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Regionalisation, "virtual" spaces and "real" territories: a view from Europe and North America

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REGIONALISATION, 'VIRTUAL' SPACES AND 'REAL' TERRITORIES.

A VIEW FROM EUROPE AND NORTH AMERICA

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Abstract:

Design/methodology/approach – The paper is based on interviews by the author with economic policy makers in several city regions in Europe and North America over the last three years, and the results of a series of workshops involving many of these very policymakers,

Purpose – This paper examines evidence of new forms of regionalisation in both theory and practice, and the relationship between the two. In so doing, it demonstrates the essential complementarity, rather than widely argued alternativeness, of both conventional and new forms of inter-local collaboration at the regional level. The paper also seeks to demonstrate the importance of institutional and local legacies for the nature of regionalisation.

Findings – There is growing evidence of new forms of inter-local region building being adopted by policy makers in response to a perceived need to maintain/improve economic competitiveness. But concerns about 'giving away' powers and resources when engaging in usual conventional, formalised, fixed forms of regionalisation have created reluctance among many local actors to do so. Yet, the need to be more responsive to rapidly changing economic conditions, coupled to a realisation of the need for concerted action, have encouraged economic policy makers to adopt new, more experimental forms of region-wide collaboration. 'Virtual regionalisation' seems to open new opportunities for defining meaning and operation of 'regions' and 'regionalism', against the different backgrounds in Europe and North America

Key Words:
Regionalism, Virtual Regions, Clusters, Networks, Economic Policy Making, City Regions, Europe, North America

Introduction:
In a recent article, Moulaert et al (2007) argue that "institutional *change is path-dependent - whether driven by hegemonic or counter-hegemonic forces*" *(p 206)*. In other words, local conditions, past and present, shape the extent to, as well as the ways in, which changing general paradigms in policy making are adopted and translated into practice. This may result in "a difference between hegemonic discourses and *actual* practices" (206). This 'gap' includes the degree to which there is a wholesale shift from one paradigm to another, 'new' one, such as the propagated shift from 'old' to 'new' forms of governance (regionalism). As this paper will discuss, such shifts are not necessarily as clear-cut, and, in the instance of regionalisation and regional governance, rather a messy lot. There is growing evidence that the *actual* 'new' is the symbiotic outcome of negotiations between 'old' and 'new' ways of seeing and doing things. The emergent 'gap' is thus the locus of the negotiations between the representatives of both 'sides', reflecting their respective understanding of 'what needs doing' and 'what needs changing'.

Representative of the two 'camps' are typically planning departments ('old'-style technocratic views) and economic development units ('new'- style policy-focused). They are often very competitive about whose influence matters more for policies to be successful. But there is now a growing realisation that both do have a role to play and that they are two sides of the same coin, albeit of not necessarily equal size and visibility. This relationship of a varying 'balance' differs between places, and there are also varying outcomes of any negotiated symbioses between 'old' and 'new'., In this way, the interaction between different policy-making traditions and understandings of what makes regionalisation, reflects the fact that "the category 'region' connotes territorial units with unique physical and cultural traits,…" (Markusen, 1987, p 17), requiring specific policies and ways of creating them and making them work 'successfully'.

Using examples from both Europe and North America allows to take account of a variety of key parameters for regionalisation in terms of political context, values, experiences, and ways of doing things, and how these lead to "variants, hybrids, or brand-new creations resulting from the dialectical relationship between structure and agency, i.e. structure and change." (Moulaert et al, 2007, p 206). Markusen (1987), for instance, in reference to the North American example of regions, refers to their territoriality as a presumed 'given', although she empasises the need for such regions to be flexible and responsive to both intra- and extra-regional pressures, rather than being arbitrarily drawn-up territories.

