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### Regions and international affairs: Motives, opportunities and strategies

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# **Regions and International Affairs: Motives, Opportunities and Strategies**

MICHAEL KEATING

## THE RISE OF PARADIPLOMACY

Recent years have seen an increasing involvement of regional governments in the international arena (Duchacek *et al.*, 1988; Hocking, 1997), a phenomenon sometimes known as paradiplomacy. The reasons lie both in changes at the level of the state and international system, and in political and economic developments within regions themselves. Globalization and the rise of transnational regimes, especially regional trading areas, have eroded the distinction between domestic and foreign affairs and by the same token have transformed the division of responsibilities between state and subnational governments. Globalization itself has economic, cultural and political dimensions. Free movement of capital and the rise of the multinational corporation have eroded the ability of states to manage national economies, and have indeed made it ever more difficult to talk of national economies at all. Modern communications technology and the dominance of a global culture originating largely in the United States have eroded national cultures and the role of states in promoting and protecting them. The consequent loss of autonomy and capacity on the part of states has given rise to speculation about the end of sovereignty (Camilleri and Falk, 1992) as understood in the last 200 years or so.<sup>1</sup> Transnational regimes<sup>2</sup> have arisen in defence (NATO), in trade (NAFTA and the European Union), and in human rights (European Convention on Human Rights) and in Europe there is a project for building a political union above the sovereign states. Many of these provisions impinge on issues that are the responsibility of subnational governments or have a particular incidence in specific territories, drawing regions into the international arena.

At the same time, there has been a restructuring of territorial politics within states, with the rise of new actors and issues. Functional restructuring is in some respects eroding the importance of territory. Globalization of the economy, mobility of capital and communications and transportation technology have severed many of the links between place and production, allowing a freer choice of location and reducing the dependence of firms on the proximity of raw materials or waterways. The new communications media may erode the

connection between culture and territory, by importing global culture, as well as by making it possible for cultural communities to exist without physical proximity. Politics too can be detached from territory, as transnational social and political movements or groups defined by ethnicity or gender compete with traditional forms of mobilization. Some observers have taken this so far as to talk of the 'end of territory' (Badie, 1995). Yet this is only part of the story, since there has also been a reinvention of territory as a functional requirement and as a political principle, within the new global order (Keating, 1998). Functionally, the most important effects are in economic and cultural matters. In the face of global change, the importance of territory as an ingredient in economic restructuring is now widely recognized (Storper, 1995; Amin and Thrift, 1994; Dunford and Kafkalas, 1992). The impact of global forces is mediated by the characteristics of specific territories, while the successful insertion of regions into the global economy depends very much on their capacity to engage in social co-operation and produce public goods. In a revival of the old idea of industrial districts, the qualities of specific places are now seen to be key factors in competitiveness, while the old idea of comparative advantage, according to which each region found its place in the global division of labour, has given way to the idea of competitive advantage, in which absolute advantages accrue to regions with the appropriate characteristics (Storper, 1995). This inter-regional competition is partly imposed by functional changes in the global economy; but it is partly the invention of political entrepreneurs who use the theme to consolidate their own regions and enhance their political standing within them. Regions are thus pitched into a neo-mercantilist competition for advantage in global and continental markets. Culture may also be globalizing in some respects, but local and minority cultures are also reviving, and territory is seen increasingly as the basis on which to protect and develop them.

To these functional reasons are added political impulses to re-territorialization. The weakening of the nation-state in the face of global pressures has enhanced the importance of territorial fault lines within multinational states such as Canada, Spain, Belgium or the United Kingdom. New forms of nationalism have emerged, less tied to the construction of a state in the classic sense, and more concerned with building a capacity for collective action, in government and civil society, in the face of the global market (Keating, 1997). In other places, we see a new regionalism (Keating, 1998) defined by its global and market context, or the rise of cities as actors. Development coalitions have emerged in these territorial spaces, seeking to manage the insertion of their territories into the global market, while controlling the socially disintegrative effects of that market. Territory thus becomes a key factor in the relationship between society and the global market and in the constitution of arenas for political debate and systems of collective action. Regionalism and minority

nationalism, often associated in the past with protectionism, are now as likely to be committed strongly to free trade and especially in Europe, to continental integration, seeing this as a new space within which to develop and project their social and economic programmes.

