

Urban Coalitions and Re-scaling of the State

(DRAFT PAPER)

To be presented at the CPSA Conference
London, Ontario / 2-4 June 2005

Mustafa Kemal Bayirbag
(Carleton University)

mkbayirbag@yahoo.co.uk

Abstract

This paper looks at the dynamics of urban coalition building in the context of re-scaling of the state. It argues that re-scaling of the state is a process of hegemonic transformation and that

- a) this process goes hand in hand with a transformation of the axis of interest definition for local actors, thus altering the face of urban politics;*
- b) local politics has become one of the sites which mediates the re-scaling process, as the meeting place of actors defined at various spatial scales;*
- c) and, thus, re-scaling process of the state is associated with changes in the nature of the hegemonic coalition in general. The process of urban coalition building then could be understood as the site of hegemony construction which shifts the balances of power among different fractions of the hegemonic bloc.*

In that respect, the local business communities become the centre of our attention. Then, this paper discusses the particular role played by local business communities in this re-scaling / re-structuring process of the state. One of the central arguments of this paper is that the re-scaling process results in / promotes / sustain the power imbalances amongst various social actors, and this happens via a re-definition of the means of participation and forms of representation of these actors. In sum, the paper concentrates on one of the significant claims of Brenner, that re-territorialisation of the state and the rise of the cities and regions are parallel processes, and it aims to investigate the links between these two processes.

“Sometimes it is through city politics that substantial changes are produced in the power relationships between classes. ... [and] ...[m]unicipal and regional politics, as institutional expression of urban policy, is becoming one of the major axes of the political confrontation of classes in advanced capitalism ” (Castells, 1978: 175, 179).

I - Introduction and Problem Formulation

This paper looks at the current dynamics of urban governance in the context of re-scaling of the state, and its objective is to explore this topic in a dialogue with the theoretical framework Neil Brenner constructed meticulously with thought provoking insights into the spatial dynamics of current processes of reconstruction of the capitalist state, in his recent book “New State Spaces”. In particular, my paper concentrates on one of the research questions that Brenner puts forward, following the main premises of his study, that:

“one could investigate the role of diverse social forces – including classes, class factions, political coalitions, and social movements – in shaping state spatial projects and state spatial strategies, as well as the ways in which the resultant configurations of state spatial organization in turn mold the geographies of territorial alliance formation, sociopolitical mobilization, and contention”.
(2004: 112)

To my opinion, this question, among the four research questions Brenner lays out, is the one which deserves further elaboration, especially within the comprehensive framework of Brenner’s book. The departure point of my engagement with this research question is Brenner’s observation that urban governance has become one of the sites which mediates the re-scaling process, as the meeting place of actors defined at various spatial scales (2004: 255).

As made clear in the book, Brenner follows the strategic-relational approach of Jessop (1990), and constructs the notions of state spatial projects and state spatial strategies to explain the dynamics behind the emergence of local entrepreneurialism across western Europe. State spatial projects, produce the “state space in narrow sense” and “state spatial strategies” generates the “state space in integral sense”. Especially important for my analysis is this second notion which problematises how the institutional and regulatory re-structuring processes of the capitalist state intermingle with the corresponding social

and economic transformations (initiated by the transformation of the capitalist accumulation processes).

This “integral” understanding based on the “spatial”-“strategies” of the “state” implicitly assume the coupling of two parallel processes, the transformation of capitalist accumulation processes and the evolving state form (Jessop, 2000), and Brenner makes a striking observation: the rise of cities and regions as the new strategic scales and actors of capitalist accumulation are in fact an end-result / arena of the rescaling of the state, which is a product of / response to the transition from spatial Keynesianism to the Competitive state, inscribing new spatial selectivities into the fabric of urbanisation and accumulation processes. This line of argument backed by an extensive empirical survey of the changing pattern of western Europe’s urban / regional fabric makes three essential contributions to urban and regional studies in general and studies in “urban politics” in particular:

- a) Brenner’s analysis shows that “[t]he state has not retreated but reconfigured the way it applies its regulations, so that they are no longer ‘national’ in the sense of being universally and evenly applied throughout the territory of the state ...” (Cameron and Palan, 1999: 282 quoted in Brenner, 2004: 172), thus refuting the claims that the nation state is just disappearing, or being hollowed out (for example see Ohmae, 1995).
- b) By challenging the empirical focus of studies in urban and regional studies (summarised extensively by MacLeod and Goodwin, 1999 and Lovering, 1999), which tend to concentrate on the local dynamics exclusively, Brenner’s framework encourages us to investigate the linkages between the emergence of urban regimes, growth coalitions (in the case of western Europe) and the macro (non-local) processes -a connection whose theoretical necessity was underlined by the articles in a collection edited by Lauria (1997) - :

“the proliferation of entrepreneurial approaches to urban governance represents a key expression and outcome of the place- and scale-specific types of state spatial projects and state spatial strategies that have been mobilized by post-Keynesian competition states. As such, entrepreneurial urban policies have been closely intertwined with contemporary processes of state rescaling” (Brenner, 2004: 177)

- c) And, thus, Brenner’s argument, that “urban governance has served as a major catalyst, medium, and arena of state rescaling processes” (page 174), brings the urban governance to the centre of attention for inter-disciplinary studies (chapter 1) thus enriching the range of future

scholar contributions to this field of research. While this is done, the epistemological focus of the investigation is redefined, thus giving us a chance to problematise the local political processes in relation to the rescaling of the state:

“the increasingly widespread demand for place-specific regulatory, institutional, and infrastructural arrangements is to be interpreted less as the reflection of inexorable economic requirements than as the expression of newly emergent *political strategies* intended to position particular subnational economic spaces within supranational circuits of capital accumulation” (page 166, emphasis original)

As I said earlier, there is still another brick to lay on this theoretical edifice Brenner builds: the role of diverse social forces in shaping these spatial selectivities of the state, and how local coalitions interact with and are affected by these re-scaling processes. I think, at this point we enter a one-way street. According to Brenner:

“ the variation of state spatial selectivities cannot be explained entirely with reference to the divergent political agendas and geographical orientations of the various social forces acting in and through the state. For such agendas and orientations have in turn been circumscribed within certain determinate institutional parameters associated with (a) the distinctively territorial form of statehood under modern capitalism; and (b) the endemic problem of regulating uneven spatial development within a capitalist space-economy” (page 95)

Once the problematic is set along the lines of Brenner’s argument, then the logical extension of this reasoning is to see the actors and the structures as two separate, distinct pillars of the analysis, where the role of the structures is to delimit the playground of social actors. While the nature of this coupling process is explained - which finds its expression in rescaling of the state and the rise of cities and regions as the new strategic scale / actors of capitalist accumulation - the analytical connections are established externally, rather in terms of “action – reaction”. Yet, we still need to establish the link between the agency and structure, if we are to understand how they are inter-linked, and how they affect and transform each other.

The insights of Jessop’s form analysis of the state is of help here. Jessop (1990)’s form analysis of the state introduces three dimensions of the state: ‘form(s) of representation’, ‘form(s) of intervention’, and ‘form(s) of internal organisation’ as three facets of the ‘state as form’. Brenner’s analysis, it is my contention that, mainly deals with the last two dimensions, whereby the state spatial projects would stand for “spatial

forms of internal organisation” while state spatial strategies would correspond to the “spatial forms of intervention”. What still deserves to be elaborated in the framework of Brenner’s analysis is the “spatial forms of representation”. In this paper, my intention is to deal with this third dimension of the “state as spatial form”, ie the changing spatial form(s) of representation’ in the context of capitalism and rescaling of the state. The epistemological boundaries of a study which attempts to investigate the changing spatial forms of representation becomes the hegemonic transformations through changing boundaries between the state and civil society, in the context of rescaling of the state. In other words, it is from such a perspective, that we should investigate the spatial selectivities of the state projects and strategies.

