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Interests and the Europeanisation
at the Regional Level

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Communication between public and private interests
and the Europeanisation at the regional level

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Abstract: This paper tries to shed light on the way in which sovereignty may be transferred from the state to the sub-national level as a result of European integration. It is flavoured with empirical evidence of cross-border cooperation in the Southern Baltic region (the Greater Copenhagen area and Scania in Southern Sweden). The paper poses the question whether communication links between public organizations and private companies could improve the 'bottom up' drive from the regional level in multi-level governance and thereby improve the legitimacy of the EU. The paper looks into this question by considering crucial differences between Denmark and Sweden with regard to institutions in domestic politics. Empirically, the paper investigates policies pursued by regional authorities with respect to public services to private companies and how these policies affiliate with the overall policies of EU-focused regional associations. Theoretically, it is argued that the establishment of a regional role in the EU can be explained by an approach based on evolutionary theory of institutional change. The notion of 'output-based legitimacy' is applied to clarify the legitimising force of political actions channelled through industrial networks.

Keywords: Multi-level governance, regional cross-border collaboration, linkages between public and private interests, legitimacy

JEL Classification: H70, L50

1 Introduction

The role of sub-national authorities in European policy-making has been addressed in recent literature on European integration. Often this role has been analysed under the label of “multi-level governance”, which has been described as the key to understanding EU politics (Hooghe, Marks 2001). Ansell et. al. (1997 pp 354, 355) argue that the European Commission promoted the establishment of an explicit role for sub-national authorities when the ‘partnership’ was launched in connection with the reforms of the ‘Structural Funds’ in 1988. Their analysis is inspiring as it attempts to move the perspective from "what individual actors are giving and getting from specific other actors" to the context of social actions. It is close to institutionalism from the point of view that it adopts a systemic perspective based on "a set of interlocking social roles". Other authors have pointed out that domestic institutions or the "intra-state environment" in which sub-national authorities are embedded, has not been given enough attention. A wider conception has been suggested capable of taking into account significant intra-state factors, "which support and catalyse sub-national mobilization" (Jeffery 2000).

There seems to be few contributions that broaden the perspective to examine how the establishment of a regional role in European policy-making is affected by alliances with key non-state actors in the business community. Cowles (1995) examines the activities of the European Round Table of Industrialists, and their activities in the Single Market policy-making process. She puts her own approach aside of theoretical models such as neofunctionalism and intergovernmentalism by developing a model "that recognizes the power of non-state actors at both the domestic and European levels". Kohler-Koch widens this perspective by introducing sub-national authorities and examines the hypothesis that regions, offering institutional links for increased communication between public and private interests, can develop into “core players” in European integration (Kohler-Koch 1995).

These remarks about the debate raise some interesting questions. How can interrelationships between the public policy process and enterprises contribute to the establishment of a regional role in the EU? Are organizations, where political action is channelled through industrial networks legitimate in the eyes of the citizens? Is it reasonable to believe that regional actors in the EU, who are legitimate in this sense, also will improve the legitimacy of EU policy-making? Regional co-

operations in the Southern Baltic (Southern Sweden, East Denmark and provinces in Germany and Poland along the Baltic Sea coast) provide empirical evidence when looking into these questions.

This article tries to make two contributions to the literature on sub-national authorities and European policy-making. Firstly, to contribute to a better understanding of how alliances between sub-national authorities and the business community affect the establishment of a regional role in the European Union. Secondly, to discuss methodological issues on examinations of legitimacy in regional level processes involving firms and their role in legitimizing the EU. It recognizes that legitimacy rests on both procedural and substantive values. Procedural values ('Input-based legitimacy') are for future research; the empirical research so far has concentrated on substantive values ('Output-based legitimacy').

In order to make the analyses comprehensible, the article starts with a brief introduction to regional cross-border collaboration in the Southern Baltic area (section 2). Links between sub-national authorities and private companies will be identified. It is argued that regional autonomy is enhanced through alliances with firms and properties of these alliances, through which political actions are channelled, are discussed in section 3. At the centre of concern are connections between regional cross-border collaborations, alliances with firms and EU policy-making. It is argued that new international institutions are emerging in the EU to which regional level processes affiliate to give regional autonomy leverage. At the same time, domestic institutions, such as diverging administrative and legal operating procedures, hold back processes that could contribute to a more potent regional level. It will be dealt with this problem in section 4, which also includes a preliminary description of 'regional autonomy' based on properties of domestic institutions. Regional level alliances between the sub-national authorities and firms both feature and are featured by European institutions. Section 4 is also devoted to a discussion of how the regional authorities use alliances with firms to serve 'projects' designed to achieve aims in international politics. These 'projects' are useful analytical tools for examining the institutional development.

The study raises a myriad of theoretical questions that need to be considered and related to empirical analyses. These rely on a small number of case studies, interviews and postal surveys (section 5). As it will turn out, the orchestration of projects by associations of regions suffers from shortages of legitimacy and there are serious legitimising problems involved in the channelling of

political action through alliances with firms. Issues on the legitimacy of regional level processes and in the EU are considered in a preliminary discussion, which outline guidelines for future research (section 6). Section 7, finally, contains a few concluding remarks.

2 Regionalism in the Southern Baltic

The mobilization of the county councils and municipalities in SydSam escalated when the transition of Eastern and central Europe started and the Swedish government intensified its negotiations for membership of the European Union. The objectives were to serve the interests of Southern Sweden in negotiations with other European regions and with the EU. The European integration also had a bearing on the initiation of the cross-border collaboration in the Öresund between the city of Malmö on the Swedish side of the strait and the city of Copenhagen on the Danish side. These are the principal regional co-operations to be considered in the following.

As early as in the 1950s the Nordic Council supported sub-regional co-operation between provinces in Denmark and Sweden mainly directed to the building of a bridge across Öresund between Denmark and Sweden. Until recently these policies were co-ordinated through different forums, which in 1993 were replaced by The Öresund Committee with powerful, regional actors in Scania in Sweden and Zealand (including the Greater Copenhagen area) and Bornholm in Denmark as members.¹ Local politicians in Copenhagen and Malmö have been successful in using their contacts with the Committee of the Regions and mobilized support in the Commission to become the organizational framework for the European Union's cross border programme INTERREG (Jerneck 2001). Recently the Öresund Committee has entered into co-operation with the Swedish and Danish governments, which have been invited to take part in the formulation of policies devoted to the reduction of barriers for border co-operation across the strait. A commission has been appointed to implement a state-led policy to solve problems "the sub-national authorities are unable to solve by themselves".²

¹ The Danish members are: The cities of Copenhagen and Frederiksberg, the county councils (amt) of Copenhagen, Roskilde, Frederiksborg, West Zealand, Storstrøm and Bornholm; the Danish state (the Ministry of Environment, the Ministry of Industry). The Swedish members are: The Regional Council of Scania, the cities of Malmö, Helsingborg, Lund and Landskrona; the Swedish state.