In many European and North American metropolitan regions, newly defined regions remaining at a 'virtual' level , rather than becoming rooted in organisations and administrative (bureaucratised) (Herrschel, 2006, final report). But such developments vary between places, in response to particular local conditions, the development of local alliances and the negotiations

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between actors representing 'old' and 'new' concepts of regionalisation in nature and purpose. Inevitably, there will be gaps (referred to by Moulaert et al 2007) emerging on the one hand between the underlying different local understandings of the existing challenges, here especially those of global economic competitiveness, and the most 'appropriate' (suitable) responses, and, on the other, between the now widely advocated paradigm of moving towards 'new governance' and 'new regionalism' and its local implementations. Often, such constructs are "a form of defense, on the part of those with the greatest stake, in this immobile built environment" (Markusen, 1987, p 239).

It is here that practice has gone a step ahead of theory, leaving the question of institutionalisation aside, at least initially. Instead, regions are increasingly operationalised as mere imagined constructs, presented in brochures and on the internet, but not necessarily possessing a territorial reality. 'Having a secretary and an office' was all that's needed one economic development organisation in Vancouver pointed out to the author during an interview (Oct 2004). And these 'self-help solutions' are aimed at filling the apparent 'gap' between existing ('old') governance structures and their underlying territoriality, and the changing economic spaces which care little about such existing political-administrative spaces. But there is neither appetite, nor a realistic scope for adjusting the latter to the former, as this would need to be kept repeating in response to the economic dynamism and its continuously changing territoriality. Thus, as Keating observed some ten years ago (1998: 80) variable 'functional spaces' not necessarily mean that "government will recompose itself on this [new] functional basis." It's simply not practicable. And with the growing number of actors involved in policy making any such formal rearrangement would be even less realistic.

Instead, as the case studies underpinning this paper indicate, 'virtual territorialisation' emerges as a mechanism to bridge that gap between the realities of economic spaces and the established, rather static, territories of governance with their in-built resistence to change. 'Virtuality' allows to respond quickly and in varying ways, without contesting established, institutionalised power relationships, responsibilities and decision-making capacities, and no irreversible loss of autonomy, revenue and decision-making capacity, as evident from the case studies below.

Yet, as discussions with local policy makers revealed as well, governance cannot be all 'new', that is flexible, virtual and and immediate. Clear lines of responsibility, especially when it comes to finances, legitimacy and power allocation, that is 'old' governance, need to exist as well. Essentially, it is a symbiosis, rather than an 'either – or', of both formal and informal, closed and open, technocratic and strategic elements respectively. It strives to merge local policies as influenced by local specifics, such as history, past experience, established ways of doing things, etc, and wider developments and changes both in academically inspired theory and, here, economic reality. Eventually, if realities seem fixed, while aspirations change, "people construct their own reality" (Markusen, 1987, p 39). And here, differences between

North American and European traditions in locally-based regionalism matter, reflecting, as Markusen (1987) points out, the lesser historic depth of urban development, a greater regularity and thus a likely lesser impact of 'legacies', in North America than in Europe.

Regionalisation in North America and Europe

International comparisons offer the opportunity to include the role of the state in the development of urban-regional policy-making formations. This however, as Cox (2004) points out, has often been neglected in discussions on urban (and regional) government/governance, with the state and its activities/structure been treated more like a "background condition, as something mobilized in the service of, say, growth coalitions." (In: Wood and Valler, eds, 2004, p 247). This matters in particular, when looking at conditions in Europe and North America respectively. In the former, the political-administrative organisation of the European Union, and its direct involvement , in local policy negotiations and networks through its various agencies, its control of fiscal and regulatory resources (Cox 2004), have created a strong government-centred framework for city-regional governance. "The American politics [, by contract,] continues much as it has been for fifty years or more" (Cox, 2004, p 240), with a distinct role for the business community as an integral part of local-regional policy making, and a deep suspicion of 'more government', seen as adding bureaucracy and potentially undermining local democratic control and autonomy. Many of the central state's effects are thus incidental, rather than specifically targeted at particular areas or types of localities,

And this territorial dimension encompasses two directions: inward-looking and outward-looking (Herrschel, 2005). While the former is outwardly directed, focusing on increasing a locality's/region's appeal through targeted investment in the competition for new (inward) investment, often following seemingly 'proven' track records from elsewhere, the latter is designed for local consumption. Here, the main concern is about bringing local and regional actors behind the developed and marketed regional concept and its (virtual) territoriality. But there is another aspect to this inward-outward distinction, as pointed out by Cox (2004). While he, too, refers to policies aimed at 'shaping up' a locality for external 'consumption', he also refers to local/regional efforts to influence the outside conditions which circumscribe its own competitive prospects. And that includes using political and other networks to the advantage of local interests.