Following the discussion held so far, I suggest that:

- We still need to problematise the spatial forms of representation if we are to give a full account of the rescaling of the state and if we are to explore the links between the rescaling of the state and the rise of cities and regions. It is in that sense that Brenner’s following suggestion could be operationalised as a research project:

“the spread of urban growth machines and competitiveness oriented local territorial alliances across western Europe must also be understood in relation to the rescaled national political geographies, intergovernmental configurations, and institutional landscapes that were being forged during this same period” (254)

- Transformation of the spatial forms of representation mediates, and is part of the processes of hegemonic transformation which redraws the boundaries between the state and civil society;

- This process goes hand in hand with a transformation of the nature of local political-economic actors and the axis of their interest definition, thus altering the face of local politics which now is very much shaped by the governance practices centered around the priority of business interests.

- In that respect, the role of local business communities in formation of “competitive locational policy regime”, and especially the changing forms of their representation becomes the centre of our attention.

In what follows I will explore the last two points in light of the arguments I have developed so far.

II – Changing forms of representation: changing actors, changing face of local politics:

2 (i)

Our discussion so far suggests that we need to investigate the current dynamics of local political-economy by locating them into the framework of re-scaling of the state. I emphasised that this is a hegemonic process which is actively produced by various actors (local and non-local) at various scales, and claimed that these multi-scalar processes of hegemonic re-structuring have been articulated and mediated at the local / regional scales via increasing involvement of institutions such as local business associations, local trade unions etc... in decision-making. The literature on scale tells us that this development takes place through a process of coalition-building articulated to the broader process of hegemony construction, stretching the institutional boundaries of local political-economy to the extra-local, to other scales. This can only be achieved via changes in forms of interest representation and the patterns of representation strategies of the groups taking active part in local political-economy.

In what sense, then, could we understand agency of the capital and the representation of its interests? In particular, what is the relationship between definition of interests and the representative organisations of the capitalist class? Again, Jessop's framework is of help to unfold our arguments. According to Jessop, the interest of capital in general can be defined, at an abstract level, as sustenance of the circuit of capital, in "the reproduction of the value-form along with its various conditions of existence such as law, money and state" (1990). Yet, he also draws our attention to the tensions between "capital in general" and "particular capitals". He maintains that

"since capital in general is not an economic agency, it cannot represent its own interests. This can only be accomplished through particular capitals whose interests happen to coincide with those of capital in general and/or through representative organs which attempt to articulate these interests and defend them against particular capitals whose interests happen to be inconsistent therewith ... In the present context, analyses of capitalist organisations often reduce the problem of representation to one of how accurately they represent the economic interests of capital in the political system. This ignores two crucial difficulties. Interests are not pre-given but must be defined within the context of specific accumulation strategies. In addition the means of representation affect the definition of economic interests and are not merely passive or neutral channels for relaying these interests.

... This involves the question of state form and state power” (1990: 155, 160, emphasis added)

I think Jessop’s contribution to our discussion is two-fold: First of all, once we refute the idea that ‘capital in general’ is an agent, then we can start to explain the nature of the interaction and tensions between certain state policies (meaning the state spatial strategies and projects formulated around “different strategies of accumulation”, export-oriented regimes or import-substituting industrialisation strategies) and immediate needs / short term interests of certain fractions of the bourgeoisie, whose spatiality takes the form of a dependency (cf Cox, 1998) relationship with the localities / regions they are embedded into.

Secondly, once we recognise the heterogeneity of capitalist interests, then we can start to look for the empirical instances of how their heterogeneity becomes visible on political grounds. But more important that is the question of interest formulation. Here, I think the most important contribution comes: the forms of representation, which includes the question of by whom the interests are defended, in what institutional / organisational form, and by what means. Hence, it becomes crucial to further reflect upon the question of forms of representation, and to evaluate the role of business organisations in this context.