An important factor in this is the decline of the state's capacity for territorial management, and the undermining of the exchange relationship in which states delivered protection from the market and favourable spending policies, in exchange either for loyalty to the state (in multinational states) or support for the government in power. In the nineteenth century, the state's contribution to the exchange usually comprised trade and tariff policies, which could be adjusted to the needs and demands of various regions as well as sectors and social groups. In the twentieth century, the high point of territorial exchange was represented by the regional policies of the 1960s and 1970s, presented as a non-zero-sum arrangement whereby developing or declining regions could benefit from the diversion of investment their way, booming regions could benefit from the relief of congestion and the national economy could gain from the use of idle resources in the periphery. Tariff policies are now limited by global and continental trading regimes. Diversionary regional policies are also limited by international trading rules (especially in Europe) and are of decreasing effectiveness in a global economy where firms can choose to locate outside the state boundaries altogether if they do not get their preferred location. National governments have accordingly put more emphasis on national competitiveness and less on regional balance, leaving sub-state governments to fill the gap. This decline in the mediating role of the state exposes regions more directly to the effects of the global economy, and forces them to seek opportunities to operate within it and within the emerging transnational regimes. This coincides with the new thinking on economic development, which places less emphasis on central state policies and more on factors rooted in the regions themselves. So the old dyadic exchange between the state and the regions, with the state mediating regions' relations with the global market, has given way to a more complex set of relationships, in which regions operate within the state, but also within transnational regimes and the global economy. Ohmae (1995) has made a lot of this point but takes it beyond all reasonable limits in linking the rise of the regional economy to the decline of the nation-state in a purely functionalist and determinist manner. To understand the phenomenon properly, we need to look at the regions themselves and the political incentive structure they face.

#### WHY DO REGIONS GO ABROAD?

Looking at the new paradiplomacy from the perspective of the regions themselves, we can discern three sets of motivations for them to go into the

international arena: economic, cultural and political. Economically, regions seek investment, markets for their products, and technology for modernization. In a world of increasing mobility, they also promote themselves as tourist destinations. 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. 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 Fländers.

Some regions have sought to build a distinct model of development based on close linkages between government and private business, the assertion of a common territorial interest and the subsequent insertion of the region into the global economy. This neo-corporatist strategy is underpinned by a shared culture and identity and a political project aimed at securing effective functional autonomy for the region, by securing local control of both the political and the economic levers. While keeping economic control in local hands was usually associated in the past with protectionism, it is now allied with a strategy for inserting the regional economy into global markets without being dominated completely by them. The most elaborate such model is found in Quebec, where it has been labelled Quebec Inc. or 'market nationalism' (Courchene, 1990) and is claimed to give Quebec an advantage in facing the challenge of globalization by exploiting the productive potential of social concertation, while responding better to social demands (Latouche, 1993). This strategy can be traced back to the Quiet Revolution of the 1960s, and was later imitated by Fländers. An active external policy is a fundamental part of it.

Regions with their own language or culture also seek resources and support in the international arena, especially where their own state government is unsympathetic or the homeland of the language is in another

state. So, for example, Quebec governments have sought collaboration with France and other francophone countries to gain support for their own cultural development and language promotion. It has gained the right to select its own immigrants and uses this to favour people from francophone countries. Catalonia has promoted its language in departments of Spanish language in universities and academies abroad, and has sought a place for non-state languages in European institutions. Alliances among cultural regions have been forged to lobby state and transnational institutions, for example in the European Bureau for Lesser Used Languages (Price *et al.*, 1997). These seek to promote the use of minority languages in European and international institutions and to secure exemptions for cultural industries in world and continental trade negotiations. International consortia are also used to project and export the cultural production of regions in world markets in a variety of ways, from exchanges of artists and performers to participation in satellite broadcasting syndicates.

