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Metropolitan cooperation in Europe: Theoretical issues and perspectives for urban networking¹

SUSANNE HEEG, BRITTA KLAGGE and JÜRGEN OSSENBRÜGGE

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ABSTRACT *In recent years urban entrepreneurialism has become a metropolitan strategy to cope with the challenges of an increasingly flexible global economy. Building on a debate about the problematic nature of this strategy we argue that cooperation of cities, or metropolitan cooperation, constitutes a new policy option for local actors which has the potential to overcome the negative effects of urban competition. In order to explore this potential we analyse the fundamental changes of the local state and existing cooperative efforts. This analysis shows that so far metropolitan cooperation is mainly experimental in character and a policy option that moves forward by trial and error and by learning from success and failure. We see this as partly due to a lack of an adequate theoretical framework dealing with the economics of urban systems. By way of synthesizing different academic discourses we suggest a conceptualization of metropolitan cooperation which takes into account the potential economic benefits and institutional requirements of cooperative behaviour of urban actors. Based on these considerations we establish criteria for suitable thematic fields of metropolitan cooperation and suggest forms of institutionalization.*

1. Introduction: Interurban Competition and Metropolitan Cooperation

An important topic in recent research on urban development is the question how metropolitan regions achieve and sustain competitiveness to overcome problems of economic restructuring and the challenges of an increasingly flexible global economy. In the European context terms like urban growth machines or urban entrepreneurialism refer to changing urban policy styles and a growing awareness of options built upon self-organization and partnership arrangements. They are seen as a reaction to diminishing capabilities of nation states to maintain general welfare levels. A multitude of recommendations has been suggested as to what kind of qualities successful urban regimes should have and what kind of strategies are appropriate in order to ensure self-sustaining economic success (e.g. Moss-Kanter, 1995).

The neo-liberal discourse about urban competitiveness has often been criticized from a theoretical and political perspective. Leitner and Sheppard (1999) stress two arguments demonstrating failures of entrepreneurial options. First, the implicit assumption that successful economic strategies will improve general living conditions through trickle-down effects is

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highly questionable. On the contrary, reinforced social polarization and growing environmental problems are visible consequences of urban entrepreneurialism. Second, the bidding war for companies, big events and huge infrastructure investment does not automatically lead to an increase in private sector investment. On the contrary, the ability of firms to play one city against another leads to disinvestment and unnecessary public spending. And more generally, one could argue that urban entrepreneurialism conflicts with the tradition of actively sustaining social cohesion in European cities (Andersen & Kempen, 2001).

In recent years attempts to transcend competitive relations between cities and metropolitan regions have evolved in Europe in the form of various types of urban networks. These new policy options are taken here as a reference point for cooperative efforts by urban politicians and planners to counteract the neo-liberal framework of urban development policies. We see the cooperation of cities or metropolitan cooperation as a new and promising attempt to overcome negative effects of deregulation at the level of nation states, of increasing flexibility of companies with respect to locational choices and of the limited reach of urban actors in a globalized economy.

Cooperation of cities can be characterized as a new policy option for local actors which builds upon scale economies, promotion of endogenous growth and uncertainty avoidance with respect to future investment and development. Though still a search strategy to overcome negative effects of urban competition, cooperation may even be seen as a means counteracting the corporate power of multi-national companies and supra-national political bodies like the European Union (EU) or the United Nations (UN). If one accepts that cities and regions are one of the institutional arenas in the organization of global flows (Sassen, 2001), metropolitan cooperation might even become one element in the conceptualization of global governance.

The purpose of the article is three-fold: in section 2 we analyse the context in which metropolitan cooperations are developing, highlighting especially the economic and the political aspects of urban restructuring. In section 3 we discuss and categorize recent forms of metropolitan cooperation in Europe. This provides the background for section 4 in which we suggest a conceptualization of metropolitan cooperation based on a discussion of economic benefits and institutional requirements of cooperative behaviour of urban actors. Based on our conceptual considerations we outline thematic fields and forms of institutionalization which are suitable for metropolitan cooperation. In section 5 we draw conclusions with regard to the future perspectives of metropolitan cooperation and the relationship between cooperation and competition.

2. Restructuring of Urban Politics: The Context for Metropolitan Cooperation

The recent evolution of cooperative efforts between cities is a result of ongoing restructuring processes of urban politics. In order to grasp the motives and potentials of metropolitan cooperation it is necessary to understand the changed role of the local state with respect to different political scales. This section outlines some of the major processes which restructure urban politics and which have to be taken into account when searching for solutions for new challenges and problems.