It is here that North America and Europe have different traditions which will have an impact on the nature and objectives of building coalitions and shaping and using networks. In the US, local growth coalitions are well established and are shaped by local/regional business interests, that is the 'capital classes' (Cox, 2004) which are rooted in, and dependent on, their areas' markets. They depend on local conditions "by virtue of some combination of local knowledge, property investments, dependence on

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specifically local markets, property investments…" (Cox, 2004, p 263). They very much drive the agenda, often in conjunction with state agencies who they seek to co-opt). This contrasts with the much more government-centric, administratively institutionalised arrangements. The chambers of commerce are one example – closely linked to governmental institutionalisation in mainland Europe, while much more a business representing 'club' in Anglo-Saxon tradition. But state conditions and ways of working change, too, with institutions and actors 'learning', although this, or course varies considerably between places.

In North American, especially U.S., city regions, an often stark social and ethnic contrast between 'core city' and 'suburb' has become an important determinant of, often hostile, attitudes to region building. City regions around Detroit and Atlanta make these difficulties very obvious. Social segregation, with ever more 'gated communities', creates defensive thinking among the suburban and core city population, with the former seeking to keep 'their' tax dollars to themselves, and the latter wanting to maintain political control of the core city. Furthermore, as Jones (2000) points out, there is a different political culture in core city and suburb, with party-political contacts and linkages ('jobs for the boys') and more redistributive policies frequently found in the older core cities, while a more technocratic, public choice-oriented 'business-friendly' approach dominates in the suburbs. Social contrasts as found in the US are rare in Europe, and urbanism has a very different historic value. In this contrast, Markusen (1998) sees "a chance to study regionalism in a more purely capitalist economic setting, with relatively fewer cultural complications.

Regionalisation in North American (U.S.) cities is thus seen with suspicion by many 'suburbanites' who want to maintain administrative separation as a defensive wall. Another important 'North America factor', which was found by the author to be of particular prominence in the Pacific Northwest, is an inherent individualism and distrust of governmental interference with private lives, going back to the pioneering days and a strong sense of self-reliance. And this means a distinct dislike of a seeming concentration of governmental power at other than the local level, and this does not include regions. Again, this reflects the identification of regionalisation with 'usurping' more political-administrative power by a bigger governmental machinery, reducing local self-determination in its policy choices. It is seen as yet more government in the traditional, top-down, bureaucracy-centred incarnation. And claims by authors such as Ohmae, 1995, viii) that future economic prosperity will favour more autonomy for regions at the expense of the nation state has further fuelled distrust of region-building projects, this time by the states.

The argued 'new' approach to regional governance does not attempt to impose a corresponding new form of regional discipline, but rather permits joining a 'marriage of convenience' for a limited time and clearly set-out purpose. There is thus a lesser 'danger' of losing local decision-making autonomy, and there is no "imposing cooperation" by the state (Keating 1998:81) in an attempt to overcome divisions, counterproductive competition and 'free riding' by localities. Instead, voluntary cooperation seems to begin to

work through projected and propagated spaces of shared interest, often using the internet as the instrument of their projection. This reflects a shift away from conventional concern with creating institutional structures to underpin any new regions. Instead, these are seen as needing to work through existing formalised institutional structures. Political and institutional form does not necessarily follow function" (Keating, 1998:76), and 'regional states' (Ohmae, 1995) do not seem the automatic outcome of global competitiveness between (local) territories. These characteristics challenge the European understanding of, and approach to, regionalisation and its governance, with its strong emphasis on government and structure, and inherent technocratic and territorial focus. They do less so in North America with its established more 'convenience-driven', flexible and often single purpose and informal alliances.