Regions have a variety of political reasons for entering the international arena. Those with nationalist aspirations seek recognition and legitimacy as something more than mere regions. For example, 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.<sup>3</sup> External projection may also serve by a reverse effect to help nation-building at home, by showing local leaders in international contexts. Even in regions without nationalist movements, the international arena can be used as a platform for internal region-building, as well as for the projection of the regional politicians themselves. Regions, especially those with distinct historical and cultural identities, may also use diasporas to enhance their political influence in other countries and to mobilize resources. The role of the Irish diaspora has been important at various times in the Northern Ireland conflict and the peace process. The Basque diaspora in America provides an arena for the Basque movement. In other cases, regionally concentrated minorities may look to a motherland for support. So Quebec looks to France for political support in developing its distinct social and political model and, in the case of sovereigntists, for eventual recognition of an independent Quebec. There may be some tendencies developing for chicanos in the southern United States to look to Mexico for support as they assert their distinct place in American society. Territorial minorities across central Europe look to ethnic motherlands for support and assistance in their conflicts with their own states. There may even be efforts to rediscover and revitalize old connections and identities, as in some parts of central Europe where the German heritage is being refurbished as an asset in the new European

market. More focused political campaigns seek to influence public or elite opinion in key foreign countries. In the summer of 1997 British Columbia aired radio commercials in Washington State, giving its side of the fisheries dispute. Quebec has gone to the United States to combat hostility from environmentalists and sympathizers of native peoples towards its hydroelectric schemes, whose viability depends on power exports to the US market. Canadian provinces have also sought to combat hostility in Europe and the United States to their logging and trapping practices. Quebec leaders make regular trips to Wall Street to reassure holders of provincial debt that their bonds will be secure. Nationalist leaders seek to reassure both political and economic opinion-makers in the United States that Quebec independence would not be a threat to them.

### THE OPPORTUNITY STRUCTURE

Paradiplomacy is part of a broadening of the universe of international affairs, in which states are no longer the sole actors. Regions operate alongside firms, trade unions, social movements and transnational organizations like Greenpeace or Oxfam. This universe is complex, fragmented and unstructured. The global market is particularly complex and many regions have had great difficulty in finding ways to operate within it. For example, many subnational governments in the 1980s sent out missions to attract inward investors with little thought as to how to make an effective pitch, whom to target, or even where to go. This 'scattergun' approach has generally now given way to more selective strategies.

Transnational regimes present another point of access, but this depends on the nature of the regime. NAFTA has important implications for regional development across North America (Conklin, 1997) but presents few opportunities for influence other than through states. The European Union, by contrast, presents a range of such opportunities and these were enlarged and formalized by the Treaty on European Union (Maastricht Treaty). Hence there is a massive amount of regional activity in Europe (Jones and Keating, 1995; Petschen, 1993; Pintarits, 1995; De Castro, 1994; Hooghe, 1996). Regions have established offices in, and sent missions to, Brussels; by 1996, there were 115 such offices (*Europa Magazine*, 1, 1996). Regional lobbying might also coincide with sectoral pressures, where there is an important firm located in the region, allowing approaches through more than one channel. The Committee of the Regions, established by the Maastricht Treaty, gives regional and local governments a formal consultative role alongside the Economic and Social Committee, enabling them to comment on Commission proposals and Council deliberations as well as issues of general concern to regions. Maastricht also provided a



mechanism for some regional input by allowing regions in some instances to stand in for their respective states in the Council of Ministers. This clause, which so far has been interpreted as applying only to the three federal states of Germany, Austria and Belgium, does not allow regions to represent themselves individually since the regions must first agree among themselves and, where national issues impinge, with the national government, on what their position will be. It does, however, represent an important breach in the principle that only national governments are represented in Europe, since where purely regional matters are concerned, it is the regions that speak for the state. Regions have also been drawn into direct contact with European policy-makers through the partnership arrangements for managing the structural funds, which bring together European, national and regional officials.