In contrast to the Fordist city, the post-Fordist city is shaped by new structural conditions illustrating deep differences from the previous period. Up to the 1980s, local states were regarded as subunits of the nation state which worked according to legal requests of the nation state. Local policy was primarily redistributive in character, pursued mostly in a top-down manner, concerned to exercise welfare policy and to equalize infrastructural, economic and social conditions within well defined national economies. The range of competition between cities was limited since all cities could gain the financial support of the nation state only according to their position in the system of central places. The public spending for cities

located on the same level of the central-place hierarchy was similar. This relationship between cities changed when due to economic restructuring and world-wide competition, the abilities of nation states to maintain general welfare levels in the national urban system declined. As a consequence a growing competition of cities for limited growth and financial potentials could be observed. Together with an increase in unemployment and in the budget deficit of local states, this development triggered a reorientation in local policy (Jessop, 1997a).

Whereas up to the 1980s local states had primarily the task of delivering services for local population, local states then started pursuing strategies of entrepreneurialism and locational competition in order to sustain their economic base. In more concrete terms this means that urban actors increasingly engage in the direct promotion, regulation and financing of economic processes. Their objective is to attract investment in research and producer services as well as financial support and transfers from central state and supra-national bodies (Harvey, 1989; Hall & Hubbard, 1996).

In general, the local state has been transformed in the domains of its economic and political functions, policy formation and implementation as a result of processes of economic and political restructuring. There is a declining significance of central state regulation exercised in a top-down manner thus offering new scope for bottom-up regulations. These processes have not only contributed to a changed context for urban/local development but also to a transformation in the quality and form of political and planning regulations. These developments are debated as de-nationalization of the state, leading to an 'empowerment' of the local state and de-statization of policy producing new forms of governance on the local level.

2.1 De-nationalization: Urban Entrepreneurialism and Urban Foreign Policies

The dissolution of the spatial fix of Fordist times means more than a 'hollowing out' of the nation state; it implies a functional and territorial reorganization of old and new state capacities on supra-national, national and regional levels (Jessop, 1997b; Brenner, 1998; MacLeod, 1999). An effect is the partial loss of sovereignty of nation states, as decision-making powers are transferred upwards to supra-national bodies. At the same time, it involves a decentralization of authority to subordinate levels of territorial organization. Thus far, we are witnessing a transformation in the politico-spatial order.

Patterns of local state activity are increasingly assessed by their possible contribution towards an improvement of economic competitiveness. The background is an understanding of regions and localities as important nodes within global economic networks. Regions—particularly in the shape of metropolitan regions—are reconfigured as a new level of decision-making and innovative policy. This political decentralization and regionalization is a form of crisis management of the nation state as well as the local state and it causes a shift in the relation of different political levels to each other. Local/regional states are increasingly seen as the decisive level on which it is possible to mobilize spatial potentials for international competition. This involves that local states engage in fields of public policy, ranging from basic infrastructural provision to cultural policy. In addition, there is a growing interest among local states to intervene in labour market policies, education and training, technology transfer, local venture capital, innovation centres, science parks, etc.

Generally, we find a more important role for regional or local states even in fields of international relations. Nowadays, local actors try to represent regional interests internationally. This development could be labelled as new regional foreign policy which implies changing orientations of regional actors: local activities overlap the national scale towards an international representation of local interests. With this development, traditional lines of representation and power change. The local state has become an important actor engaging in international relations and competitiveness.

2.2 De-statization of Policy: From Government to Governance

Enlarged options for local/regional bottom-up strategies due to a restructuring of the nation state imply a further erosion of the central role of official state apparatuses in securing political hegemony. At the same time, this process fosters a development towards various forms of partnership of a broad array of actors.

As a consequence there is a movement away from imperative coordination imposed from above by the sovereign state and its actors ('government', i.e. forms of formal and hierarchical intervention and decision-making) to an emphasis on interdependence and the division of knowledge, on reflexive negotiation and mutual learning ('governance'). Governance includes an emphasis on promoting and steering the self-organization of inter-organizational relations. By that, it involves a movement away from the taken-for-granted primacy of state apparatuses towards the necessity of quite varied forms of partnerships of official, parastatal, and non-governmental organizations in the management of economic, political and social relations. According to Jessop (1997b), official apparatuses remain at best *primus inter pares* in this expanding range of networks, partnerships, and other models of economic and political governance (see also Naschold *et al.*, 1994; Kohler-Koch, 1998a, p. 17ff.).

This process increases the challenges regarding the 'governing' or management of new tasks. The institutions of the local state—including its political representatives and its administrative units—seem no longer capable of managing the complex challenges resulting from economic and social restructuring and the pressure towards locational promotion. It becomes necessary to include more actors and institutions which control important economic, political and social resources in order to make policy work. A plurality of interdependent but autonomous organizations needs to coordinate actions to produce a joint outcome which is deemed mutually beneficial. This includes the necessity to find and develop new institutional arrangements which allow for cooperating and focusing of resources and skills.