For business organisations, especially in Europe, dealing with ever changing markets and economic spaces, a shift away from technocratic regionalism seems welcome and overdue, as it promises greater responsiveness and thus relevance to continuously changing conditions. Relations between them and conventional regional *administration* and planning have not always been easy. Development *control* is one of the areas where business interests and those of the administration not always converge, and it is one of the main areas of contestations in local policies, especially in North America. Generally, the business community prefers the possibility of a more responsive, communicative, policy-oriented approach, as has repreatedly been confirmed to the author during many discussions with representatives of the business community (e.g. Chambers of Commerce) over the last few years This type approach is more in tune with established business practices of collective action in response to perceived shared market challenges.

 Business clusters provide a particularly fertile context for the development of such informal, and largely personality-based forms of cooperation. New institutions, resulting from such informal cooperation, are usually time limited and tend to be outside the government hierarchy. They may work both horizontally, bringing together otherwise competing localities and groups of actors within localities, and vertically, working across the institutional boundaries within an administrative hierarchy. .

Despite this new interest in informal regionalism, much academic debate about regions continues to centre on finding the most effective scale of state intervention (in England, for example, a debate about regions and city-regions (Herrschel and Newman, 2000)), and it is the state that features strongly in these arguments (Brenner, 2002; Gualini, 2004; Jessop, 2003). In Europe, the *state* tends to be viewed as the leading arbiter of new and better forms of competitiveness-enhancing regionalisation But in these debates there is little real questioning of the essential features of regionalisation for policy purposes, that is the role for fixed territory and administrative structures that allocate responsibilities and finance, Whether we are talking about regions or city-regions, the essential elements are 'territory', 'boundary' and 'structure'. Thus, whilst there is clear agreement that economic processes (globalisation) set the agenda, the principle of territorial *government* is not questioned *per se*;

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Some authors refer to lesser degrees of institutionalisation (and government centredness) as 'soft institutionalism' (MacLeod, 2001, 2004,) as backdrop to reflections on "enriched institutionalism in urban and regional enquiry" MacLeod, 2004). But an acknowledgement of the continued key role of institutions it is nevertheless, just as is Patsy Healey's (1997) "institutionalist approach" to planning. Territoriality, and thus geography, seem inextricably linked to processes and analyses of economic development and decision making, shaped by socio-cultural, historic factors and ways of doing things.

'Institutions matter (Peck 2000), but they are, as this study seeks to argue, not the solution per se. By the same token, they also cannot be simply replaced by something 'new'. Non-formalised arrangements, with no fixed territoriality, driven by convenience and temporary utility, may well be on the increase among local policy makers, but they cannot be a complete replacement 'of the old'. In fact, so here the argument, both are needed in varying, place and problem-specific combinations. But they seek to follow an 'Institutional thinness', as the opposite to 'thickness', using as little institutionalisation as possible, yet retaining sufficient scope for effectiveness. Amin and Thrift (1995) developed their argument of 'institutional thickness', with institution and organisation being closely intertwined in their meanings. The emphasis there is on the number and diversity of formal organisations that compete and interact in the pursuit of economic governance (regulation). 'Institutional thickness' thus encompasses both the sum of relevant organisations involved in economic development and the 'instituted process' (MacLeod, 2004, 66) as the conditions underpinning economic development in a place, that is "context-specific 'action frameworks'" (p 67, with reference to Storper, 1997)). Instead, it is about establishing new linkages and trusts between existing organisations and actors in the pursuit of an agreed shared goal. Essentially, as one policy maker said in Vancouver, "all that's needed is an office and a secretary". And given the importance of projected spaces and images for the proposed 'virtual regions', one might add 'a website'. It is only then that such new organisations can retain a sufficient distance to government and its structures to be able to contribute to the shaping of 'governance', rather than merely adding to 'government' (see also Jessop, 2004). Inevitably, there are place-specific and time-specific dimensions to such organisations in nature and composition (characteristic groups of organisations). It is not just the static structure of institutions that matters, but the established ways of using and connecting their composite elements (conventions) (Storper, 1997).