These opportunities for regions to act in Europe remain limited and states are still the dominant actors. Some regions have sought to expand on their role by promoting the concept of a Europe of the Regions. This rather vague expression has been interpreted in a variety of ways. One, rather utopian, vision sees nation-states – caught between Europe and the regions – fading away, to give rise to a new territorial dispensation, in which economic or cultural units below the existing states will be the principal actors. A more limited concept sees regions emerging as a ‘third level’ in Europe (Bullman, 1994) with a recognized status within European institutions, but still nested within states. A still weaker concept is that of Europe with the Regions, in which the regional dimension of European policies will be increasingly recognized, and opportunities for collaboration and consultation will be developed. The problem with systematizing this is the sheer variety of regions and regional demands. Some regions, with nationalistic leaders, see Europe as permitting them to operate almost like states, escaping the national framework. So Flanders, for example, has set itself the goal of moving from being a ‘third-level’ player to being a ‘second-level’ actor, more like the existing states than the mere regions. For this purpose it has come up with yet another concept, that of ‘Europe of the Cultures’, in which those regions with their own cultures or languages<sup>4</sup> would have a special status. German Länder, for their part, are highly integrated into the national policy-making system and the domestic concessions made to them in the 1990s made them less eager to pursue the Europe of the Regions idea. These concessions included the right to represent the state in the Council of Ministers on regional matters, and a constitutional change requiring Bundesrat consent to any further transfer of powers to Europe. So their preference has been for the ‘third-level’ strategy, allowing them to act both within the German domestic arena and in Europe. The Maastricht Treaty represented the high-water mark of regional

ambitions in the EU. The Amsterdam Treaty gave them nothing very substantial in addition. Demands to strengthen the European level and the position of the regions in it by making the principle of subsidiarity justiciable and giving the regions access to the European Court of Justice to pursue it and other concerns, were not taken up. Some observers have therefore concluded that the 'third level' strategy has run out of steam (Jeffery, 1996).

Another set of opportunities is provided in the inter-state system, with linkages to national governments. Generally, this is difficult, since national governments do not see much to be gained in return, and the state government of the region concerned is likely to see this as a threat to its own diplomatic position. Cases such as the relationship between Quebec and France, where a state considers itself the motherland of the regional population and has a strategic interest in cultivating the link, are the exception. Flanders has nonetheless indicated that henceforth its privileged partners will be states rather than regions.

More common are links and partnerships among subnational governments in different states. These take the form both of multi-purpose or general associations of regions, and of alliances between specific regions. 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.

A more focused effort is provided by groups of regions with a narrower geographical or sectoral focus, able to identify common interests and formulate proposals. These started to appear in Europe in the 1970s, the first being the Association of European Frontier Regions (Balme, 1996). 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. The most celebrated sectoral initiative is the Four Motors of Europe, founded as an alliance of Baden-Württemberg, Lombardy, Rhone-Alpes and Catalonia, four advanced regions which felt

neglected by the Commission's emphasis on declining areas (Kukawka, 1996; Morata, 1996). The aim is to establish trans-European networks for research, innovation and production, applying in the single market the lessons learned from territorially-bound industrial districts. The initiative has gained a high political profile and its promoters claim great things for it, although outside observers have often been more reserved, noting that much of the activity is symbolic and pointing to the practical difficulties of co-operation across regions with such different administrative structures, levels of development,<sup>5</sup> and systems of innovation (Borras, 1993). Many other partnerships exist, across Europe and North America, and extending into Asia, focused on economic and cultural collaboration. The reality of these often depends on the enthusiasm of individuals and their willingness to follow them through. The Ontario government has a series of agreements, including an association with the Four Motors of Europe, but some remain empty shells as new governments have failed to pick up on the initiatives of their predecessors. One important focus, with specific implications, is on exchanges among university researchers, teachers and students, but this requires a capacity to follow through on the broad principles and the presence of individuals within the universities themselves who are willing and able to pursue matters.