² See the report published by the Danish and the Swedish governments: "Öresund - en region bliver til", Copenhagen 1999 (pp 16-17) (in Danish).

It seems as if territories in Southern Sweden are more inclined towards independence from the state than territories in Denmark. Thus, the Swedish government took a first step in 1997 to establish a regional parliament for Scania. Apart from this, SydSam has made efforts to strengthen its role in Brussels, which has also gained respect for the organization in Stockholm. Sivberg (1999) provides a study of the role SydSam played in launching the Swebaltcop programme supporting the co-operation between regions in southern Sweden and non-member countries of the EU around the Baltic Sea. The programme aims at facilitating integration between the European Union and transition countries in the Baltic Sea region. The study confirms that the European Commission contributes to the building of institutions for regional level co-operation. The Commission initiated a contact with SydSam because the Swedish government was slow to respond to a proposal for a programme.

While the examinations of the collaboration within SydSam may give some insights into how the regional autonomy is enhanced by pro-active, EU-focused regional associations, examinations of the cross-border collaboration in the Öresund region primarily demonstrate problems appearing when elements of different administrative and political cultures in different countries are combined.

The involvement of local business communities should be noted. A provincial bank (Sparbanken Kronan) initiated SydSam in 1987. Afterwards this regional association has developed its strategies in a long-lasting collaboration with the Chamber of Commerce and Industry of Southern Sweden (CCISS). This alliance has been a source of many outward linkages to territories in the Baltic region. Hence, SydSam and CCISS have received economic support for project activities from the Land government in Schleswig-Holstein. Moreover, a generous agreement for collaboration between Schleswig-Holstein and SydSam (in co-operation with CCISS) was reached in 1993 (revised in 1995), where Southern Sweden was offered to have its own South Sweden European Office located in the Hanse-Office in Brussels. Also from the cross-border co-operation in the Öresund region it is evident that sub-national mobilization develops through alliances with the private enterprise. Preferences of members of the Öresund Committee for supporting private companies preparing operations in the Baltic Sea region can be seen in table 1, even though it is by no means complete (figures in parentheses refer to SydSam, which does not participate in the Öresund Committee). The table also shows agreements for co-operation in traditional public sectors

Table 1: Number of agreements for co-operation between members of the Öresund Committee and partners in the Baltic Sea region, 1996

In the area of industrial policy:

City and County Councils in Denmark	With partners in	City and County Councils in Sweden	With partners in
	Germany: 1		Germany: 5 (1)
	Poland: 3		Poland: 3 (1)
	Estonia: 1		Estonia: 0 (0)
	Latvia: 0		Latvia: 0 (0)
	Lithuania: 1		Lithuania: 1 (0)

In traditional public sectors:

City and County Councils in Denmark	With partners in	City and County Councils in Sweden	With partners in
	Germany: 0		Germany: 0 (1)
	Poland: 4		Poland: 1 (1)
	Estonia: 2		Estonia: 0 (2)
	Latvia: 1		Latvia: 0 (3)
	Lithuania: 7		Lithuania: 16 (7)

Sources: "Sydsvenskt Östersjösamarbete", SydSam February 1996; "Öresundskomiteens medlemsorganisationer i Østersøområdet", NOTAT/PM Copenhagen April 1996.

(health, education, master planning etc.). As agreements in these sectors for the most part involve private companies, more adequate indicators of the private-sector involvement also take them into account.

It is claimed, that regional level cross-border institutions, such as traditions for having 'Friendship Towns' and 'Friendship Regions', enhance regional autonomy, besides institutions in the EU. They have been used by county councils and city councils in the Southern Baltic region to co-ordinate two types of strategies: strategies for helping local firms to capture new markets abroad and strategies for cross-border co-operation. Consequently, a Danish study concludes that twin-city agreements tend to spread into new areas and industrial policy is growing in importance and will probably turn out to be a prime ingredient in future twinning arrangements.³² Three quarters of all Danish municipalities have twin-city agreements and two thirds of all these agreements are with partners in the Baltic Sea region (Gunnarsson 2001). International strategies chosen by Danish county councils differ in some respects from those chosen at the local, municipal level. The proportion of collaborations in the Baltic Sea region is significant. Yet, international co-operation is concentrated to traditional public sectors (Education, Health Care, Social Services) implying that linkages with industrial development policies are less obvious than for local governments.

3 Regional autonomy through alliances with firms

3.1 Linkages between public and private interests at the regional level

Fieldwork reveals that a growing number of regional co-operations are designed to involve collaboration with private companies. It is claimed that these collaborations entail some kind of public service to private companies. It seems to be interesting to examine if public competencies and capacities in the provision of these services also strengthen the position of the regional political system in European policy-making.

According to interviews a favorable bargaining position for regional associations in European policy-making is a matter of “being perceived as competent” and “having output capacity”. ‘Favorable’ perceptions by actors at all levels of governance are crucial: the EU Commission, the national governments and the regional constituencies. “Being perceived as competent” and “having output capacity” is crucial if the sub-national authorities wish to form *alliances* with firms. The agreements for co-operation involving firms in table 1 would not normally be associated with alliances, but it is reasonable to believe that alliances increase the probability for this type of regional co-operation.

Alliances between regional authorities and firms are fuzzy organizations. They are formed around *trust* (beliefs that one can rely on one and another), which is a solid basis for direct communication and partnerships in the future (when needed). One necessary condition for alliances is that the firms recognize that improvements in economic performance derive from decisions taken by the regional authorities. As alliances with private companies are created for mutual benefit, it is interesting to ask why they are promoted by regional authorities. Even though cross-border co-operations and the regional autonomy are enhanced through alliances with firms, the regional authorities do not necessarily aim for these consequences of regional alliances. In the Nordic countries, regional development co-operations are often initiated in problematic situations by a wide range of actors (public and private). Alliances are established as strategies for problem solving when a single actor - foremost a public organization - is unable to manage the situation by itself.

The authorities can affect the way they want to be perceived by businesses through the organization of the political process. The formation of alliances may be hampered if public bodies are not trusted or accepted because managements in the firms believe that expertise is lacking. Delegation of tasks to organizations that are not directly accountable to the voters or their elected representatives ("non-majority institutions") has been mentioned in the literature as a solution in this case (Majone 1996). In this article the internal organization of alliances will be seen against the background of an alternative procedure for delegation suggested by Gerybadze ("Systemic Evolutionary Approach"), where duties and rights are given to a "policy-coordinator": an "agent of collective action", who is able to enter into contracts with actors both in the public and in the private sector. This agent is endogenized and proposes an appropriate type of joint solution interactively with the key decision makers" (Gerybadze 1998 p 154). Important tasks in policy-making are left over to "policy-coordinators". In order to perform these tasks they organize industrial networks, where both elected representatives and private companies benefit from collective action.