Regionalisation in practice – 'Thin institutionalisation' and virtuality

Getting the structures right has been at the centre of the struggle for more competitive and successful regions. Yet while much of the academic debate concentrated on the questions of territorial scale (Brenner, 2002 ; Gualini, 2004) and the associated size and nature of government (or governance, Keating, 1998; Jessop 2003), in many cases, practitioners have moved in the

face of a growing urgency of finding answers to the pressures of globalised competition. In the course of the research underpinning this paper, interviews with regional decision-makers in metropolitan areas were conducted between 2003 and 2006, including Turin, Lyon, Helsinki, Hamburg, Portland, Atlanta and Vancouver, suggest that there was more to raising competitiveness than 'fiddling' with 'structure'. Although it is important to avoid institutionalised obstructionism vis-à-vis collaborative overtures (Hauswirth et al 2003), there seems little point in trying to find the 'perfect' structure and associated territorial scale. Too rapid, and too unpredictable are the changes in the policy-making environment, especially economic policy. Perhaps inevitably, therefore, the case studies exposed the challenges, often within the government machinery, between the representatives of 'old' and 'new' modes of defining and operating territorially based policy agendas and their implantation mechanisms. One side, represents the conventional, technocratic-administrative view and way of 'doing regions', typically represented by planning departments,, while the other adopts a more policy and process-oriented focus, as shown by economic development units. The latter's interaction with business groups led them to question established governmental practices and often generated internal institutional rivalries about influence on policy making.

Whatever the difficulties of developing new ways of working, the challenge of international competition has become an increasingly important and loud imperative. Turin discovered, that after the loss of its 100 year long status as 'Fiat city', a new economic base had to be found. A strong city mayor, with a business background and a clear vision, promoted 'Torino Internazionale' as a new initiative to open up the city to international business and competition. And vision has been the main driver, rather than battles about administrative procedures and competencies. As part of that vision, a Turin 'region' was vaguely referred to, essentially fuzzy in its dimensions, but clear in its economic importance, including the status of the city as its natural centre. Yet, at the same time, the vision has led to a list of projects on the ground to enhance the city's attractiveness as a business location, although their technical implementation has not always been as effective as had been expected. For that, among other reasons, a recent change of mayor has meant a more 'conventional', public sector focus with more emphasis on smaller, quicker to deliver projects, immediately 'useful' as demonstration of effectiveness, and much better to 'sell' to the voters as distant outcomes of strategic imaginations. .

While Turin's reach for a regional dimension has largely been driven by the city, albeit with some encouragement by the national government, in France, it has been national government that has attempted to build metropolitan regions as national economic champions. The state put pressure on the main city-regions to enhance their profile internationally through better intra-regional cooperation, and thus increase their institutional and economic capacity to compete successfully. In Lyon, the existing communal association of Grand Lyon, at first responsible for providing rubbish collection and other municipal services, and known in tnat capacity to the general public, was later

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given the new remit of devising economic development strategies for the city region. Collaborating closely with the Lyon Chamber of Commerce, and its economic development arm, ADERLY (Economic Development Agency for the Lyon Region), the region supported and marketed Lyon as an international city (promoting in particular the Cité International office development on the River Rhône). This network of players is not embodied in newly established territorial structures, but draws on existing arrangements. It is closely linked to the local business community and as such seeks to build new forms of collaboration, while operating from little more than an office, a handful of staff, and a website. Its main assets and routes of operation are the connections into the business community, and from there, beyond.

Helsinki, is another example of a state-encouraged, but otherwise new form and quality of region building. Concerned about its economic dependence on Nokia's fortunes, the Finnish state and the city sought to draw together existing technological expertise and investment from a number of organisations, to develop a region of innovative excellence. This region is entirely 'virtual' in that it is merely a network of institutions and government bodies, linked through the Culminatum as a private organisation. It is jointly owned by the 'real' administrative entities of Uusimaa Regional Council, the cities of Helsinki, Espoo and Vantaa, and the universities, polytechnics, research institutes and business community of the Helsinki region. While thus legally formalised, Culminatum possesses no territorial or administrative powers to manage the Centre of Expertise Programme within the Helsinki region. Its role is about facilitation and acting as a switchboard between the different actors and stakeholders in the economic region around Helsinki.

