 Canada
Tel.: (613) 244-3360 Fax: (613) 244-3372
Email: forum@forumfed.org

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700-325, rue Dalhousie
Ottawa (Ontario) K1N 7G2 Canada
Tél.: (613) 244-3360 Téléc.: (613) 244-3372
Courrier électronique : forum@forumfed.org

Paradiplomacy and Regional Networking

Michael Keating

Professor of Regional Studies, European University Institute, Florence.
Professor of Scottish Politics, University of Aberdeen.

Department of Politics and IR
University of Aberdeen
Edward Wright Building
Dunbar Street
Aberdeen, AB24 3QY
Scotland
+44 (0)1224 273736

keating@datacomm.iue.it

Department of Social and Political Sciences
European University Institute
Badia Fiesolana
via dei Roccettini
50016 S. Domenico di Fiesole
Italy
+39 055 4685 250

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The rise of paradiplomacy

Recent years have seen an explosion of international activity on the part of regions, stateless nations and regions across the globe, but especially in Europe. There are now over 200 regional 'embassies' in Brussels lobbying the European Commission, networking with each other and generally getting involved in the emerging European policy communities. There is not a border in the European Union without a cross-border cooperation initiative and the borders of the candidate countries are fast being organized. Inter-regional associations have become important meeting places and no ambitious regional politician lacks a network of contacts abroad. This is a far cry from the world of a few years ago, when regionalism was contained safely within the borders of the nation-state and foreign affairs were the exclusive prerogative of the sovereign state. This is an impressive record of activity but what, apart from helping the regional airlines and giving politicians opportunities for travel to exotic and interesting places, does it all amount to? Is this no more than symbolism, old fashioned boosterism and general showing off, or does the taxpayer get a real value from it? The answers are not at all clear and the record shows that some forms of the new regional diplomacy are much more effective than others. This is a new game and regions are learning it gradually as they go along.

Unlike the foreign policy of states, regional diplomacy does not seek to represent broad general interests or to be comprehensive in coverage. Regions do not have sovereign governments able to lay down their definition of the 'national interest' and to pursue it in a unified and coherent manner. Regions are complex entities containing a multiplicity of groups which may share common interests in some areas but be sharply divided on other issues. Even where there are strong devolved governments, they cannot simply lay down a line to be followed by all but must seek to bring together independent actors around specific programmes and issues. They must fit their own activities into a world dominated by national governments and transnational organizations, which they can rarely challenge head on but must work around or with. This sort of activity, operating below or in the interstices of the traditional system of international relations, has often been called 'paradiplomacy', indicating its partial scope and its difference in aims, targets and modus operandi from the traditional diplomatic games. There are three broad sets of reasons for regions to engage in this kind of paradiplomatic activity: political; cultural and economic.

The most directly political motivation is in regions with national aspirations or governed by parties seeking sovereign statehood. The term 'protodiplomacy' has been applied to the activities of sub-state governments seeking to pave the way for independence by preparing international opinion and seeking friends who might be prepared to recognize them at an early stage. The most obvious example of this is Quebec under governments of the Parti Québécois, especially in relation to France. More common, however, is a strategy of seeking recognition as a nation and something more than a mere region, but without raising the spectre of separatism. Catalonia has been very active in promoting itself as a stateless nation and seeking name recognition. At the time of the 1992 Olympic Games, the Catalan government placed advertisements in English-speaking newspapers asking rhetorically 'where is Barcelona?' The text corrected readers' assumption that it was merely in Spain, by explaining that it was in a distinct nation called Catalonia. Those of us who have grown weary of correcting the foreign habit of referring to the UK as England might welcome a similar initiative in Scotland. The Basque government

has become more active in this area, with the additional objective of seeking to reverse the image of the region which has been dominated for two decades by political terrorism. The last government of Flanders also sought name recognition and, through its initiative of 'Europe of the Cultures', sought to carve out a specific place for stateless nations in the European political order. Non_separatist nationalists in Catalonia, Galicia, the Basque Country and Wales also seek a new political dispensation for stateless nations, with a degree of political recognition and status. At the same time, foreign activity and linkages serve the purpose of nation_building at home, by consolidating the image of the community as an international personality and forging common interests. In places like Catalonia, where there is a broad consensus on the project of non_separatist nation_building, this strategy may command broad consensus, although even here there are accusations that leaders are using their foreign projection to boost their own image or to monopolize the national project. Where there is a sharp division between separatist and non_separatist forces, such a consensual projection of the nation/region is more difficult.