The empirical evidence, to be presented in this article, concentrates on regional authorities delivering support to firms for the acquisition of information about foreign markets and the European Union. At the centre of concern are alliances based on complicated public-private interaction. ScanEast Öresund, launched by two members of the Öresund Committee (the County Council of Frederiksborg in Denmark and the Regional Council of Scania in Sweden) to promote collaboration between Swedish and Danish firms locally and to provide services to firms preparing activities in Poland, belongs to this category. It serves both the economic interests of the firms and advisory policies pursued by the regional authorities.

It is claimed that the secretariat of ScanEast Öresund can be imagined as a network -node or - in the wording of Gerybadze - as a "policy-coordinator", who ".....knows both industry and government well enough, who can mobilize existing communication links to both sides, and who is located at the right place and organization in order to get continuous support" (Gerybadze 1998 p 168). It may be useful to compare the secretariat of ScanEast Öresund and the CEO of the German Biotech Region Munich/Martinsried (Bio-M AG) - a former professor at the University of Munich. Bio-M AG was established due to a competition called BioRegio for the creation of industrial districts for biotechnology initiated by the Federal Ministry for Science and Research. It was founded to implement policies sponsored by federal, Bavarian and local governments and we may

imagine Dr. Horst Domdey as an “agent of collective action”, “who has very good relations with people from the world of business, academia and politics” (Lechner and Dowling 1999 p 323).

3.2 Sovereignty shifting from national to regional levels

Connections between regional level processes and EU policy-making are crucial in this article. One question arising is if there are institutions emerging in the EU to which policies on public counseling to firms affiliate to give regional autonomy leverage. Obviously, there are few institutions with an explicit role for sub-national authorities discussed in the literature. Ansell et. al. (1997 pp 354, 355) have argued that the European Commission promoted the establishment of a role of this kind when the ‘partnership’ was launched in connection with the reforms of the ‘Structural Funds’ in 1988. The Committee of the Regions should also be mentioned. It was used by local politicians in Copenhagen and Malmoe to establish a unit in the Öresund region that could take on responsibility for the cross-border programme INTERREG. However, the Committee, which has advisory power, lacks formal authority and has disappointed regional governments, which hoped that it might become a powerful chamber in the EU (Hooghe, Marks 2001 p 82). Nevertheless, the European Commission seems to assign a crucial role to the Committee of the Regions. According to the 2001 white paper, the Commission welcomes initiatives by the Committee to increase its co-operations with associations of regional and local governments.

The European Commission (2001 white paper) argues that the national governments do not adequately involve the regional and local levels in EU policy. It is an interesting question, then, if the Commission uses ‘two-step-leverage’ to influence the national governments. Another question arising is if the effect alliances between firms and authorities may have on the regional autonomy is stronger in this case. In order to look into these questions it is inspiring to apply a ‘structuralist approach to networks’, discussed by Ansell et.al. (1997). They set a special focus on the role of “third parties” in shaping the role of any actor vis-à-vis another. This application requires an institutional background to which it can be referred. In the wording of Ansell et al. the “third party” should be seen “more in terms of a critical audience, who can confer legitimacy on role claims or who can play a critical brokerage role between parties” (Ansell et al 1997 p 357). If there are institutions in the EU that promote the regional authorities to share the control over EU decisions with the national governments, then the Commission can point to these institutions in negotiations

with the governments. It uses 'two-step-leverage' in attempts to influence the national governments through the intermediary of a "third party" (the regional authorities).

It is argued below, that the possibility for the European Commission to use this tactic depends on the type of policy the regional authorities pursue. Because of regional institutions in the EU, there are critical policy areas ('linking-pins') involving the regional authorities to which the EU Commission can point and compel the governments (and the regions) to comply with role claims. If public counseling to firms can be seen as a 'linking-pin', then regional competences in this area justify consultations with the regional authorities. This will put a pressure on the national governments to involve the regional and local levels in the policy-making in the EU.

"Community operations....shall be established through close consultations between the Commission, the Member State concerned and the *competent* authorities designed by the Member State at the national, *regional, local* or other level" /cursive letters are mine/ (Ansell et.al. 1997 p 352). This confirms the importance of being competent to become involved in processes that strengthen the position of regions in EU policy-making. It remains, however, to point more specifically to competences deriving from alliances with firms. Information about European business is demanded when EU policies are prepared. This is evident from the importance the EU-Commission assigns to the establishment of 'The European Business Test Panel' to improve the quality of Community legislation through interactive policy-making. The involvement of business at the regional level creates organizational linkages to groups of employees in the private companies, who embody critical knowledge, but if personnel employed in smaller groups of firms were taken on advice, the EU Commission would be overloaded with information and accused of supporting particular firms. If there were associations of regions, that have become part of personal networks for word-of-mouth communication with business circles, the Commission could let them be heard. Studies of collaborations in the Southern Baltic suggest that - due to ill-treated relationships with local co-operation networks - EU-focused associations have failed to channel their efforts into the EU. It is pointed explicitly to constituencies in the business community such as the Baltic Sea Chambers of Commerce Association (Malmborg 2001). However, often these networks, linking businesses, research centres, regional and local authorities, are held back by the diverging administrative and legal conditions that apply to each individual participating organization (2001 white paper).

The leverage 'linking-pins' give regions in the EU is also strengthened by regional competences for co-ordination of many organizations in joint problem-solving processes. In order to create more favorable conditions for the EU enlargement, the Commission launches regional (cross-border) programmes to develop institutional mechanisms in non-member countries for delivering different aspects of EU policies. Associations of regions are able to organize these programmes if they have access to a considerable network of firms and public organizations in different countries. It is claimed that the Commission is motivated to engage an association of regions if it has significant prior experience from the administration of transactions between many partners. This perspective on the involvement of regional associations in EU's regional policy agrees with Sivberg's (1999) study of negotiations between SydSam and the Commission when the Swebaltcoop programme was launched (cf. section 2). She concludes that an efficient internal network in South Sweden provides favorable conditions for the building of bargaining power in negotiations with the Commission.