As a result, governing nowadays not only involves formal-rational legal sanctions and actions legitimized by parliament but also coordination of a multitude of actors on horizontal levels. Following Beate Kohler-Koch, it is necessary that "different more or less autonomous actors, who are connected in a complex system of mutual dependencies, are committed towards a jointly decided aim. Governing has to be understood as a process of consent finding with important social actors, as a mutual mobilization of problem solving capacity, as an agreement on self-regulation in special fields and as legal standardization and financial steering by the government" (Kohler-Koch, 1998a, p. 17, own translation). By that, political and economic changes support an openness of regional actors towards reciprocal problem solving, networking and cooperation. The change in the dimensions and quality of political activities goes along with a change in the patterns of political activities, which can be characterized as forms of 'cooperative governing' (Kohler-Koch, 1998b, p. 238).

As presented, the parallel developments of de-statization and de-nationalization are the context for a reorientation of regional actors. De-nationalization implies the possibility as well as the challenge for urban actors to shape the economic and social conditions of urban locations. In order to build up and shape economic potentials it is necessary to take into account the de-statization of policy. The process of de-statization goes along with a political challenge for urban and regional actors. New actors have to be included in urban decision-making in order to increase the efficiency of metropolitan politics. The probability of a successful urban policy increases when different actors take an active part or when cooperative forms of governing are realized. For urban actors these political and economic challenges form the context for regional competition as well as for metropolitan cooperation; in that sense they are the background and starting point for a rethinking of local policy and its movement towards metropolitan cooperation.

However, in contrast to urban entrepreneurialism about which a lot has been published in the last years, metropolitan cooperation has up to now been more a fuzzy option of some cities and political actors rather than a planned, conscious activity on which academic work has been focused. In the following chapter, we systematize various contemporary metropolitan cooperation efforts. Although they very often resemble a movement triggered by trial and error, we think it is necessary and worthwhile to substantiate efforts of metropolitan cooperation since it constitutes an alternative to neo-liberal strategies of urban entrepreneurialism and regional competition, and thus can be a way to overcome problems of competitive strategy.

3. Examples of Cooperation by Cities: Search Strategies to Cope with New Challenges

Within European history there has been a long tradition of cooperative arrangements between cities. Examples of city cooperations are trade leagues (e.g. The Hanse) as well as city partnerships designed to counteract national alienation especially after the Second World War. Very recently we can observe new forms of cooperation directly linked to processes of urban economic restructuring and changing politics of scale. These evolving relations are not restricted to metropolitan regions as such, but include urban cores and their neighbouring communities, small and big cities, etc. Our approach includes new relationships in general and underlines those forms, where metropolitan regions are involved.

Basically new cooperative relationships between cities differ in numbers and characteristics of their participants, i.e. how many and what type of cities are involved with regard to size, location, socio-demographic and economic structure and their mutual interdependencies. Other important features are the motivation and objectives of the network, the number and types of actors, the themes and subjects of the cooperation and the concrete projects pursued, plus the institutional setting and financial background of the cooperation. A typology of cooperations of cities based on these criteria is rather complex. However, the following ideal types can be distinguished. Territorially integrated cooperations link together cities and communities that are direct neighbours and thus are linked in everyday interaction patterns (commuting, services). From these cooperations involving territorial integration we distinguish territorially disintegrated, thematically oriented cooperations dealing with specific issues important to all participating cities. These issues are not based on territorial integration, but can be related to similar challenges like functional specializations (e.g. port cities) or problems (e.g. de-industrialization), and can also be based on commonly shared planning and development visions (e.g. car-free cities). Between these two ideal types a wide range of combinations is possible, e.g. cooperations of cities that share a common geographical background such as a location in the same larger (macro-)region and an interest in certain themes and subjects (see Table 1).

Another distinction can be drawn between information-oriented cooperations and cooperations leading to a planned division of labour in certain activity fields. This aspect addresses differences in the type and intensity of cooperation. While the first aims at the exchange of experiences and problem-solving knowledge, the latter is a much deeper form of cooperation which involves managing the exchange of goods and/or services between the participating cities.