A strong political incentive to external activity on the part of regions is provided by the growth of transnational free trade regimes, which have had the effect of reducing the powers of regional governments by subjecting them to international agreements negotiated and ratified by the central state. This breaks down the old distinction between domestic and international policy and allows central governments to enter areas of regional jurisdiction citing their exclusive competences in foreign affairs. This has gone furthest in Europe with the EU and the array of other transnational bodies making policy, allocating funds and issuing regulations. Where regions do not share the policy stance of their national government, they may seek to penetrate the transnational policy process more directly, or in alliance with like minded actors in other states. It is not, ultimately, possible for regions to prevail in Europe against the firm opposition of their host states, but there are many opportunities to influence the policy process or act at the margins of the state system. The EU in particular has encouraged this type of activity by recognizing consultative bodies, establishing the Committee of the Regions and laying down partnership as a principle in the implementation of its Structural Funds programmes. Other transnational regimes or free trade areas, such as NAFTA, lack the political structures of the EU and do not provide opportunities for sub_state interests to penetrate the policy process.

Cultural issues are important in regions with their own languages. It is important for Quebec to link into the wider Francophone world. German speaking regions in Europe have common interests across state boundaries. Where a language or cultural community straddles state boundaries as in the Basque Country, Catalonia, Ireland or the Tyrol, there is an incentive to pool resources and seek to maintain some form of unity. Regions and stateless nations may also seek recognition for their language and culture in wider forums such as the European Union, the Council of Europe or UNESCO to compensate for their marginalization within states. Cultural exchanges may be a way of bringing together people from the same culture in different states, or of promoting inter_cultural exchange.

Economic factors have undoubtedly provided the strongest motivation for paradiplomacy in recent years. As national economies have faced the challenges of globalization, centralized regional development policies have declined. Regions have emerged as a key level of economic transformation and innovation and are increasingly pitched into competition in global markets without the protection of the national state. The regions is increasingly recognized as a unit of

production, whose success depends on the capacity to mount a coherent project, tapping the energies of both public and private sectors. Extreme versions of this theory present regions as engaged in a kind of neo_mercantilist competition for absolute advantage, with political choices entirely determined by their market position. More realistic versions present the region as faced with the need to reconcile social cohesion and environmental quality with global market competition in a constant endeavour of political compromise and synthesis. Different regions respond to these pressures in different ways.

Where economic development is concerned, regions go into the international arena for inward investment; for markets; and for technology. Inward investment is a means for obtaining employment and growth, as well as moving into new economic sectors, but it carries with it the risk of dependency and insecurity, as capital can move out as easily as it moves in. So it is often balanced by policies to build up the local business sector, especially in small and medium_sized firms. At one time regions were given to indiscriminate campaigns of investment promotion, seeking to attract whatever mobile capital there seemed to be around. This proved costly and ineffective and gradually regions have become more sophisticated, targeting particular types of investment to complement their existing economic base or to develop strategic clusters. They have also learned how to offer whole packages of support, including financial incentives, sites and infrastructure support. Markets and export promotion are of more importance for local small firms, which lack international connections or the knowledge and resources to establish them. Technology transfer is similarly of importance for small firms, which lack their own research and development capacity or the connections to tap into research and development circuits. Regions also seek, by collaboration among small and medium_sized firms in different places, to exploit the same complementarities and synergies that characterize successful industrial districts, again enhancing market competitiveness. As well as promoting inward investment, some regions try to increase the internationalization of their economies and the development of local firms and to develop markets through outward investment. A more altruistic style of external activity is the programmes of assistance to regions in developing countries mounted in some parts of Europe, notably in the Basque Country and in Flanders.