There are other international contexts for regional level processes than the EU, which may give regional autonomy leverage. One focus in the following is traditional institutions for regional and local level cross-border co-operation such as habits of having 'Friendship Towns' and 'Friendship Regions'. These institutions are under pressure to replace "culture" and "sports" with concerns about business and industrial policy. A new regional diplomacy, where regional and local authorities incorporate a role for politicians and civil servants as "doorkeepers" for private companies that plan to initiate operations abroad is recognized (Gunnarsson 2001). By extending their service capacity to providing diplomatic assistance to private companies, the regions may take over diplomatic activities from the national governments and sovereignty, thus, shifts from the national level to the regions.

The perspective on connections between regional level processes and policy-making in the EU would be incomplete if the examinations were restricted to international institutions. Jeffery argues that the relative roles of sub-national authorities and the central state in EU policy-making are driven by intra-state factors that support and catalyze sub-national mobilization. More specifically, regions "are likely to seek access to EU decision-making processes in those cases where EU policies cut across their domestic competence base" (Jeffery 2000). Before turning to the empirical

evidence, I will make use of properties of domestic institutions to give a more precise description of a few types of governance in the EU, thereby making the notion of 'regional autonomy' clearer.

4 Governance

When choosing their international strategies, regions are prevented by domestic institutions of centralized government. Both SydSam, and the politicians in Malmö and Copenhagen, who collaborate across Öresund, are EU-focused. But Danish provinces are severely restricted by their national governments, which may be a hindrance to the affiliation of the Öresund co-operation to EU policy-making. The diversity of domestic administrative and political traditions makes future institutions for regional level cross-border co-operation less predictable. While Denmark belongs to the West Nordic model containing major elements of ministerial administration, Sweden belongs to the East Nordic model characterized by division of labour between ministries and independent agencies (Jerneck 2000). While politics in Southern Sweden is partly directed to regional emancipation from the state, the Danish behavioral and policy norms stipulate that national and regional policies should be coordinated.

It is necessary to be quite explicit about the notion of 'regional autonomy'. Emphasis is put on domestic institutions (central-local relations). Thus, '*Governance without government*' is associated with a political order, where provinces choose strategies aiming at challenging the national governments. This type of strategy removes the regional level from the control of the national states. In other cases no efforts are made by the regions to capture bargaining power from the central state. But even then vital state-interests may be at stake. This brings us to a second type of governance - *complex interdependency* - where loss of control over cross-border transactions suffices for a state to lose sovereignty. Sovereignty is lost when the central government is unable to "...regulate the flow of goods, persons and ideas across territorial boundaries" (Jerneck 1996 p 113). Thus, cross-border collaborations between regional authorities suffice to move sovereignty from the national to the regional level increasing the autonomy of the provinces. A third type of governance - *state-led top-down regionalization* - implies that regional policymakers do not intend to extend their power vis-à-vis the state. Instead, their strategies are co-ordinated with the national governments.

‘Regional autonomy’ (the first and the second type of governance above) depends on an institutional context, where domestic institutions are crucial. It is also claimed that this context can be changed through regional level processes. Contrary to a widely accepted view that institutions are constraints on strategic choices, Campbell (1997 p 11) argues that institutions simultaneously constrain and enable strategic choices. They "provide interpretative frames and patterns of interaction that influence how actors define their problems, interests and solutions". The regional authorities make sense of their own identities as well as their strategies through the institutions that make up the multi-level European polity. In practice these institutions specify the obligations the sub-national authorities are expected to fulfill to the Commission and to their national governments.

We imagine that the regional authorities design ‘*projects*’ to achieve their aims. They are also contexts of beliefs and behaviour that imputes meaning to institutional principles and to politics. ‘Project’ is used as a notion of circumstances that direct the attention of policy-makers to political issues and arenas and to commercial opportunities and, thus, gives incremental changes a direction. Institutions are built from inside by ‘projects’ that both feature and are featured by institutions. Participants are recruited from different organizations and institutional spheres with multiple and even conflicting goals. As it is loosely coupled to existing institutional principles and imperatives of current organizations, a ‘project’ is a highly relevant analytical framework for a better understanding of institutional development. Projects inspire new policies with similar characteristics and they ensure that similar interaction sequences are repeated and become diffused.

5 Empirical evidence

5.1 'Projects'

The cross-border agreements for co-operation in table 1 are designed to serve projects around which firms are mobilized. One aim of the empirical studies is to identify these projects and use them to examine, firstly, how the authorities perceive the international institutions in the EU and traditional institutions for cross-border co-operations such as 'Friendship Towns', and 'Friendship Regions' and, secondly, how the regional authorities adapt their strategies to these perceptions. Hopefully, these examinations will also point to intra-state institutions that regulate central-local relations. Since I try to demonstrate that excellent communication with the business community may strengthen the position of the regional associations in the EU, a special focus will be set on how the sub-national authorities use these projects when they form beliefs about the private enterprise and commercial alternatives.

As there is no true method for identifying projects, the observations and interpretations are ambiguous. Two projects have been identified from interviews with civil servants in the administration in Frederiksborg County in Denmark and in SydSam in Sweden. Champions of the '*sub-central control*' project interpret their strategies in the context of roles they perceive that "Brussels" wants to see them in. It is crucial not to be associated with any particular interest. It is important to be considered as an organization with a "political mission" that pursues its own interests in terms of an overall vision of the entire Baltic Sea region and its future role in European politics. It is vital to avoid a formalized cross-border political and administrative organization and instead safeguard a maximum of policy co-ordination, collaboration and networking. This organizational structure is expected to interact with local communities. Advocates of this project are facing a problem of creating sufficient legitimacy for the project within the home provinces. One interviewee admitted, "that a politically efficient project must be accepted by an elected assembly, but in order to have success in European negotiations, you shall not make your strategies public".

With regard to institutional leverage in the EU, our interviewees point out that it is crucial to have an office in Brussels with a permanent staff of civil servants, who continually inform politicians at

home about issues, new laws and standards that are under preparation, such that the politicians are able to be proactive and respond to forthcoming EU policies at an early point in time. Many domestic institutions are infected with long traditions for conflicts between local governments, which is a reason for a loose coupling between international and national politics. Conformity with a role as representative of aggregated interests, in combination with a "network organization", is expected to counteract traditions of civil servants in local communities to becoming leading protagonist of particular interests and down-stream lobbying.

Champions of this project may challenge national governments in international politics ('governance without government'). Contours of the second project – *the 'public sector marketing' project* - became obvious from interviewees, who talk about public budget deficits. One argument put forward was, that the public sector is in possession of many resources and competences in the fields of health, education, environmental protection and public administration that could be used for commerce. In Denmark there seems to be consensus among civil servants and politicians - including politicians from the right wing - on promoting alliances between political agencies and private companies. These alliances are thought to create favourable conditions for the exploitation of public expertise, for public advisory centres and for diplomatic assistance in connection with foreign trade and project activities abroad. Leading advocates of this project generally do not intend to challenge their national governments. If the states lose sovereignty to the sub-national level, it is a consequence of 'complex interdependency' according to the second type of governance defined in section 4.