In Hamburg, a city-region crossed by a number of administrative boundaries and divided governmental responsibilities, developing and marketing a 'Greater Hamburg' image has become an important strategic response to global competitiveness. But wariness among the surrounding smaller municipalities of a political juggernaut Hamburg usurping de facto more power at the expense of their autonomy within the proposed Greater Hamburg region meant that localist rivalries undermined progress in developing the sought new, cooperative relationships. As a result, a smaller sub-regional unit emerged, set up by a number of neighbouring, more equal-sized, local authorities, who could agree more readily on a common economic agenda, as they felt less threatened by a 'big fish in the pond'. Here, cooperation between similarly structured and economically performing localities was easier than between a larger number and more diverse interests.

In Europe, these new informal, policy-oriented, responses by territorially 'virtual' organisations challenged well established, strongly formalised and technocratically implemented regionalism as a form of inter-municipal coordination of development strategies. In North America, regionalism has moved up the political agenda as a response primarily to urban sprawl and part of a 'smart growth' agenda, all of which required some form of inter-municipal arrangement, even if on nothing more than establishing 'growth boundaries'. Addressing urban sprawl is seen as part of maintaining a good

quality of life, and this, has become an integral part of concerns about economic competitiveness and attracting new investment. The picture is varied, with, for example, formal regionalisation Europe-style initially being hailed as the way forward in Portland, Oregon. But the salience of this more formalised regionalism for economic policy making has recently been questioned. The established regional structure is seen as too much rooted in technocratic land-use planning, rather than a more business-informed, strategic development policy. Especially among the new cities bordering the 'old' city of Portland, interest has shifted to alternative, less formal, flexible arrangements to encourage economic development, strongly driven by business-centred concerns about retaining competitiveness, while maintaining a necessary minimum of guidance, especially around environmental and transport issues.

Similar responses to economic competition can be seen in Vancouver in British Columbia. There, the 'virtual region' of Greater Vancouver, projected as part of a clustering of biomedical companies, embraces a much larger area than the actual metropolitan space, even drawing on the Whistler mountain as a symbol of the projected high quality lifestyle in the region. Not having the strong legacy of formal regionalisation and the planning-led regions and service-provision areas familiar in Europe, there is possibly a more open mindset in North America about what could be a region. In Europe, 'region' often is still immediately associated with structure, distribution of powers, and, especially, fiscal arrangements, not at least as a result of the financially and politically so important region-based structural policy of the European Union. But that need not be the default case. A competition is emerging between different models and approaches – between formal and informal, structurally-defined and process-driven, between the fixed and the chaotic and unpredictable. These cleavages are mirrored in institutional practices and ways of doing things, in differences between public and private agencies, in tensions within partnerships and in many places by the interdepartmental competition between 'planning' and 'economic development and marketing'. But it becomes increasingly evident that this cannot be a choice between 'either – or', but rather that effective and 'successful' regional policy needs to minimise the emergence of a cleavage between 'old' and 'new' and, instead, needs to bring the two together as two sides of the same coin. All actors concerned need to realise that technocrats and policy 'dreamers' are in the same boat and need to accept and develop their symbiotic relationship. It seems that this, rather than a simple change of paradigms, is the true 'new' way forward. It is about linking the 'real' and the 'imagined-virtual'.

Making the 'virtual' region 'real'

A 'virtual' region is thus defined not territorially through administrative *fiat*, but is the outcome of the distribution of network participants. Guldbrandsen (2005), looking at the role of borders, distinguishes between the 'bounded region' and 'flexible region'. The latter reflects the basic characteristics of the 'virtual' region discussed here – being informal and non-institutionalised,

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brought together through shared policy objectives. This contrasts with the 'bounded region's' formal definition and thus fixed structure and territory, often established through a state government's decree. These 'flexible regions' can therefore easily transcend formal boundaries through cooperative policies, in direct response to identified common challenges and shared objectives. In so doing, such 'policy regions' (see also Herrschel, 2000) often draw on coalitions between statutory (local) bodies and individual representations of specific interests, often *involving ad hoc* groupings and 'transitional actors' (Söderbaum and Shaw 2005). This allows the individual participating actors to boost their scope and capacities to respond more effectively to perceived policy challenges.