Regional Cooperation and Networking

One of the most common forms of paradiplomacy takes the form of inter_regional cooperation and networking. An important vehicle for this has been the inter_regional associations. The main multi_purpose associations in Europe are the Council of Local Authorities and Regions of Europe, the Congress of Local and Regional Authorities of Europe, which comes under the aegis of the Council of Europe, and the Assembly of European Regions (AER), which covers the whole of Europe but whose main focus is on the European Union. The AER has played an important role in formulating policies and demands for regional representation in the negotiations leading to the Maastricht and Amsterdam treaties. Universal associations like these can play a role in establishing the presence of regions as institutional actors, but they suffer from the heterogeneity of their membership and the very different understanding of what constitutes a region in different European states. Perhaps one of their most important roles has been as vehicles for policy learning among regions across a range of functions but notably in the diffusion of the latest thinking on regional development strategies. A more focused approach is provided by associations grouping regions which are similar in their geographical location or

economic structure, the first in Europe being the Association of European Frontier Regions. In 1973, the Conference of Peripheral Maritime Regions (CPMR) was set up on the initiative of the Breton CELIB. This was followed by the Association of Regions of Industrial Technology (formerly Tradition). These lobby national governments and the European Commission on common problems, and mount inter_regional collaboration programmes such as the Atlantic Arc initiative of the CPMR.

Other groupings involve bilateral partnerships or alliances of particular regions. These are either geographical in scope, taking the form of cross_border co_operation, or based on functional commonalities among non_contiguous regions. Cross_border cooperation agreements now exist throughout Europe and in many parts of North America. The most celebrated example of functional cooperation among non_contiguous regions is the Four Motors of Europe, an alliance of the most advanced technological regions in each of four countries. Its initial membership of Lombardy, Rhône Alpes, Baden_Württemberg and Catalonia was later expanded to take in Wales and Ontario as associates. Cross_border regionalism is based on an appealing functional logic to the effect that natural economic or cultural regions divided by artificial state boundaries must have an interest in coming together. The rationale for cooperation among non_bordering regions is less obvious but is usually similarly based on the idea of common functional interests and the advantages of pooling resources. Along with the appeal of paradiplomacy generally, as discussed above, this makes it easy in the first stage to get support for such initiatives. Sustaining them in the longer run is, however, a great deal more difficult. Successful cross_border co_operation requires a specific set of favourable economic, institutional and political conditions. Their absence has left most such initiatives as little more than empty shells, or mere occasions for celebration and congratulation.

The Conditions of Success

The intuitive economic appeal of regional cooperation stems from the possibilities for collaboration and tapping into common energies and resources. It is certainly true that regions which are not of the right size or lack the full facilities to make themselves into true performing and learning regions may be able to make up by combining their efforts. They may exchange technology, pool inward investment efforts (especially in cross_border regions) and share public support for research and development institutions. Neighbouring regions might also pool investment in large infrastructures like airports and seaports, or plan road and rail development and urban expansion together, as happens in the longstanding Regio Basiliensis straddling France, Germany and Switzerland. Yet regions are increasingly competing with each other and this constantly militates against cooperation, especially in North America, where the ethos of inter_city and inter_regional competition is historically strongly rooted. Policy makers thus need to consider just what the complementary strengths of the partners are and how these can best be realized. The evidence shows that cooperation is easier in environmental policy, infrastructure development and cultural exchange, and much more difficult in anything to do with attracting inward investment. Even on infrastructure cooperation can be hampered by disputes over where the investment is going to go. A typical case involves neighbouring regions each of which has a small airport but which cannot agree on which one should close to allow a larger airport with a bigger capacity and more connections to be built. Even on environmental matters, it can be

difficult to get agreement on apportioning costs and responsibilities, which is one reason why in Europe this has increasingly been regulated at the EU level.

Regions also need to be clear on who needs and can benefit from inter_regional cooperation. One reason for the surprisingly low levels of formal cross_border cooperation between Ontario and Michigan, despite the high levels of economic integration, is that the large corporations have their own networks and do not need the services of regional governments; or if they need them they can get them more or less on demand. Small and medium enterprises, on the other hand, often lack partners, are not well integrated into inter_sectoral networks and need more public support in matters such as training, technology and business advice. The most successful programmes do appear to be those aimed at SMEs and focused on specific issues. It is also important that regions be at similar levels of development or at least have complementary needs, skills and resources. One of the criticisms of the Four Motors is that the regions (Wales excepted) may have been the most advanced in their respective countries but differed greatly among themselves. Catalonia is not in the same league as Baden_Württemberg or Ontario.

Institutional conditions are also important. Inter_regional cooperation requires that there be a regional government able to act as interlocutor and bring together the various interests within the region. It is also desirable that regions should have similar structures, competences and powers. In many cases cooperation has been frustrated because one unit had extensive legislative, administrative and financial powers, as with the units of a federation, while another had only municipal status. It is certainly possible to get around these limitations by bringing in other levels and agencies of government but at the cost of complexity and losing the essence of inter_regional partnership. Administrative over_complexity and rigidity is the enemy of the flexibility and dynamism needed to benefit from such partnerships. Systems of administrative law can also pose obstacles, especially where one region is part of a Napoleonic public law system while another operates under common law; or where one region has general competence while another needs to find specific legal authority for everything it does. Since inter_regional networking by definition involves stepping outside the regular work of regional government and innovating, this can be particularly constraining.