This project inspires to action-oriented conclusions that violate traditional models of public administration. Civil servants involved in international trade with public know how perceive themselves both as "sellers" and as public professionals. In their role as "sellers" time is spent on visiting "customers", which may be a hindrance to performing tasks in their roles as professional civil servants. A related difficulty concerns salaries, where it may be argued that the acquisition of additional competence as a merchant of public know how renders salaries higher (Kristiansen 1996 p 185). To act entrepreneurially in this field means that money is also attracted from public projects that regional authorities win in competition with other political and quasi-political organizations. Success in this game requires competences for fund-raising. The most devoted proponents of the 'public sector marketing' project are found among civil servants, which is problematically with

regard to legitimacy. One of the Danish interviewees admitted, that "in part" they have been successful in "selling" their international strategies, but "today it is a matter of finding out how far the politicians are prepared to go".

Institutional reforms inspired by the 'public sector marketing project' concern new channels for communication between regional authorities and private companies. It gives support to joint operations abroad and to diplomatic assistance to private companies. It is more common today than before that firms have to pay for public services implying new types of regulation, where civil servants enter into seller-buyer relationships with their client firms. The pressure to operate commercially tends to promote networking that involves the larger, more experienced firms, which are able to support a commercial relationship with external providers (Morgan and Crawford 1998 p 108).

Building regional institutions

These projects contribute to the understanding of how the regional authorities affiliate their agreements and alliances with international and domestic institutions. Fieldwork has been carried out in connection with case studies of an agreement for collaboration between county councils on the Danish and the Swedish sides of Öresund. The findings are also influenced by studies of an agreement for collaboration from 1991 between the cities of Elsinore and Gdansk (Denmark and Poland). In Elsinore the agreement triggered an initiative by one of the boards of the local government to found an association of enterprises with the aim to promote collaboration between private companies locally and to provide public services to firms preparing activities in Poland. Afterwards this association was removed and attached to Frederiksborg County Council (DanEast Poland) and in 1997 this county council and another member of the Öresund Committee - the county of Scania in Sweden - came to an agreement about the launching of ScanEast Öresund as an extension of DanEast Poland to include Swedish companies. This agreement has been supported by EU's INTERREG programme.

The agreement between the two counties, that launched ScanEast Öresund, is one of many policies enabled by projects framing the Öresund regional collaboration. It might well be that the concept of this agreement has been on the way for a long time, shaped by various talk. Interviews with civil

servants in Frederiksborg County Council suggest that their reasons for concluding the agreement with the county of Scania are sensible from the point of view of the 'public sector marketing' project. They want to develop activities and competencies in traditional public sectors such as education, health and culture commercially and it is interesting to note how these desires and desires to pursue policies on the provision of public services to private companies join together.

International institutions such as habits of having 'Friendship Towns' and 'Friendship Regions' are crucial drivers here. They provide a platform for a 'new regional diplomacy', which incorporates a role for regional authorities as doorkeepers for private companies that plan to initiate operations abroad. It may also pave the way for a subsequent partnership, where the political agency delivers know how in the field of environmental protection or health care or other types of services to be incorporated into a product and marketed abroad. By tradition, diplomatic assistance to firms has been provided by the national governments, which, through their embassy staff in different countries, serve industrial interests in many ways. A regional policy on public counselling to private companies may be a catalyst for a process through which a region takes over diplomatic activities from the national governments. Central governments may lose control over cross-border transactions and the type of governance will come close to complex interdependency (cf. section 4).

While the more EU-focused groups of politicians, civil servants and industrial leaders in Scania (Sweden) tend to lean their international strategies upon the 'sub-central control' project, policy-makers on Zealand (Denmark) perceive a need for co-ordinating regional and national strategies. Danish interviewees argue that politicians are more easily persuaded if international strategies can be seen in terms of the Öresund and Baltic regional collaboration, but only on the condition that the strategies agree with national interests. In the wording of one of my interviewees: "the message you sell to the politicians points to the linkage between Frederiksborg county council, Öresund and the Baltic region.....and the explanation is, that there are opinions in national politics that region building in this area has to be promoted...".

Obviously, institutional differences such as those between Denmark and Sweden as regards state-locality interrelationships may slow down the development of a regional role in European policy-making. The interviews suggest that the two county councils Frederiksborg and Scania have to arrange their collaboration across Öresund so as to respect both Danish interests of a state led

decentralization and conflicting interests between Western and Eastern Scania as to the priority of the Öresund region (over other sub-regional constellations). The policymakers are facing a complex problematic environment and the type of solutions they are expected to find are even more complicated in view of Scanian interests in regional emancipation from the state.

There's doubt whether these projects and policies enhance the regional autonomy in the Southern Baltic by reducing the dominance by the national states. The actual changes in the political order are probably developing in the direction of a 'weak autonomy' that characterize 'complex interdependency', where sovereignty of the state erodes through alliances with firms in consequence of the pursuance of the 'public sector marketing' project. It is not obvious whether regional policies on public services to private companies also can be a catalyst for the 'sub-central control' project ('governance without government'). It has been argued, that the chance of success for this project depends on whether the European Commission uses tactics such as 'two-step-leverage' (cf. section 3.2). One question arising, then, is if the policy on ScanEast Öresund can be seen as a 'linking-pin' between the Öresund regional collaboration and EU-policies. This policy was formulated and implemented by members of the Öresund Committee, where also the Swedish and the Danish governments are represented. One prime aim of the Committee is to reduce barriers to the free mobility of capital, labour and ideas across Öresund and to foster co-operation in the borderland, which is also a main concern of the EU internal market programme. Regional competences in the institutionalisation of this programme justify consultations with the regional authorities and, thus, put a pressure on the national governments to involve the regional and local levels in the policy-making in the EU.

5.2 Alliances between regional authorities and firms

To serve these projects efficiently, the alliances between the regional authorities and the private enterprise must have a certain organizational form. It is arguable that an efficient form has to enforce interrelationships, where the businesses perceive that the authorities are competent and have beliefs about trust in the authorities (cf. section 3.1). The Empirical evidence of these perceptions and beliefs derives from two questionnaires answered by members of ScanEast Öresund: one was sent out in 1997 to 86 Danish firms and another one in the end of 1998 to 48 Swedish firms. The response rates were 40% and 35% respectively. Members of ScanEast Öresund are not truly representative of the enterprises in the two provinces. They are more internationalized and more

inclined to take advantage of public support and external assistance than other firms. Therefore, results from these studies and surveys are completed with results from a postal survey of a random sample of nearly 500 private firms in the Greater Copenhagen area, with a response rate of about 38% (N=189). They were asked about general characteristics (employment, where they have their markets, level of exports and international production) and their needs and use of information (private and public) about foreign markets and the European Union. A more detailed presentation of data is found in Gunnarsson & Jerneck (1998) and in Gunnarsson (2000) and interpretations in Gunnarsson (2001).