This is closely related to the institutional setting of a cooperation. The institutional form of a cooperation can be conceptualized as ranging from formal cooperations, which are based on contractually fixed commitments, to informal cooperations, which mainly rely on oral agreements. Additional distinctions are those based on rather formal criteria, such as

Table 1. A typology of cooperations and examples

Territorial type of cooperation	Examples
Territorially integrated cooperations (neighborhood cooperations)	Cooperations between independent communities within metropolitan areas
↑	Øresund region
	Randstad Holland
	Aachen-Maastricht-Lüttich
	Hamburg-Berlin
↓	Vienna-Bratislava-Budapest
	Union of Baltic Cities
Territorially disintegrated networks (thematically oriented cooperations)	METREX
	Eurocities

cooperations of many versus few cities, cooperations of large metropolitan regions versus those of smaller cities and national versus international including cross-border cooperations.

Looking at existing cooperations in Europe a broad variety of objectives, visions and strategies has to be considered. This goes along with a multitude of thematic fields, projects and instruments related to different aspects of urban life. Equally important, there are different degrees of formalization, confidence and liability between the cooperative actors. These are especially important in order to be able to implement joint activities beyond ‘travelling diplomacy’.

We will illustrate the variety by looking at some European examples. The discussion about characteristic aspects suggests looking at three types of cooperation: First territorially integrated forms, second cooperations between two or more individual metropolitan regions in the same larger region, and third larger networks of territorially disintegrated metropolitan regions. We will concentrate on cooperative arrangements which show a rather large degree of formal institutionalization and/or involve a rather far-reaching mutual involvement. By choosing METREX as a network and the Øresund region as a territorially integrated example we look at two cooperative arrangements which are by now well established. Our last example is dedicated to the case of Hamburg and Berlin. The two German cities are in the process of developing a cooperation right now so that this case exemplifies issues and problems of starting a cooperation between independent metropolitan regions.

METREX—The Network of European Metropolitan Regions and Areas—is a European city network of metropolitan regions with more than 500,000 inhabitants in Europe. METREX has by now almost 40 members, while there is an estimated total of 120 regions that would qualify for METREX. Founded in 1996 it aims at integrating urban policies at a European level and at contributing to the public discussion of urban problems within the EU. By initiating transnational projects, METREX supports the exchange of experiences and the establishment of direct links between its member cities.

METREX is an information-oriented metropolitan cooperation network. Up to now an involvement of their member cities beyond mutual information is not part of the cooperative agreement. Main actors come from politics and administration, while non-state actors can take part in the various projects. Examples are the elaboration of a benchmark approach to guide spatial planning in metropolitan areas (InterMETREX) based on the so-called ‘Magna Charta’, various INTERREG activities to strengthen the links between the members (PolyMETREX) and an initiative that looks for new approaches to improve social sustainability in cities (SocioMETREX). There are similarly structured large city networks like Eurocities, and

others with a more narrow focus like the Capital Regions Network and the Airport Regions Conference.

Øresund. Cities and metropolitan regions can be involved in city cooperations on many different geographical levels. This is documented by Copenhagen which is a member of METREX and at the same time one major partner in the Øresund region cooperation. The Øresund region cooperation is very different from METREX in many respects. It includes only two big cities, Copenhagen in Denmark and Malmö in Sweden. The two cities are separated by the Øresund as part of the Baltic Sea, but have been linked by a bridge and tunnel system in 1999. The planning of a fixed link initiated a process which aims at building a 'new' functionally integrated region called Øresund. Besides Copenhagen and Malmö, the Øresund region includes Helsingborg (Sweden) and Helsingør (Denmark), which are linked by a ferry, and the Swedish university city of Lund. Altogether there are 3.2 million inhabitants in the region (Berg *et al.*, 2000).

The cooperation aims at creating an integrated economic and cultural region identified as such by both outsiders and insiders. Various cooperative efforts are pursued to realize this aim, including the close cooperation of the region's universities, the establishment of a binational port authority, economically oriented cooperation efforts in medical technology and biotech, Danish and Swedish language programmes in Swedish and Danish schools respectively and the introduction of a common intranet to support the exchange of experiences of the administrative personnel.

The institutionalization of the Øresund region cooperation is rather decentralized and dependent on the specific projects some of which are supported by EU grants. This complexity is matched by the diversity of the types of actors. Besides actors from the political and administrative arena, there are universities and other educational institutions, chambers of commerce and other semi-public actors some of which were founded in the context of the cooperation. Contrary to the city network METREX, the Øresund region cooperation is characterized by a rather far-reaching mutual involvement of the member cities in various realms of life.

Berlin-Hamburg cooperation. Our last example is based on a very recent effort of Germany's two largest cities (Heeg *et al.*, 2000). The cooperation can be characterized as a search for new policies to cope with a variety of challenges and problems. Both Berlin and Hamburg are regional states in northern Germany and as such show similar fiscal interests and economic developments. One motor for cooperation was the idea to join forces in the competition to locations in the south of Germany. The objectives of the cooperation, however, go farther in so far as they also aim at tackling the negative effects of urban competition.