Constitutional and legal provision for regions to operate abroad varies greatly. In Italy, France and Spain the legal framework has traditionally been very restricted although it has gradually relaxed in recent years. Italian and Spanish regions both had to go to court to assert their right to open offices in Brussels as part of their paradiplomatic strategy and the French state has historically been very jealous of its monopoly of representation abroad. The Belgian constitution, on the other hand, gives regions and communities full international competences corresponding to their domestic competences, allowing an extremely active programme of paradiplomacy. The UK devolution legislation reserves foreign affairs for Westminster, but allows the devolved assemblies a somewhat circumscribed role in relation to European affairs in recognition that these impinge directly on their responsibilities. There have been important steps in Europe to provide a general legal framework for paradiplomacy. The Council of Europe's Madrid convention provides a model for states adhering to it. The European Union has actively promoted cross_border linkages through its INTERREG programmes and has sought to draw regions more generally into the policy process through the Committee of the Regions and its wider consultative machinery. The absence of such transnational legal and policy instruments is

one factor inhibiting cross_border and inter_regional cooperation in North America. On more mundane level, problems have arisen over programming of joint projects where partners have differing budget or investment cycles or in the mounting of genuinely innovative programmes. All too often, programmes have represented parallel efforts by the partners or even existing programmes dressed up in partnership language to satisfy formal requirements or tap into new funds.

Political factors are perhaps the most important in determining the possibilities for and limitations of paradiplomacy. Of crucial importance is the attitude of state governments. Some have continued to regard all matters crossing state boundaries as international relations and thus a matter of their exclusive jurisdiction. Others have woken up to the fact that the distinction between domestic and foreign affairs is ever more difficult to draw, especially in matters of economic development or in relations with transnational regimes which have themselves intruded into matters formerly regarded as purely domestic or even local.

A critical factor, especially in cross_border cooperation, is that the state borders be stable and recognized. Only then is it possible to mount policies and programmes that penetrate them or undercut their functional significance. It is not possible, as functionalist theories have sometimes imagined, to solve political disputes merely by promoting the advantages of functional cooperation. So cross_border cooperation in places like Ireland, the Tyrol, Istria, Schleswig_Holstein or the Basque Country will become possible only in so far as the border issue is already resolved. If people think that cooperation is a disguised attempt to challenge the frontier itself, they will resist it. Cross_border cooperation can, however, serve to ease tensions and discover common interests once peace has been established. It features prominently in the current Northern Ireland peace process, and has taken on in Tyrol on the borders between Austria and Italy. On the Italian_Slovenia border, on the other hand, progress has been very slow, due to historic distrust and fear of dependence.

Leadership is another critical factor. It is striking how many of the inter_regional links have stemmed from the initiative of key individuals. By the same token, they are vulnerable when these individuals leave office, move on or lose interest. Many of the inter_regional partnerships in North America have suffered from being too dependent on individuals or individual relationships and insufficiently institutionalized to survive on their own. Commitment also needs to be gained at all levels; often the enthusiasm of the leaders fails to mobilize people down the line, who may have other interests or priorities. Incentives are vital to engage the interest of politicians and administrators and to keep them committed. Since people in the partner region do not vote, the partnership has to be attractive to the politician's own electors, or to offer some tangible gain that the politician can use to electoral or other effect. Here Europe offers a great deal since to be a 'good European' is still, with some exceptions like England or Denmark, a useful piece of political capital. There is no equivalent in North America; on the contrary, in Canada continental political integration is a political non_starter. In Quebec, however, it is possible to appeal to the North American context and something that could favour a more autonomous or even sovereign Quebec and this is one factor explaining Quebec's extensive programme of paradiplomacy. Europe also offers more concrete incentives to cooperation in the form of the Structural Funds including the INTERREG programme which, as a 'Community'

programme has escaped the control of national governments better than most of the other Structural Fund instruments.