Provision of public service to firms at the regional level reveals a paradox that so many firms do not take advantage of information and knowledge provided by public and private advisory centres even if an external observer would judge that this information would be of great value to them (Morgan and Crawford 1998 p 92), (Gunnarsson and Jerneck 1998), (Hull and Hjern 1987). Morgan and Crawford (ibid) argue that the most difficult barriers to overcome are attitudinal “such as distrust of outside expertise” and point to the need of a “missionary-type” role of the suppliers of services. It is claimed that regional authorities can improve their credibility through delegation of tasks to a “policy-coordinator” (cf. section 3.1). Consequently, the empirical examinations presented in this section are based on the idea that beliefs about service capacity and trust depend on specialization within public-private alliances and also on the way the implementation of a policy is organized. It turned out that members of ScanEast Öresund in general have a positive attitude towards information-sharing before entering into a foreign market, while communication and information-processing throughout the market entry period is foremost a private affair (Gunnarsson 2000). Even if they are not inclined to share information with one another, they are prepared to collaborate with third parties, which may be public or private organizations (but not companies).

These findings give an inkling of how a “policy-coordinator” should be designed. The implementation organization for policies on the provision of information ‘before entering into a foreign market’ should make use of the fact that many firms rely on their personal networks for advice and on word of mouth recommendations. During interviews also personnel of advisory centres comment on the benefits of becoming part of these networks regarded as “trusted friends and advisors” (Morgan, Crawford 1998 p 105). Therefore, we imagine, firstly, a *decentralized implementation organization* for advisory assistance, where co-ordination of information-

processing and advisory capabilities relies on spontaneous networking activities among private companies. The role of a “policy-coordinator” is to initiate public forums or otherwise contribute to the creation of favourable conditions for the development of industrial networks. Secondly, processing of information and knowledge during the phase, when a firm enters into a market is more efficiently implemented by a *hierarchical structure*, where information moves from lower levels upwards, where a “policy-coordinator” collect information and redistribute it by sending it back. This implementation organization consists of a set of bilateral communication channels, where a “co-ordinator” negotiates individually with private companies.

The firms answering the questionnaires have been classified according to a taxonomy of networks suggested by Axelsson (1992): private interests vis-à-vis norms and an actor interact with a specific other, vis-à-vis a general environment. Those answering that they use “external networks” will be assigned to ‘network-based industrial systems’, where firms adapt to ‘general environments’ and environmentally constructed role structures based on professional and social norms. It is interesting to note that approximately 30 percent of the firms returning the questionnaire belong to this category (table in appendix). Firms stating that they do not use “external networks”, but use “advisory services” - approximately 20 - 25 percent - are assigned to the ‘industrial network’ type of firms. “Advisory services”, then, will be conceived as a set of bilateral relations (“an actor is linked to specific others”) that separates firms belonging to an ‘industrial network’ from atomized firms. The ‘atomized firms’, finally, make up approximately 40 percent. Together these three types of firms constitute about 95 percent of the grand total.

One significant result is that about half of the firms think confidently about collective action (firms belonging to ‘industrial networks’ and ‘network-based industrial systems’). For more practical applications this suggests, that instead of making public support to firms to come under the control of one central authority, the regional authorities benefit by decentralizing tasks to organize exchange of information and knowledge among firms to a “policy-coordinator”. At the same time, it is crucial that this agent of collective action has good relations with people in politics and makes clear that good performance by firms derives from decisions taken by the regional authorities.

In order to examine if the hierarchical design of the “policy-coordinator” is a credible alternative, we look into the ability of the authorities to grant appropriate competences. The result is presented

in table 2, from which it is obvious that many firms have no experience of counselling. A majority of the firms that answered the questionnaire (53 percent) have not used advisory services during the last two years. Among those firms that have used this type of service, a majority have used private counsellors, while only 12 percent have experience of public advisory services (public & private).

Even if some of the firms answer that they have not used advisory services, they declare that they have a need of external assistance, but resources for search or overview are lacking. This need reflects trust in the capabilities of external persons and organizations. The group of firms not pervaded by confidence in external expertise is reduced to a minority of about 40 percent implying that the quantity of social capital, from which advisory policies can derive legitimacy, is

Table 2: Use of advisory services (number of firms; N=189)

Use in the past	Use in the years to come			Total	
	Don't expect to use advisory services	Expect to use advisory services			
		Public	Private	Public & private	
Have not used advisory services during the last two years	42	6	50	2	100
No need	38	3	37	2	80
Need, but resources or overview for search are lacking	4	3	13	0	20
Have used advisory services	0	2	63	24	89
Public	0	0	0	0	0
Private	0	0	54	13	67
Public & private	0	2	9	11	22

considerable. If false beliefs in general are exceptional, it becomes interesting to examine beliefs about the future. Table 2 suggests that the confidence in external expertise tends to grow over time: only 22 percent of the firms state that they will not use advisory services in the future. It is arguable that the probability for false beliefs is less among firms with previous experience of counselling.

Since no firm belonging to this group has answered that it will not use advisory services in the years to come, there is no evidence suggesting that trust in collectively organized assistance tend to decrease. For this group of firms, it is interesting to note a tendency towards *increased importance of public advisory services*, implying that trust-relations activated throughout bilateral communication channels between firms and public agencies are growing slightly.

6 Discussion

6.1 Democratic legitimacy

The projects found in this study seem to suffer from shortages of democratic legitimacy (cf. section 5.1) and we have found serious legitimising problem involved in advisory policies (cf. section 5.2). One question arising is if the application the two modes of designing a “policy-coordinator” (decentralized and hierarchical implementation organization respectively) can transform these perceptions of advisory policy into perceptions of a public interest that could legitimize a "missionary" role of the authorities. A related issue concerns legitimising the EU and questions of how alliances between regional authorities and businesses can help the legitimacy of the EU

With regard to a strengthened role of regions in European policy-making, it is interesting to note Bullman’s argument that “(t)he a priori existence of regional identity seems in this respect often to be overestimated as a precondition for regional success” (Bullman 1996 p 17). Cultural factors and some sense of common economic interests established on a territorial basis tend to be more important than a pre-existing sense of spatial identity. It is also interesting to note a tendency among scholars to replace legitimacy as a manifestation of collective self-determination with the idea that legitimacy derives from satisfaction of a range of common interests. The delivery of a public service is democratic legitimate if the users are satisfied with the way a service is performed (Jacobsson 1997), (Erlingsson 1999 p 48). Scharpf (1999) calls attention to various legitimising mechanisms having in common with models of democratic legitimacy, built on procedural values, that they presuppose the existence of an "identifiable constituency". Although there is no reason to assume solidarity among the members of a constituency, or to believe that they will pursue the public interest, a necessary condition for ‘output-oriented’ legitimacy is that all individual interests can be interpreted in terms of institutionalized norms that serve public interests (ibid p 13).