This policy-based 'virtual' region-building is essentially modular, consisting of varying, temporary groupings of the institutionalised conventional governmental-administrative entities with democratic legitimacy and authority. The combination of 'modules' varies by number and composition of actors, in response to perceived common interests and policy objectives. As they change, so will the modular constellation and with that, the associated territoriality of the composite region. They are thus difficult to predict, often in flux and fuzzy in nature. While that is an advantage under conditions of perpetual changes to policy requirements, it is also a weakness, because of the often rather opaque lines of responsibility, legitimacy and decision making.

Despite the new developments, as the case studies demonstrate, conventional structures continue to be necessary for the *actual* implementation of the initiatives devised by the self-constituted policy-making clusters imagined as 'virtual regions'. As a result, existing competition between localities, parochial thinking and localist interests may well continue to shape attitudes to region-making projects. The less formal 'virtual' arrangements, however, make engaging in a regional agenda appear less threatening to the maintenance of local interests. They are not as binding as conventional, institutionalised regions and thus less difficult to undo once established. 'Virtual' regions, by contrast, allow actors to withdraw, if it seems to the local - or an individual policy maker's – advantage. At times, the ability for actors to join (and leave) may lead to a (varying) 'thickness' of layers of players as more partners join a policy-making network, potentially leading to actor 'overload' with a plethora of (changing) views, interests and bargaining attempts. As the Hamburg case illustrates, this may stifle attempts of effective regionalisation. In the North East of England, for instance, there are more than 170 quangos claiming to represent regional interests of one kind or another. And tales of internal competition within regional bodies have been a feature of many interviews conducted by the author over the last four or so years. But such institutional density and competition may well only be temporary, as actors seek to move ahead and increase their influence.

During the many interviews with the author, conducted over the last 5 years, economic development policy makers talked about 'virtual regions' and 'regional management'. Not surprisingly, the challenges and resulting responses vary between places, leading to different interpretations of the

meanings and forms of regionalisation. They are affected by the respective national circumstances, and international comparisons such as during the ERSC Research Seminar Series 'Regions and regionalisation through business clusters' (of 2004/5) (*http://www.wmin.ac.uk/sshl/pdf/CSDCURGESCRSem2Parts.pdf*) are thus very useful to inform debate.

Although there is the temptation of copying seemingly good practice from elsewhere, there is no 'one size fits all' approach which could be transferred from one place to another. While learning from each other is certainly possible, the particularity and *ad hoc* nature of new arrangements mean that only the *principle* of the new form of region building may be transferable. The big challenge seems to be how to combine, and effectively integrate, 'old' and 'new' ways of making and using regions not just in principle, but in a particular local context, to achieve the best results.

In order for a virtual (regional) territory to become reality and gain wider acceptance, it needs to be able to refer to, and encompass, characteristics or images held and shared by a sufficiently large number of people and associated with that, a defined area. Otherwise, an agreed regional space will be little more than just a technocrat's construct with little relevance in the real world (see also Keating 1998). Often, such arrangements are entirely unknown to the public and merely serve technocratically administered functional purposes, such as the delivery of public services.

There is growing evidence that new forms of regionalisation are not simply a new phase of territorial governance, but rather more an extension to the existing structures and ways of doing things. Virtual regionalisation seems to provide the strategic, policy-focused dimension to existing administratively and technocratically centred outlooks on the nature and operation of region-wide policies as expression of inter-local collaboration. In the end, infrastructure and environmental planning are still required to make things happen on the ground. But planning such projects needs to go beyond technical and technocratic considerations. Economic processes require more political and strategic leadership, including 'visions', which needs to transcend established institutional and territorial boundaries and divisions about competencies and responsibilities. Only then, they can remain responsive to the growing challenges of competitiveness. Over time, having negotiated their specific *modi vivendi*, formal and informal regions may produce negotiated, relatively stable and effective relationships. Healey (2004), for instance, discusses how 'episodic' policy ideas may or may not become routinised. This seems to lead to a broader understanding of a key element of conventional regional policy - "identifiable geographical forms" (Frey, 2005, p 24) being "held together by regimes" (p 24). The former may well include mutating 'virtual' spaces, and the latter open, *ad hoc* and temporary forms of regimes. Consequently, the new form of 'virtual' regions is inevitably fuzzier and more unpredictable, that is essentially more chaotic, than established ways of 'doing regions'. To make these 'chaotic' regions work, there needs to be a genuine interest in collective action, and that means clear benefits for all