Paradiplomacy is inherently a pluralistic activity involving economic and social actors as well as governments and its success often hinges on the ability to involve these. Again, private actors must see that there is something in it for them in order to retain their interest and commitment. Catalonia has deliberately sought to conduct much of its paradiplomacy through public-private partnerships or bodies with specific remits in matters of economic development or culture. Its representation in the EU is conducted by a public-private agency, Patronat Català pro-Europa. One reason for this was the legal restriction on Spanish autonomous communities acting abroad but, even when this restriction was relaxed in a Constitutional Court ruling in 1996, the Catalan government chose to retain the mixed formula. The Basque government, on the other hand, chose to set up an office with a more political role directly under its control. Scotland has had a public-private representation through ScotlandEuropa for a number of years; this has now been supplemented by a linked but distinct body representing the Scottish Executive specifically. A pluralistic and open conception of paradiplomacy gives a large role for business associations and firms, research and educational institutions, and cultural bodies but, to retain support, these have to see some tangible result of their efforts. The role of individuals is important at these levels as well as at the political level. Goodwill at the political level may be undermined by an absence of common working on the ground. Conversely, regional cooperation may give rise to close working relationships and common interests on the ground as a way of circumventing political restrictions from national governments. Cases have been known where local actors have fed each other information across the border, information that national governments preferred to keep to themselves in order to retain control.

Another political issue concerns style and presentation. Paradiplomacy has a lot to do with image building and name recognition but it is now apparent that this is not enough. A region needs to link itself to a particular type of economic development. Many regions have sought to promote themselves as technopoles, with an image of advanced technology. Others have emphasized their natural environment, linking this to tourism or the promotion of traditional food products. A few are content to signal, overtly or discreetly, that they have low wages or no trade unions and that environmental rules are not over-zealously enforced. These are discordant images and difficult to combine, although some states in the southern USA may try to do so. In Europe, a more typical dilemma is the region which tries to convince potential investors that it is dynamic, prosperous and a centre of technological innovation, while the same time pleading poverty in order to remain eligible for national and European funding. Ireland has had this problem in recent years, although it is now moving more definitively into the prosperous category. For Scotland, the dilemma is long standing and unresolved.

Conclusion

Paradiplomacy has become an established part of the political landscape in Europe and North America. For all the reasons I have examined above, it is much more important in Europe, while the North American cases all too often involve slogans and symbols rather than concrete programmes or long term commitments. There has been a learning process as governments have realized that paradiplomacy and networking do not provide an easy or cheap economic and

political return. Efforts have become more focused and realistic. Both Ontario and Quebec have closed down most of the extensive network of offices they retained abroad in the 1980s, driven by budgetary considerations. Some European regional governments have also scaled down their efforts, focused them better or sought to share representation with other regions, itself an interesting form of partnership. Relations with central governments have often been difficult, especially on politically sensitive matters, but are generally better than before. As regions have come to realize that paradiplomacy does not allow them to circumvent their own national governments or operate on the world stage, so states have realized that paradiplomacy does not necessarily represent a threat to themselves. Even before devolution the UK government had gradually allowed the member nations and regions more scope in inward investment attraction, tourist promotion and cultural activities, while seeking to keep these within the bounds of overall UK policy. In Belgium the process has gone much further. Partisan politics and long-term visions are a key factor here and it not surprising the relations between the Canadian federal government and Quebec in matters of external projection remain tense. Relations are better in Spain where Catalonia's paradiplomatic strategy is designed not to provoke the Spanish government, while the latter has had to recognize Catalonia's desire to promote its own image abroad. There is, indeed, a great deal of cooperation between the Spanish and the Catalan actors abroad, especially on economic matters.

Paradiplomacy is a complex process that operates at multiple levels, from the media events of political visits to the day to day working of local officials. There are successes and there are many failures but gradually and often in subtle ways it is serving to reposition regional governments in the emerging transnational systems of action. Perhaps its most important effect is in developing new networks of actors who know each other, exchange ideas and learn from experience. Travelling around Europe and North America and talking to politicians and officials, it is striking how often the same ideas crop up, often in the same form. There are dangers in this, notably the way in which ideas as they circulate are distilled into ever more simplistic forms until they become little more than soundbites or the sort of wisdom purveyed in the instant management texts. Ideas may be transposed into contexts where they cannot work, or failed ideas perpetuated. Yet in the longer term the good ideas tend to drive out the bad and regions as a whole learn more about what works and what does not. Like scientific knowledge before it, practical knowledge is thus becoming transnational.