In applying the notion of 'output-based' legitimacy, I must call attention to crucial differences between provisions of public services for firms and, for instance, the provision of medical care. Many citizens have their own experience of medical attendance and are able to form their own opinions about performance and service capacity. In the case of industrial policy, citizens utilize services in an indirect fashion and only a small fraction of the population have their own experiences from direct use or can be considered as potential users. Yet, policies that foster economic efficiency seem to be highly legitimate in the opinion of the general public. Citizens often cultivate myths about policies that do favours for certain groups of the population and, at the same time, have spillovers to the general welfare ("what is good for private enterprise, is good for society"). Another interpretation will be proposed here, which recognizes that the authorities can promote the legitimacy of policies serving firms by pursuing complementary policies. It is crucial that these policies institutionalise values that are external to the range of competitive practices in private companies. At the same time, the sub-national authorities propel trust-worthy dialogues, where interests of businesses are linked to these values in a way, where answers to problems of market competition appear as generalizable solutions.

Since the fall of the iron curtain, there has been a considerable amount of political rhetoric about, public discussion of and actual steps have been taken by regional authorities, which may coalesce to form a collective identity based on a common vision of Scandinavian-Baltic region. Popular fêtes and markets have been held regularly in particular places calling attention to the related cultures among people sharing a common resource (the Baltic Sea). The policies to support the acquisition of information about foreign markets, discussed in this article, are primarily directed to firms that expand across the borders inside the Baltic region. Thus, the "common interests" of these firms are sufficiently broad to serve the realization of the vision of Scandinavian-Baltic region. As efforts made by the authorities to demolish the security and political barrier from the cold war, that for long time separated people living on the Baltic rim, have popular support, these policies supporting firms meeting the demand of a larger market in the Baltic region are legitimate as they serve a "public interest".

A related issue concerns legitimising the EU and questions of how alliances between regional authorities and businesses can help the legitimacy of the EU. The EU is not an ordinary state

implying that other types of legitimising mechanisms than the ‘majority rule’ have to be considered also in this case. A few remarks will be made as a guideline for future research. At the centre of concern are regional authorities supporting firms with information on foreign markets and the EU. As discussed in other parts of the article, competences in policy-making in this area may justify involvement in the preparation of EU policy (maybe with the help of the national governments). The regional authorities will also be able to inform their constituencies early about new policies and also exercise influence to their benefit. The regional authorities increase their service capacities at home (besides increasing the service capacity of the EU) and consequently their internal legitimacy will be increased.

According to this reasoning, legitimacy for shifting sovereignty from the national and regional levels to the European Commission derives from increased service capacity at lower levels of multi-level governance. This approach agrees with literature suggesting that a disabled government can win credibility (legitimacy) by delegating decision-making power to non-majoritarian institutions or to supra-national institutions. Majone suggests that member states that are not credible in the eyes of regulated firms may improve the behavior of these firms by transferring regulatory power to supra-national authority such as the European Commission (Majone 1996). People are willing to accept reduction in procedural values as it gives welfare returns (Brittan 1998). If also the sub-national authorities shall be involved, they must provide specific capacities and competences.

Although the involvement of regions in EU policy-making increases the ‘service capacity’ of the union, it may have a small effect on legitimising the European polity. As the European Commission points out, it is a problem that people do not see that improvements come from European rather than national decisions (2001 white paper). Better direct communication between the Commission, regions, cities and localities may help. For example, the establishment of an organizational unit of INTERREG in the Öresund region probably made this communication more efficient and also improved economic performance of a group of firms. However, this process for helping the legitimacy of the EU may be hampered in regions, where the European identification is weak. This is seen more clearly if attention is also drawn to the ‘input-based’ model of legitimacy, which will be considered more in detail in future research. We note that in regions with a weak European identification a regional government may not have any incentives to initiate communication or make its communication with the European Commission public. It may reduce its chances for

winning an election. The sub-national authorities are more inclined to connect improvements with their own decision. Thus, the credibility the authorities get by taking part in European politics will not be transferred to the EU. On the other hand, if the regional authorities are EU-focused and pursue by-pass strategies ('governance without government'), they may have incentives to use this situation to strengthen the European identification by telling the voters that improvements derive from European decisions.

6.2 Multinational Enterprises

The empirical studies so far have concentrated on regional public policies assisting local companies with internationalization and exporting. Future research will concentrate on EU competition policy and policies directed to the implementation of the internal market programme. Probably, significant insights into these policy areas are provided through examinations of EU policies towards multinational enterprises (MNEs).

The attitudes of the national governments in the EU to the attraction of foreign direct investments (FDI) have become more positive. At the same time, FDI-promotion policies have been given greater priority at regional levels of policy-making (Brown, Raines 2002). But what does a foundation for regional level policies look like in this case? Influential literature points out that MNEs invest abroad to exploit some advantage they already possess, such as knowledge-based, firm-specific assets, or to acquire new technological knowledge (Markusen 1995), (Markusen, Venables 1998), (Fosfuri, Motta 1999). These assets have become increasingly mobile and move to micro regions or clusters, which are able to generate Marshallian external economies (Gray, Dunning 2002). Insightful literature finds that FDI contributes to economic growth in a country only if the country has a minimum threshold stock of human capital. That is, a productivity effect of FDI is achieved only by interacting with a country's absorptive capability (Borensztein, De Gregorio, Lee 1996). For regional authorities a main task is to pursue policies that facilitate linkages between plants and the asset-generating part of the economy such as universities. To this category of policies belong undertakings that prepare sites to suit plants (Brown, Raines 2000). In this case, 'delivering support to firms' is intimately connected with ability to fund financial incentives of firms to create regional clusters.