By far the most common type of inter-regional co-operation is the cross-border initiative. Indeed there is not a single border in western Europe that does not have one. There appears to be a strong functional logic to this, especially where economic or cultural regions are bisected by state boundaries, some of them of quite recent origin. The European Single Market programme, and the INTERREG scheme launched by the European Commission to accompany it, produced a wave of initiatives. NAFTA also produced some interest in cross-border working in North America, but without the impetus provided in Europe by Commission funding. Typically, cross-border initiatives have a functional basis, focused on common problems and opportunities, notably in economic development, promotion, infrastructure, environment or culture. They are most successful where there are complementary assets and resources on *either side of the border*, and common interests in realizing them. This is most likely to be the case in environmental policy and infrastructure provision. In matters of economic development, it is more difficult, since regions are usually in competition for investment and markets and politicians lack the incentives to take risks which might not benefit their own populations. This can even affect common infrastructure projects, a typical example being the existence of two airports, one on each side of the frontier and neither large enough to serve the needs of growth. Yet neither side is willing to close its own airport to permit the development of the other one to the critical size. Another

factor is the compatibility of legal and administrative systems on each side of the border, and the existence of governments with the powers and resources to undertake common projects. Success is also critically dependent on individual politicians and the way in which they use cross-border working to project an image of dynamism and build political capital. So there are complex games at multiple levels. At one level is the economic and functional context, which points variously to collaboration and the pursuit of common interests, or to competition. Then there is the level of state politics and government, where gatekeepers exist who want to maintain the monopoly of international contacts and channel them through state capitals. The next level is that of regional political entrepreneurs who, by contrast, see cross-border collaboration as a means of escaping central state control, pooling resources and, in the European case, gaining access to EU programmes and funding. The INTERREG programme is significant here in that, as a programme of community initiative, it escapes national control, unlike most of the structural fund initiatives. Finally, there is the micro-political level represented by local actors, often technical or general bureaucrats, and the personal networks that develop among them. These are very difficult for states to control, based as they are on informal links and unwritten communication. Again, cross-border collaboration can be a means for officials on both sides of the border to increase their autonomy from central state control by pooling resources and sharing information.<sup>6</sup>

The combination of these factors means that cross-border co-operation is much better developed in Europe than in North America. In North America, the tradition of inter-regional competition is much more entrenched, affecting states and provinces as well as cities, and there is not a lot of political capital to be gained from co-operating across the border. Politicians on the borders are often suspicious of free trade and are protectionist in sentiment, in contrast to European politicians who are often enthusiastic Europhiles. Cross-border initiatives in economic development and technology transfer are of most use to small and medium sized firms, while the large motor corporations that dominate US–Canadian trade can fend quite well for themselves. Language issues apart, there is often more compatibility between the various European welfare states and attitudes to government than there is among the three countries of North America, making co-operation in joint programmes easier. Finally, in Europe there is the presence of the European Union and its programmes for cross-border initiatives which provide resources to help costs, provide political support against often sceptical national governments, and give guidance and programme assistance for mounting schemes.

## STRATEGIES AND STYLES

The strategies adopted by regions in their external relations are shaped by their motivations and the opportunity structures facing them. Paradiplomacy is not the same as conventional state diplomacy, which is about pursuing a defined state interest in the international arena. It is more functionally specific and targeted, often opportunistic and experimental. There is certainly a strong functional logic to the activity, and we have noted how it has expanded with globalization and the need for regions to operate in the global market. Yet it is not functionally determined, and political considerations play the main role in deciding on strategy and initiatives. This can be seen by contrasting the cases of Ontario and Quebec. The latter has pursued an active external policy as part of a strategy of nation-building, and has embraced free trade as part of this vision. Ontario, by contrast has been until the present government very reticent about free trade, and its external policy is not nearly as well developed as is that of Quebec, despite its even greater degree of insertion into the North American and global economies. Paradiplomacy is also characterized by a high degree of involvement of civil society and the private sector. This varies according to political and institutional factors. In Germany, where there are strong regional governments, these have tended to take it upon themselves to define a regional interest and determine how it should be pursued. In Catalonia, by contrast, there is a stronger role for private associations, often acting in collaboration with, or as agents for, the regional government. Quebec external policy has come to be pursued increasingly in collaboration with business and social interests (Balthazar, 1991), though this may have changed under the Parti Québécois, which has a more specific political agenda.