While at the moment the exchange of experiences regarding public administration and infrastructure are most prominent, there is the idea of a closer cooperation in some industry branches. This idea, however, is not yet close to any realization due to at least two reasons: First, there has been a rather fierce competition for companies and jobs in the past in the service sector; in the most recent case the Universal company decided on transferring its German headquarters from Hamburg to Berlin. Second, and maybe more important, the cooperation was initiated by the urban governments in a top-down manner and has so far not really left the political and administrative arena. An exception is a media initiative by the chambers of commerce of the two cities which itself is not very well developed yet.

The Berlin-Hamburg cooperation is a good example for the experimental nature that characterizes cooperation efforts especially in the beginning. While the fact that political and administrative actors initiate a cooperation and remain its backbone might not be problematic, the Øresund region example suggests that for a deeper mutual involvement the integration of various types of actors is crucial. What is a feasible institutional form of

Table 2. Objectives, types of actors and potential thematic fields of metropolitan cooperations

	State regulation	Market regulation
Objectives	Modernize government structures and processes and thus increase efficiency of government action; better, faster and cheaper problem solutions	Increase of competitiveness and incomes
Actors	Government and administration actors	Market participants
Potential thematic fields	Reform of public management; large-city problems (e.g. fiscal situation)	Economic activities aiming at extra-regional, i.e. national and international markets

cooperative efforts and which types of actors should be involved, however, depends to a large extent on the objectives of and the issues dealt with in a cooperation.

A conventional division between market and state regulation as shown in Table 2 provides a framework for categorizing cooperative efforts on the basis of their objectives, the involved actors and the potential thematic fields. The discussed examples have shown that this framework has to be interpreted as a continuum in which the various cooperative efforts (even within ‘one’ cooperation experience) can be located.

The very general formulation of objectives as well as the variety of issues dealt with in metropolitan cooperation efforts are proof of their experimental character. They can be characterized as a policy option that moves forward by learning from success and failure. Considering this and the underlying motivations—to overcome the problems of the competitive strategy—metropolitan cooperation efforts have to be viewed as an interesting topic for further academic enquiry.

4. Conceptualizing Metropolitan Cooperation: Potential Benefits and Possible Forms

The discussion of contemporary cooperative efforts has shown that normative perspectives and trial-and-error policies outweigh theoretical reflections and model building. Therefore possible economic and political advantages of metropolitan cooperation are not related to established theories, and cooperation strategies are not embedded in broader frameworks. The poor state of theoretical reflection in general is even more problematic with regard to the economics of urban systems and interrelations. In order to develop a conceptual framework for metropolitan cooperation different academic discourses will be evaluated and synthesized.

Three hypotheses direct our conceptual elaboration: the first one is related to expected economies of scale as a result of metropolitan cooperation. We assume that a greater total population in terms of more private households, enterprises and facilities is a starting point for static economies of scale leading to rising standards of public infrastructures and growing markets. Furthermore, dynamic economies of scale and scope may result in new combinations of economic activities and innovation processes. Lastly, cooperation may lead to growing flexibility and risk minimization. In view of turbulent changes of world-wide economic conditions and technological changes, metropolitan cooperation may be helpful in developing policies which guarantee flexibility and thus avoid lock-ins. In order to work out these assumption the following section will emphasize the economic and institutional rationality of cooperative efforts of metropolitan regions.

4.1 Economic Benefits of Metropolitan Cooperation

A starting point for cooperative efforts in fields which are mainly governed by market relations lies in the conditions of extraregional national and international markets. In line with arguments put forward in the economic geography literature, metropolitan economic development can be characterized by increasing functional specialization due to the existence of agglomeration economies, imperfect competition, tacit knowledge, path dependencies, etc. (Krugman, 1995; Storper, 1997; Scott, 1997). A variety of metropolitan specialization fields have been identified ranging from science-based high-tech production (e.g. electronics, biotechnology) to international financial and producer services, but also including the entertainment and tourism industry.

There are several reasons for accelerated specialization. Most important are growing organizational flexibility of firms, new potentials of information technologies and decreasing time and cost of physical mobility. The scientific and political discourse about metropolitan development highlights arguments that build on concepts of globalized networks in which metropolitan economies are specialized nodes to coordinate, manipulate and transform global flows of persons, capital, information and goods. These nodes are not arbitrarily interchangeable but a result of endogenous processes of learning, forming and inventing. These processes result in a structure in which each metropolitan economy has its unique shape and specific potentials.