Obviously, examinations of how regions take part in tripartite (multi-level governance) regulation of globalized activity in the EU should set out from studies of policies directed to the immobile knowledge creation activities, down-loading knowledge from the global economic system and to secure that people residing in the region capitalize on the competence embodied in their collective experience. It is true, that policies on the promotion of FDI have been given greater priority in regional level processes. At the same time, the regional authorities seem to be restrained by their national contexts operated by the national governments, which suggests that they should be considered through examinations of national frameworks for policy (Gray, Dunning 2002), (Brown, Raines 2002). In parallel control over FDI policies seems to become concentrated in the European Commission, which may point to a tendency for sovereignty to shift from the national to the supra-national level. It seems to be an urgent task to examine if this change in sovereignty has any effects on state-locality relations inside the countries.

As regulative arrangements for trade and for FDI for the most part coincide, it is reasonable to trace EU policies on FDI back to the treatise of Rome, which contains rudimentary principles of a European law of free and undistorted market competition and from which liberalization through intervention of the European Commission could extend (Scharpf 1999 p 50). Consequently, along with regulation of trade and investments is becoming legislative, power moves from government-to-government negotiations to the EU Commission implying that procedures for dispute settlements have been established, where businesses can complain to the commission (Brittan 1998 p 63). At the same time, discord seems to creep into the relationships between the national and supra-national levels of governance. "Business lobbies" have been split along national lines and member countries have desired to keep investment performance requirements as instruments of high-tech industrial policy, which have hampered negotiations (Ostry 1997 p 7). National governments may have an interest in the screening of 'new industries' with an expected innovative potential, while on the supra-national level performance requirements (standards for the quality of products and processes) are imposed to enhance the diffusion of new technologies to create an internal market in Europe.

7 Conclusion

This article has tried to provide insights into how alliances between the regional authorities and firms enhance the regional autonomy in the EU. One result emerging from the study of county

councils in the Southern Baltic area is that connections between regional level processes and international institutions such as EU regional policy or traditional cross-border co-operation ('Friendship Towns' and 'Friendship Regions) can be seen through the lens of two projects. While advocates of the 'sub-central control' project – foremost sub-national authorities in Sweden – are inclined to choose international strategies that challenge the national governments in EU policy-making ('governance without government'), advocates of the 'public sector marketing' project – foremost regional authorities in Denmark – generally do not intend to challenge their national governments.

Empirical evidence of regional level cross-border co-operations involving local business communities has been presented. These co-operations are organized to serve the two projects in many ways. The 'public sector marketing' project gives support to public-private co-operations abroad and to diplomatic assistance to firms, while alliances with businesses play more in the background in the 'sub-central' project. This project, on the other hand, is more EU-focused, but if the advocates of the project do not take account of the institutionalisation in the EU and look after their alliances with the private enterprise, they may fail to channel their efforts into the EU.

If the EU Commission uses 'two-step-leverage' to influence the national governments, policies delegated to a "policy-coordinator", such as the secretariat of ScanEast Öresund, could be a 'linking-pin' that justify consultations with the regional authorities. Moreover, to be qualified for organizing EU cross-border programmes, an association of regional authorities need competence for co-ordination of many organizations in joint problem-solving processes. That is, an efficient internal network in the Baltic region provides favourable conditions for being a part of EU policy-making and private companies will probably turn out to be a prime ingredient in future networks. Finally, associations of regions that have become part of networks for word of mouth communication may be an attractive alternative to 'The European Business Test Panel' the EU-Commission has established to improve the quality of Community legislation.

The 'public sector marketing' project do not aim at extending the power in multi-level governance. Yet, as institutional changes in the EU recently reward desires to establish alliances between authorities and private companies, advocates of this projects (such as the sub-national authorities in Denmark) may enhance their autonomy. Another result emerging from the study is that this project

may promote changes in the traditional institutions for having ‘Friendship Towns’ and ‘Friendship Regions’ in a direction, where they become more commercialised. Danish provinces have no aspirations for influence in the EU by sidestepping their national government. But if they pursue international strategise based on the ‘public sector marketing’ project, they will extend their service capacity for providing diplomatic assistance to private companies. The provinces take over diplomatic activities from the national government and sovereignty may move from the state to the region.

In sum: the regional authorities are unable to realize these projects without assistance from businesses. Therefore, this article has pointed to a few issues the regional authorities have to take stock of when channelling political action through alliances with firms. It is important that the delivering of support to firms is designed to generate services in return. Information about needs and demand of firms is crucial to enhance the quality of EU policy-making and to become involved in the preparation of policies, the sub-national authorities must be able to offer the collaboration and know-how of companies. To benefit from this mutuality, however, the regional authorities must choose an organizational form of theses alliances, where they are trusted and accepted by the businesses. Therefore, different designs of a “policy-coordinator” (decentralized and hierarchical implementation organizations) have been examined. Since about half of the firms that answered our questionnaires think confidently about collective action, the authorities benefit by decentralizing tasks to organize exchange of information and knowledge among firms to an agent of collective action to which tasks in politics are delegated.

When asked by the EU Commission to offer links for communication with the private enterprise, or if an association of regions is unable to manage a situation by itself, a direct contact with a firm or a group of firms is required. If public support is not under the control of one central authority (the hierarchical organization), the “policy-coordinator” has to have good relations with people in politics and, at the same time, improve the credibility of the authorities by informing the firms that good economic performance depends on decisions taken by the regional authorities. An empirical investigation of firms in the Greater Copenhagen area suggests that trust-relations between firms and public agencies are growing slightly.

Appendix

Classification of firms by environment (percent of firms in a category)

	Type of firm			
	Atomized ¹	Industrial networks ²	Network-based industrial systems Higher education ³	Network-based industrial systems Higher education rare ⁴
Percentage of grand total (N=189)	41 (N=77)	23 (N=44)	14 (N=26)	16 (N=30)
Size (occupation by firm):				
2-49	92	91	89	86
50-99	4	5	8	4
100-	4	4	3	10
Export:				
0%	60	46	31	70
1-50%	28	39	54	23
51 % -	12	15	15	7
Oriented towards:				
Market and growth	27	59	81	54
Production and technology	14	18	4	16
Many employees:				
High education	24	34	--	--
Skilled	51	54	16	63
Unskilled	11	16	12	23
Research and development	12	22	38	17
Frequent contacts:				
Customers	88	96	100	93
Suppliers	70	68	54	60
“Firms in the same industry”	36	18	38	33
Public advisory bureaus have been used	--	23	27	17

1) Firms that rarely search for information through external networks (customers, suppliers, competitors) and have not used advisory services during the last two years.

2) Firms that rarely search for information through external networks (customers, suppliers, competitors) but have used advisory services during the last two years.

3) Firms that frequently search for information through external networks (customers, suppliers, competitors), and have used advisory services during the last two years and have many employees with higher education.

4) Firms that frequently search for information through external networks (customers, suppliers, competitors) but have few employees with higher education.

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