In fact, this last point has much to do with the question: ‘Does capital need political engagement and representation to solve its own problems? And, if so, to what extent?’. King asserts that, following Offe and Wisenthal, we can define three different modes of collective action that capital employs while defining and defending its interests: a) the “firm itself”; b) “informal cooperation”; c) the “business association”. Of these options, the first one, ie that of individually responding to and seizing upon the constraints and opportunities that the market offers, appears as the politically safer option (King, 1983: 110 - 111). However, King continues,

“[i]f it is accepted that organised political representation is a less preferred source of influence for capital than individual action in the market, this suggests that formal association occur when economic power is weakened and is no longer sufficient for controlling the political process (Streeck, Schmitter and Martinelli, 1980, p. 16)” (1983: 111).

To my opinion, the trilogy which King employs is a good way to start unpacking and unfolding the research problematic set by Jessop’s

observations¹. As we shall see later, the fact that organisations could influence the ways in which collective interests are defined, support the conclusions of Jessop. Besides, from this perspective, we can see business organisations / associations as a means - and form - of representation, established as a response to a specific conjuncture, that of the threat of losing power to influence, or of being excluded from the policy-making process (also see Langille, 1987: 46 - 47; Silva and Durand, 1998; Carroll and Shaw, 2001: 196-197), partly generated by the emergence of the competitive state and the locational policies which tend to promoted this competition between different localities, as Brenner (2004) observes.

David Harvey's (1985: 125-164; [1989] 2001: chapter 16) account of local politics and spatial dynamics of accumulation processes provides a fruitful entry point once we attempt to understand the likely role of business associations. Harvey tends to define localities as a marriage of labour pools and consumer markets in the context of capitalist accumulation processes. The local politics appears as the site of geopolitical defence of those structured coherences in the context of creative destruction of capitalism, which tends to destroy the landscapes it has once created, in search of profit, leading to configuration of new landscapes of accumulation. Through class alliances, the local actors tend to sustain/defend those spatial fixes (also see Duncan and Goodwin, 1988; cf. Cox, 1998) defined by certain social / physical infrastructures patterned by the technology of production. In this sense, Harvey's insights fill in the gap in establishing the links between capitalist accumulation processes and the constraints they impose upon local / urban politics. Nevertheless, Harvey does not simply see the changes in local politics as a reaction to something happening at the extra-local level, and the local as functional to the national (cf. Cockburn, 1976).

In his famous article, *From Managerialism to Entrepreneurialism* he observes that this change in dynamics of local governance is part of a shift in capitalist accumulation processes, mediating and actually generating the passage from a Fordist-Keynesian Regime to a regime of 'flexible accumulation' ([1989] 2001: 348), an observation which Brenner (2004) builds upon to explain the role of cities and regions in the passage from Spatial Keynesianism (and its corresponding Fordist regime of accumulation) to Locational policies (and its corresponding Post-Fordist

¹ Ironically, the tendency of the new orthodoxy in urban and regional studies is to narrow the focus to the first three aspects interest representation: the firm's behaviour and the role played by local specificities, such as regions' socio-cultural capacities, captured by the notions as 'social capital' (Putnam, 1993), 'trust' (Putnam, 2000, Fukuyama, 1995), 'untraded interdependencies' (Storper, 1999), rather than this third aspect that we are concerned with.

regime of accumulation). Here, however, it is important to note that Harvey also points the finger at the main question to be explored if we are to understand the nature of the transformation which urban political-economy goes through – a process he dubs ‘urban entrepreneurialism’. Harvey advances the view that “[w]ithin a metropolitan region as a whole, we have to look to the formation of *coalition politics*, to *class alliance formation* as the basis for any kind of urban entrepreneurialism at all” ([1989] 2001: 351, emphasis added).