Relations with the host state vary greatly according to constitutional and political factors. The most permissive constitutional regime is in Belgium, where regions and language communities have full external competence in matters under their purview. They are restricted only in being unable to sign treaties with states with which Belgium does not have diplomatic relations. Since federalization has meant the abolition of national ministries in devolved matters, indeed, Belgium is reliant on the communities and regions for a presence not only in the EU but in organizations like the OECD and UNESCO. Canadian provinces also have a wide legal scope to act abroad, though there is a difference of opinion between the Quebec government, which regards the agreements it has signed abroad as full binding treaties, and the Canadian federal government, which sees them merely as accords. In Germany, the Länder can act abroad, but with fairly strict constitutional limits. Elsewhere in Europe, states try to maintain strict

control. In France, the doctrine of state unity abroad is so entrenched that the constitutional court even refused to allow a constituency system for elections to the European Parliament, on the grounds that only the whole nation, and not individual parts of it, can be represented externally. As is usual in France, this doctrine is softened in the application by all manner of expedients. In Spain and Italy, states have interpreted the constitution in a very restrictive way although, in the last year or two a court ruling (in Spain) and a constitutional amendment (in Italy) have explicitly permitted regions to open offices in Brussels. The United Kingdom has no written constitution, and so British local governments have been among the most active in Europe.

Political relationships also vary. In Quebec, relationships with the federal government are, not surprisingly, worse when the nationalist Parti Québécois (PQ) is in power. Yet paradiplomacy is emphasized rather more by governments of the Quebec Liberal Party, which see it as an instrument of stateless nation-building, without requiring difficult constitutional changes. The PQ, for its part, gives priority to the achievement of independence, which will permit a full external diplomatic presence. So it was a PQ government that recently closed most of Quebec's offices abroad. Relations in Spain depend on the relationship of the political parties, notably the relationships with the central government of the dominant moderate nationalist parties of Catalonia and the Basque Country. Where they are in alliance with the central government, as under the Socialists 1993–96 and the conservative Popular Party after 1996, conflict is moderated and co-operation is enhanced. More generally, Catalan representatives abroad have sought co-operation with Spanish diplomacy rather than confrontation, in order to increase effectiveness. The Catalan government has also sought to distinguish its own role from that of traditional diplomacy.<sup>7</sup> In Belgium, the potential for conflict is reduced by the tendency for governing coalitions to be reflected at national and regional/community level. Since 1995, however, these have been elected separately, and as from the next elections the national and regional/community elections will no longer be held on the same day, so a divergence of political opinion can be expected. In Germany, there has been some tendency recently for the stronger Länder to operate increasingly outside the framework of co-operative federalism and to seek their own presence in the exterior. In the United Kingdom, relationships between central and sub-state governments are highly partisan and governments are suspicious of anything that might give opposition forces a platform. There was great tension under the late Conservative administration, a centralizing and increasingly anti-European government facing a periphery that was increasingly assertive and pro-European. Forced by functional necessities to

establish a bureau to represent Scottish interests in Brussels, the government insisted that its mission should be economic rather than political representation and that Scotland Europa should provide a shelter for Scottish interest groups rather than articulating a 'Scottish interest' itself. The 1998 devolution legislation, however, allows the Scottish Parliament to establish a political presence in Brussels.

Foreign ministries have, not surprisingly, looked askance at regional activities abroad, seeing them as a breach of the united diplomatic front, and they go to immense lengths to control them. The French-Belgian cross-border regional collaboration teams were given an extremely top-heavy committee structure, including the French ambassador in Brussels, to bring them into the diplomatic fold. In the early 1980s, the British Foreign Office waged a war against the inward investment activities of the Scottish Development Agency and its offices abroad. Eventually a compromise was reached whereby they were subsumed in a new agency, Locate in Scotland, coming under more direct control from the Scottish Office which, as a ministry of the central government, was more easily controlled.

