

Consequently, it is very rare for any two cross-border territories to be alike, hence the need for informal meetings, seminars and other workshops.

Territorial authorities may seek to develop shared tools to promote a cross-border territory to investors, businesses and other private economic players in cooperation with their counterparts on the other side of the border, in a context of increased territorial competition encouraging elected representatives to improve the positioning and specialisation of their territory, if such a partnership is considered to add value and create benefits on both sides of the border.

DIFFERENCES IN TIMESCALE BETWEEN THE PUBLIC SECTOR AND THE ECONOMIC SPHERE

Public action in the area of economic development is highly fragmented and must typically cope with a multitude of different interests, which makes the quest for overall coherence particularly difficult.

The conflict between the long-term thinking of the public sector and businesses' focus on the shorter term creates additional difficulties. This significantly reduces the chances of uniting the two approaches, which – despite the desire for broad and inclusive economic governance that meets the needs of businesses and territories as far as possible – tend to conflict with, rather than complement, each other.

Consequently, it is not surprising to see the emergence of sectoral and thematic forms of economic cross-border cooperation (which are more consistent with the competitiveness approach) aimed at fully fostering complementarities, the exchange of know-how and other positive externalities between businesses, knowledge institutions and centres of expertise in specific specialist technical areas. This is the model of clusters, which are in the process of being established in cross-border areas, as well as of incubators and accelerators, which can be regarded as tools to strengthen the cross-border entrepreneurial fabric. Thus, public action tends to build on pre-existing elements and focus its interventions on supporting the consolidation of industrial clusters and the strengthening of cross-border links.

Should we therefore conclude that cross-border cooperation in the area of economic development cannot be based on the classic institutional framework (i.e. Type I governance)?

This requires a nuanced response. While specific forms of governance may be constructed around economic development, in the interests of greater effectiveness or in order to remove from the general dialogue an issue where competition between the two sides of the border may sometimes be felt to be too prevalent, the classic institutional framework of cross-border cooperation should not be ruled out.

It is important to stress the necessarily heterogeneous nature of cross-border economic governance. In the kind of liberal, regulated environment that is typically found in European countries (even in the most economically liberal of them), public authorities intervene actively in the field of economic development, and this intervention, which is necessarily institutional in nature (i.e. Type I), takes place within a national legislative and regulatory framework, as the European Union has no competence in respect of states' internal organisation.

A country's public-sector players typically develop public policies focusing on the businesses located in their territory, despite the fact that such policies are tightly regulated by the European Union, which encourages the opening up of borders (via limitations on state aid, etc.). Given that policies supporting cross-border economic development focus primarily on SMEs (as large companies naturally operate at transnational level), action at national level may be both pragmatic and legitimate, even from the perspective of cross-border and European integration.

➤ **Indeed, players in Austria** help Austrian businesses, both nationally and at regional level (i.e. at the level of individual Länder), to position themselves relative to the economic areas they are in, which in many cases are cross-border areas. However, along those borders, cross-border cooperation programmes (INTERREG A) are considered too complex for businesses to participate in them directly. Nevertheless, they can help to create an environment conducive to cooperation, for example by encouraging the early learning of the languages of neighbouring countries, etc. The European Commission and a number of Member States (including France) consider that public action, notably in the context of ETC programmes, should go further and encourage businesses to have projects financed through these programmes.

In fact, various configurations are possible, according to the responses given to the following questions:

- Is the market left alone to operate in order to achieve cross-border integration, or is there public intervention in the area of economic development?
- Is such intervention conducted at national level (despite being directed at the cross-border territory), or does it take place at cross-border level?

What is more, those configurations may vary depending on the specific nature of the economic intervention (support for businesses, jobs, etc.), making cross-border governance typical of the multi-level model described by Hooghe and Marks,¹²³ where the functional and institutional approaches (Types I and II) are in fact more complementary than conflicting. Each cross-border territory must choose its own path on the basis of its own partnership configurations and its own interests.

¹²³ Liesbet Hooghe and Gary Marks, *Types of Multi-Level Governance*, Les Cahiers européens de Sciences Po, No 03/2002 (www.cee.sciences-po.fr/erpa/docs/wp_2002_3.pdf)