The actors that become more active in alliance formation are those (be labour or capitalist) who have the highest stake to lose in case of desolution of this structured coherence. Of course, this is not only about conservation of the status quo. But it is a process pushing the local actors to search for new alternatives to pursue the local agendas of capitalist accumulation. Again, to quote him once again, Harvey argues that

“Each coalition will seek out its distinctive version of what Jessop (1983) calls ‘accumulation strategies and hegemonic projects’. From the standpoint of long-run capital accumulation, it is essential that different paths and different packages of political, social, and entrepreneurial endeavours get explored. Only in this way is it possible for a dynamic and revolutionary social system, such as capitalism, to discover new forms and modes of social and political regulation suited to new forms and paths of capital accumulation” ([1989] 2001: 366, emphasis added).

Thus, given the role business associations play in defence of interests of a business community, as a last resort, and given the observation that the impetus to form local alliances comes from the necessity to defend / promote the structured coherences around (new) local regimes of accumulation, we can expect that local business communities will, more and more, feel the necessity to adopt the option of organised political representation in the face of the passage to different regimes of accumulation. But, beyond logical deduction, we still need to explain how, through what mechanisms the business communities become mobilised, and come to the centre of local politics, and how this is related to the rescaling of the state, which includes introduction of new state spatial strategies and projects. This is the task we are returning to in the coming sections.

2 (ii)

The literature on business associations tells us that these institutions serve as sites of interest definition/articulation for business communities

specialised in different production and service sectors of economy. The heterogeneity of their membership structure (in terms of the size of their stakes, geographical location, etc), their institutional status as ‘the interface between the private enterprises and public authorities’, their status as ‘professional organisations’ are listed as critical variables in understanding the interests promoted by those institutions as well as the strategies of representation they adopt (Greenwood and Webster, 2000; Lehmkuhl, 2000). We should underline the fact that their status as the interface between the private enterprises and the public authorities, by default, define them as an important institutional contact point between the state and civil society and a crucial site/agent for interest representation to the state.

Their “intermediary role between the public and private”, according to the literature (Grant, 1983; Streeck, 1989; Schmitter and Lanzalaco, 1989; Williamson, 1989; Lanzalaco, 1992; Schaede 2000), also creates the basic tension for such institutions: the tension between the ‘logic of influence’ and the ‘logic of membership’. The ‘logic of influence’ refers to the need for business organisations to negotiate the ‘common interests’ of their membership with public authorities and other organisations (and in certain cases being accountable to them). In this case, the strategies defined and promoted by the association require modifications, compromises. This can create tensions between the interests perceived by the membership and the ones actually promoted by the association. The ‘logic of membership’ enters the picture at this point. It refers to the responsiveness of the business associations to the interests of their constituency, and refers to the conflicts among the interests of the members as well.

Drawing upon the insights of an earlier study by Child et al (1973), Streeck (1989) argues that there is a second source / axis of intra-organisational tension: between the logic of ‘goal formation’ and the logic of ‘effective implementation’ - or what Weber calls ‘substantive’ rationality and ‘formal’ rationality, respectively. According to Streeck, these organisational logics

“operate independently from, and can in fact be seen as running orthogonal to, the logics of intermediation [ie those of ‘membership’ and ‘influence’]. The Logic of Goal Formation informs the process by which, both through membership participation and through consultation with, or imposition by, external interlocutors, an intermediary organization selects its manifest and latent objectives. The Logic of Efficient Implementation, on the other hand, relates to the way ‘that specified tasks or outcomes’, both vis a vis institutional targets and the membership, ‘are