As a consequence of functional specialization, interregional exchange processes are gaining in importance. Conscious efforts to widen and deepen these exchange relationships as part of a metropolitan cooperation can make sense if economies of scale and scope are set off. In specialization fields that are common to both cities, economies of scale can be a result of an increased 'internal' diversity and a higher overall turnover (critical mass). Economies of scope refer to different but related specialization fields that complement each other. By achieving a good balance of common and complementary efforts metropolitan cooperation can serve to achieve a higher overall strategic position in a national and international context. This is especially relevant for German cities, because the German city system is characterized by a rather decentralized structure which goes along with a tradition of complementary functional specializations and the absence of one 'primate' city such as London in the UK and Paris in France.

It is clear that one problem of cooperative efforts in the field of market regulation is a sensitive and trustful handling of the issue of competition. Therefore it is suggested that potential conflicts should be discussed in an early stage of a cooperative relationship and, if they cannot be resolved, the respective thematic fields should be excluded from the agenda. This leads to the issue of how to determine the thematic fields suitable for cooperation. From the arguments put forward earlier a first criterion is the geographical scale of demand and markets. Table 3 provides a conceptual framework which distinguishes four segments of economic activities in cities according to the geographical scale of their demand structures. The first two segments refer to economic activities in which products and services are only demanded locally or by actors of the larger metropolitan region. The third and the fourth segment include economic activities that serve national or international markets, respectively.

This scale-oriented classification allows for a preliminary assessment of cooperation potentials. The local and the metropolitan segment provide a differentiated supply, and specializations are less distinctive than in the national and international segment. The latter are the fields in which specializations occur and which therefore are open for cooperation but also might entail direct competition.

Once specialization fields are determined there is the question which of these are suitable for cooperation? In order to answer this question, social and institutional aspects of the

Table 3. The segmentation of the metropolitan economy

Local scale	Regional scale	National scale	European and global scale
Typical examples for industries and clusters			
<ul style="list-style-type: none"> • Crafts enterprises • Retail for daily consumption • Elementary personal services • Third sector economics 	<ul style="list-style-type: none"> • Retail for periodical consumption • Medical services and education • Regional transport • Culture 	<ul style="list-style-type: none"> • Exhibition and fairs • Media • Entertainment, high culture • Science 	<ul style="list-style-type: none"> • Trade, logistics, distribution • Export cluster • Producer services • Research and development • International tourism
Not important	Interregional competition ↔		Very important

relevant economic structures and developments need to be considered. Such a perspective rests upon the assumption that a city does not only constitute or provide the location for economic activities but that there are untraded interdependencies within the urban fabric as a whole (Storper, 1997).

Important criteria for the cooperation suitability of specialization fields are the intensity and specificities of their regional embeddedness. So-called footloose industries that are characterized by a low level of regional embeddedness tend to be less suitable for cooperation efforts. As opposed to that the cooperation potential is higher in specialization fields in which the territorial is at least as important as the functional logic (cf. Crevoisier & Maillat, 1991). Useful indicators are:

- The degree of financial and/or ownership interconnection with the state, as a large degree of state influence allows for more direct public intervention;
- The share of small and medium sized enterprises (SMEs) and institutions, as SMEs are generally more dependent on external resources for innovation which the urban fabric might provide;
- The dynamic of the economic segments, indicated by the number of start ups, as a higher dynamic necessitates more active risk management, which supports the building of trustful relationships and the exchange of tacit knowledge.

It is rather difficult to define concrete fields of metropolitan cooperation without referring to examples. Based on the state-market regulation framework introduced in section 3, however, we can distinguish three types of cooperation field. The first type entails economic and administrative activities which have traditionally been part of local state activities like water supply, electricity or waste handling. Though there is a strong tendency towards privatization, there are still a considerable number of state-owned enterprises which may perform better through cooperative agreements. The second type builds upon the idea that public institutions with cultural, scientific and educational functions might be the starting points for the creation of cooperative scale economies in order to achieve efficiency goals and higher attraction levels. The third type deals with actors in highly competitive markets; here cooperation efforts supported by local states may frame development corridors which help to reduce risks, especially for small start-ups, and can also help to create seed beds for innovative economic activities.

This rather general categorization of cooperation fields does not easily translate into

recommendations for concrete cases of metropolitan cooperation efforts. One reason is the poor state of theoretical reflection on the economics of urban systems. Therefore, a dialectical interplay between theoretical and practical progress has to be expected (and recommended) in order to investigate and ground the economic rationality of metropolitan cooperation. This leads to the issue of appropriate governance of cooperative efforts, i.e. the question of how to manage and coordinate several actors in different thematic fields.