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involved. And this acts as 'glue' for a collaborative arrangement. With the interest waning, the arrangement will lose its raison d'être and give way to something new.

Outlook

In many regions in Europe and North America, as the many case studies have shown, there is now a multitude of actors and organisations seeking to promote regional competitiveness and growth. Without clear collaborative mechanisms to coordinate initiatives and agendas, duplication of, and competition between, strategic approaches may be the result of the often typically ad hoc arrangements. Furthermore, a strong orientation towards economic growth often means a reluctance to engage with communities and the impact of economic development on them, raising questions of legitimacy and ownership of policies.

New forms of regionalisation seem to highlight the differences between 'winners' and 'losers', with city-regions in economic core areas generating new flexible institutions, and more rural, peripheral localities being represented through technocratic-administrative regionalism. Perhaps this fragmentation of space into strong and weak economic entities illustrates very well the difference between conventional 'old' regionalism, implying a continuous territory with varying but still shared qualities, and the 'new' version with its more differentiated, fragmented, even disconnected, and diverse distribution of opportunities. And all of this is challenged by the pressures of a changing international economic order, in which different territories seek their new roles and positions (Keating, 1998: 90) And ways of policy making need to reflect that to remain relevant.

But, while bottom-up regionalisation seems to promise more relevant forms of region building, there is also the danger of inter-local competition, driven by localist ambitions, setting the agenda, rather than attempts at finding outwardly-directed responses to the shared challenges of global economic competition. In particular, strong localities are reluctant to engage with apparently inferior partners within a region, as there seems no obvious advantage. Instead, they seek to emphasise their relative strength in relation to regional weaknesses, in the belief to be able to boost their own apparent competitiveness. And there is thus a danger of region building and, especially, economic regionalism, building on competitive business criteria too narrowly.

Much of the solution to policy challenges at the inter-local, that is regional, level, it seems, resides locally after all, and places that are successful in fusing interests pitched at the local level with the tasks requiring a regional approach, will be rewarded. Existing local government structures will not *per se* drive competitiveness forward. Established structures and responsibilities are reluctant to 'let go' and share their roles and tasks with other players within a locality, or, indeed, engage with similar structures in other, neighbouring localities. Maintaining the status quo in terms of policy-making scope, including fiscal resources, and responsibilities is a powerful agent in

defining the willingness to engage in cooperative regional initiatives. Much of the fear revolves around a presumed automatic installation of new, higher tier governmental structure of the same kind oneself is part of. This anxiety is particularly prevalent among North American municipalities with their disdain of bigger government undermining local autonomy. The main obstacle is an inability – or unwillingness – to think outside the government-centric 'box', that is envisage arrangements of regional governance that are different from those established locally for those actors that are expected to 'jump' and drive new arrangements. Such a defensiveness and often lack of vision of possible new arrangements is fundamentally driven by a strong sense of institutional competitiveness, rather than complementarity, between established and emerging new actors. Anyone new is seen as a potential threat to one's own established position and ways of making policies. The big challenge therefore is to lay out avenues of collaboration that are not viewed as threatening – statutorily, fiscally, irreversibly. While change and engagement with the regional scale may be ordered from above, such will do little to actually make it work on the ground, as examples such as Greater Toronto have shown. Instead, the task is to establish a system that rewards collaborative and innovative policy making. Including fiscally and politically, while also demonstrating avenues of institutional inter-actor collaboration, whether part of the 'inner core' of local governance – local government – or the 'outer ring' of various quangos and interest representations.

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