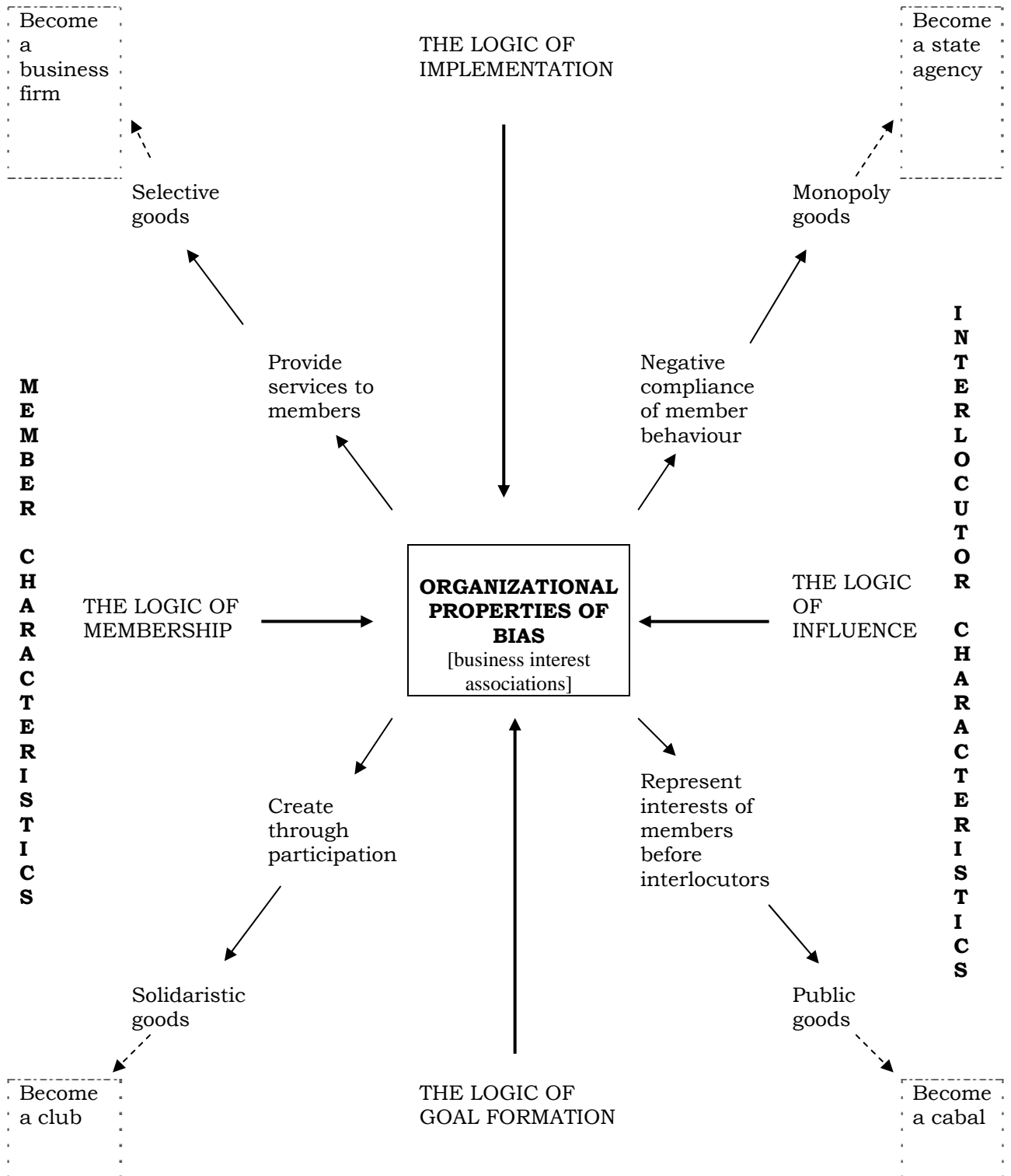
attained with certainty and economy' ” (1989: 60)

The tensions defined along those two different axes could be understood as the determinants of interest formation process and could affect the forms of representation a business group would adopt. It can be suggested that it is through such processes that *the class in itself* becomes / turns into *a class for itself* (cf. Lanzalaco, 1992: 173-174). Schmitter and Lanzalaco provide us with a heuristic schema of what type of business associations and representation strategies can emerge out of these interactions (Figure 1).

According to the schema, if the business organisation's public status assigns it a considerable number of administrative functions (including the monopoly of provision of certain services to be provided by the state to the firms) and if the management of the business organisation is solely preoccupied with the service provision and tends to alienate the membership, then, the schema suggests, it ends up functioning as a state agency, or as a bureaucratic apparatus of the state. Here, it is difficult to talk about a true representative of the business, defending the interests of its constituency – even as a mere transmitter of the business' concerns. On the other hand, in the upper section of the schema, and at the other end of the continuum, we find a service provider acting as a private agent, just like a firm producing certain services for a customer base on the basis of an annual fee. There is no concern for political mobilisation in defence of the constituency's interests.