4.2 Institutional Requirements and Negotiation Systems

As emphasized in section 2 metropolitan cooperation is confronted not only with an economic challenge, but also a political challenge. The political challenge consists in coordinating a variety of political and economic actors in more than one metropolitan region in non-hierarchical relations. A closer look at negotiation systems and networking as organizational forms between state and market coordination helps to evaluate the possibilities and hindrances of cooperation.

The debate about nets and networking as an autonomous form of organization between markets and hierarchy provides a theoretical background for the discussion of the potentials and problems of cooperation. As a form of organization that is marked by the coexistence of cooperation and competition, networks—particularly in administration—have several advantages over hierarchical structures (e.g. Sydow, 1992). First, the integration of different actors improves the quantity and quality of information as a background for decision-making. Second, processes of decision-making in networks supports the recognition, consideration and—if appropriate—acceptance of different and opposing interests. This results third into a higher probability that decisions will be accepted, at least that decisions are better legitimized.

Typical hindrances to cooperation are fears of the involved representatives to lose influence. To defend titles and realms is a reaction often to be observed; representatives insist on their position and opinion. This can lead to blockades within decision-making processes. The major disadvantage of networking structures in politics and administration are the higher transaction costs of and longer timespans for decision-making in negotiation processes. In order to understand interaction problems better, it is helpful to have a closer look at the theory of negotiation systems (Czada, 1993; Benz *et al.*, 1992). Systems of negotiations are necessary when it is impossible to carry through decisions hierarchically or by majority because (a) the decision transcends the border of a country or a region (as in the case of metropolitan cooperation), (b) the decision implies a conflict situation and/or (c) when many actors are involved in the realization and legitimization of decisions. Contrastingly, negotiation systems are not helpful in situations when the involved partners have competitive, individualistic or even hostile orientations.

Central for the formation as well as the shaping of negotiation systems are the motives and the styles of conduct of the participants. A search for joint styles of conduct presupposes creativity, team working and an exchange of information on trusting terms (Scharpf, 1992, p. 21)—in short: a style of conduct oriented towards ‘problem solving’. Since the gains of cooperative efforts can be very unequal for the participants, it is necessary to engage in an institutionalization of cooperation and in the development of bargaining strategies. Balanced solutions are nearly always dependent on strategies coupling different political spheres since the gain of one partner often entails a loss for the other partner, but can be compensated in other policy spheres. Therefore it is necessary to engage in a long-term institutionalization of multilateral and simultaneous negotiations in different thematic fields.

With regard to metropolitan cooperation, it is important to acknowledge that experience with coordination or planning including two or more cities has proven the necessity of a institutionally stabilized and sometimes even contractual arrangement (Benz, 1992, p. 46).

The necessary institutional founding can take place inside as well as outside the boundaries of local/regional governments and administrations and can include third-sector or market actors. Corresponding associations (e.g. in the sphere of cultural marketing) have to orient their work towards joint problems and developments. In this context, institutionalization facilitates a reliable and mutually calculable working relationship—but it is not a guarantee of success. The institutionalization has to be complemented by changed policy styles between and within the regions since only the elaboration of common goals and the inclusion of many actors and partners makes cooperation a promising endeavour. If welfare effects should be calculable for the chosen thematic fields and the involved metropolitan regions, negotiating policy styles are particularly necessary.

Possible forms of institutionalization are:

- Informal discussion tables;
- Partnerships for the support of cooperative orientations;
- Contractual agreements;
- Contracting-out of decisional competencies towards parastatal institutions (agencies);
- Reorganization of decisional competencies on a new scale including both metropolitan regions.

The last form, the upward-oriented reorganization of decisional competencies implies a redrawing of political boundaries which under the present political conditions is hardly a realistic option. Also, hierarchical forms of coordination seem unrealistic. The appropriate form of institutionalization has to be chosen in accordance with the thematic fields in which actors of the metropolitan regions cooperate. Based on the results of sections 3 and 4.1 three types of thematic fields can be distinguished:

(a) Exchange of information

The cooperation in fields such as modernizing local administration, labour market policy, local welfare policy, etc. aims at exchanging best-practice experiences in order to improve the problem-solving capacity and performance in the cooperating metropolitan regions. Actors in these fields are from the local state apparatus and/or from parastatal organizations. While the exchange of information is a mutual activity, the implementation is a local or regional issue. Such cooperative efforts do not need formal institutionalization but can take the form of informal discussion tables and partnerships.

(b) Joint obligations

The realization of joint obligations needs more commitment and reliability and thus a more solid form of institutionalization than the exchange of information. Actors in fields such as education, cultural management or tourism are mostly statal, parastatal and third-sector actors. In these fields, the actors are quite often not guided by profit interests (see point c) or by learning aspects alone (see point a) but by the objective to improve the performance of their organization. However, the exchange of staff in case of cultural performances (e.g. theatre) or in case of a complementary specialization in science and education needs clear arrangements since there is the danger that involved actors fear to miss out. Appropriate forms of institutionalization would include contractual commitments and agencies with a clear distribution of tasks and rights.