#### THE LIMITS OF PARADIPLMACY

Paradiplomacy is a rather recent phenomenon and subject to a great deal of trial and error, as regions experiment to see what works and what is cost-effective. Some regions have been adding the costs and benefits, and are coming to realize that a great deal of what they have been doing is of doubtful value. There has in consequence been some retrenchment. Ontario and Quebec have closed most of their overseas offices and some European regions have closed their missions in Brussels. The efforts to institutionalize a third level in the EU did not ultimately succeed (Jeffery, 1996). Immense practical problems have emerged in efforts to secure inter-regional collaboration and co-operation, including the realities of territorial competition, differing constitutional and legal provisions, and the resistance of politicians and officials who have a continued stake in the existence of borders and central control. Paradiplomacy has not, therefore, proved state-transforming, except where states are already disintegrating for other reasons, as in Belgium or perhaps Canada. In those cases where regions encapsulate a sense of distinct national identity and a nation-building project, external projection is qualitatively different from those cases where it is motivated only by functional considerations. In the former, paradiplomacy is used in a highly political manner, either to prepare the ground for eventual independence, or as an element in stateless nation-building, a strategy to acquire as much as possible of the substance of national independence, without worrying too much about the formal status.

Paradiplomacy, while for the most part unspectacular, does represent an important and new dimension both to regionalism and to international relations, further evidence of the breakdown of the distinction between domestic and international affairs and between national and regional matters. As political leaders and publics are able increasingly to adopt multiple identities and roles in different contexts, they are more able to span the old state–international divide. Policy making is increasingly a matter of complex networks that cannot be contained neatly within political institutions, spanning both the public and private divide and international borders. It becomes more important, therefore, for politicians and officials to be able to operate in different arenas, and to link up powers, resources and opportunities found among them. This does not in itself imply that regions will become more important. There are many territorial and sectoral interests seeking expression in the international arena. The very forces of globalization that are drawing regions into the international arena may serve to disarticulate the region as a system of action, as different elements are drawn differentially into distinct global networks. Links between sectoral and territorial lobbies may be broken. Even local business interests may, as they are drawn into the global market, lose their territorial identity, while the neo-corporatist connections that underlie, for example, the Quebec model of development, may be under strain in the global market place. Regions will only be important to the extent that they have institutions and leadership capable of arriving at a definition of the regional interest, articulating this and devising policies to pursue it. This capacity varies, so that in some cases we find powerful regional governments pursuing a defined interest; in others there are competing versions of the territorial interest, often pitching a development coalition based on the region against one focused on a big city or metropolitan area;<sup>8</sup> in other cases again, there is no articulated territorial interest. So, for all the functionalist determinism of observers like Ohmae (1995), it is politics that ultimately counts.

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#### NOTES

1. I do not refer here to the 'Westphalian state' since I do not share the view that the present state system dates from 1648. The only European state to retain its Westphalian borders in 1997 is Portugal. The state system as we know it is largely the product of the second half of the nineteenth century and of the Versailles settlement of 1919. For a historical critique of the Westphalian fallacy, see Osiander (1994). The reason for emphasizing this point is to stress that state borders have long been permeable in many respects, and remained so until



- the First World War and the collapse of the international trading system in the 1930s.
2. I use this term rather loosely to avoid entering the scholastic debate on the existence or meaning of 'international regimes.'
  3. This type of ignorance is not confined to large states. Many Catalans and Basques, including nationalists, are insensitive to the *multinational* nature of the United Kingdom, referring to it as 'England.'
  4. Effectively this means minority nations, but this terminology is not used. The concept also includes independent states which are small nations, such as Ireland and Denmark.
  5. Each claims to be the most advanced region within its own state but, on a European scale, there are big differences between Baden-Württemberg and Catalonia.
  6. Information is an important power resource here. In one set of interviews, French local officials revealed that, deprived of information by Paris, they went to their Flemish colleagues, who are in a more powerful position, and obtained the data from them.
  7. Jordi Pujol has said that Catalonia has 'una presencia internacional, y no digo una politica exterior; me gustaria que quedara clara esta precision', *El Pais*, 15 Dec. 1993.
  8. For example, the rivalry between the Generalitat of Catalonia and the city of Barcelona (Morata, 1996).

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