(c) Cooperation in market-regulated specialization fields

In contrast to an exchange of information between political actors, the cooperation in market-regulated specialization fields involves mostly private actors. In order to motivate private actors, it is necessary to outline clearly the cooperation advantages for individual actors, i.e. mainly the cost-benefit ratio. Due to the rapidly changing environment in market-drive fields it is not an easy task to find a proper form of institutionalization. While

institutional formalization is important for securing longer term commitment and calculability, flexibility is essential in order to be able to adapt fast to new challenges. When the cooperative efforts mainly aims at private actors, round tables and thematic partnerships are realistic forms of institutionalization. The situation is different when cooperative efforts aim at policy-making, e.g. in specialization fields, and are based upon a joint understanding of challenges. Then, and especially when statal actors are involved more formal institutionalizations such as agencies are feasible.

Our discussion of forms of institutionalization cannot be more than a very preliminary attempt to add to the conceptualization of metropolitan cooperation. However, the rather abstract analysis of negotiation systems and institutional requirements has shown possibilities and obstacles. It has also made clear that a thorough analysis of metropolitan practices is needed to be able to specify institutional requirements in greater detail. Which form of institutionalization is appropriate in metropolitan cooperation depends on the concrete situation in the metropolitan regions and the chosen thematic fields. We have to acknowledge that trying to determine an appropriate form of institutionalization in an abstract manner always runs the risk of ignoring the particular problems and situations in the involved metropolitan regions.

5. Conclusion: Perspectives of Metropolitan Cooperation

Urban actors are increasingly confronted with new challenges. These new challenges come along with structural changes in urban and regional development; they include a growing political and economic self-responsibility of metropolitan regions in the globalized economy. Cooperations with other cities and regions represent a strategy to meet these challenges. Against the background of reduced financial resources, cooperation strategies aim at increasing the economic competitiveness of the involved cities or regions as well as at enhancing administrative competences.

Examples of metropolitan cooperations in Germany and Europe show that the cooperation idea has gained in importance in the last years. Looking at them and the respective literature more closely, however, makes clear that there is a broad variety and no systematic approach to metropolitan cooperation. Though the objectives of metropolitan cooperation often go beyond the 'old' idea of city partnerships, informal, unconnected and experimental cooperations prevail.

From a theoretical point of view one can distinguish three foci of metropolitan cooperation which are not mutually exclusive but can complement each other: First, cooperation in thematic fields which are characterized by a rather state-oriented regulation mode, i.e. fields in which the local or regional state plays an important role. Examples are the common use of costly infrastructure, articulation of common interests and modernizing the state apparatus in light of fundamental changes of the nation state and the world economy.

Second, cooperative efforts can focus on thematic fields which are dominated by private actors and market-oriented regulation modes. The success of such efforts depends on the ability to invoke economies of scale and scope: Bigger markets in conjunction with advantages of specialization in different sectors of the service industries may lead to cost savings, innovations and learning effects.

The third form of cooperation is located between the other two. In thematic fields such as culture, education or tourism it is possible to share and specialize the infrastructure. This can lead to both cost savings and improved organizational performance. Both are essential in times when public budget deficits hit the actors hard in these fields.

To sum up, metropolitan cooperation can provide a way for political re-regulation in fields which have faced dramatic changes due to neo-liberal transformation processes. Considering

the debate on urban competition and its negative implications for urban society, metropolitan cooperation also opens a new window of opportunity to counteract disempowering processes. Though it is no guarantee for an overall improvement of urban development, cooperation can be used as an instrument to strengthen social cohesion in cities and thus is a worthwhile subject to study in detail and to act upon.

This leads to the question whether cooperation does in fact diminish existing forms of urban competition or only reproduces them on other scales. It is rather obvious that those cities, which are able to take up cooperative activities in a successful way strengthen their competitiveness in relation to single players. In this sense metropolitan cooperation functions in a similar way as strategic alliances between firms. But the geo-economic interpretation of metropolitan cooperation is just one perspective. From our point of view it is more important that new forms of embedding economic processes are to be invented in order to overcome the ideology of the 'survival of the fittest'. In face of an ongoing de-nationalization and de-statization in Europe the metropolitan level can develop to a new intermediate frame with growing organizational capacities. Though up to now only fragments of regional modes of regulation are existing (Peck & Tickell, 1992), metropolitan cooperation may serve as a laboratory in order to invent governance models beyond markets and nation states.

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