The lower part of the schema looks more interesting in terms of the question of interest definition and representation for the business. In cases where the association is in direct contact with – and has direct official access to – the interlocutor (here being the state), it functions as the representative of the members's concerns and interests. Yet, as we discussed earlier, the interests and concerns formulated by the leaders of the association would probably not reflect exactly the ones raised by the membership, given that the leaders have to find a middle ground between the membership's demands and the expectations / restrictions / demands raised by the state officials and politicians. Here of course, it is important to pin down the locus of the interlocutor inside the state apparatus. One can list a number of levels of the bureaucratic and political pillars of the state: the parliament and its committees, the government, the ministry (of industry / trade), the regional offices of various ministries, the local government etc. It could be suggested that the business association has to deal with all of them simultaneously, meeting the priorities of each or collaborating with some while conflicting with others.

Figure 2.1. The diverse (and sometimes competing) logics of associability



Source: Schmitter and Lanzaalaco, 1989: 214

The schema suggests that the leaders of the business associations could form a clique (cabal) with the representatives of the interlocutor, in the extreme case. This would be the case if there is a powerful enough actor, a holding, group of business, dominating the local economy represented in the association. Laothomatas (1992) maintains that business associations could serve the interests of few strong firms in certain associations, but, he emphasises that this domination could be challenged as the constituent firms start to grow and more actively involved in administration, lessening the dominance of the founder or influential names, groups, etc. It may be argued that, such moments of challenge supported by a rising consciousness of the constituency (who is more levelled off vis a vis the dominant names / clique) along with its voting power could facilitate the transformation of a class in itself to a class for itself. In such a case, one could expect a shift to a middle point of the continuum defined between the logic of membership and the logic of influence. Here, one could talk about the creation of intra-organisational democracy challenging the hierarchical relations inside the associations as well the clientelistic relations between the association and the external actors (mainly state actors) which had been established on the power imbalances, as Laothomatas (1992) suggests.

If the challenge does not become successful, depending on the institutional flexibility of the roof business association, new specialised sectoral or territorial sub-units could be formed via institutional split of the representative organisations. Thereby, they can enjoy an increased capacity to represent their sector / locality as independent actors, but this time they do not have the luxury to restrict their playground to the institutional apparatus of the state given that they do not have much to gain tangible benefits which Schmitter and Lanza-Laco names 'solidaristic goods' directly from their interaction with the government and the bureaucracy. This time, the business association representing rather homogenous interests, will be shopping around for new interlocutors (or rather broadening the portfolio of interlocutors) whose requirements and expectancies – in this give and take relationship - would approximate the expectancies of the constituency of the business association. In fact, this new interlocutor would not necessarily be new in the sense that, a previously un-influential level of the government, for example the local government, could gain significance after certain administrative (and in some cases political) reforms, such as decentralisation, could shift the focus and locus of lobbying for a business association. Or, in another case, it could be the case that, the focus could shift from bureaucracy to the political parties, or vice versa. What is more, new international / supra-national actors could enter the picture: such as the European Union.

Thus, we talk about a double edged re-scaling process: (a) that of the re-scaling of the business associations, ie re-scaling as an intra-organisational re-structuring process reflecting the conflicts and compromises of intra-business struggles; and (b) re-scaling of the field of action for the business associations themselves, which mainly has to do with the locus and nature of the interlocutor. Of these twin processes, the first one is characterised by / works through a dialectical process of 'fragmentation of and co-ordination across' the bourgeoisie. On the one hand, the changing strategies of accumulation – especially with the passage to a Post-Fordist accumulation regime, and the processes of economic globalisation, lead to the fragmentation and diversification amongst the membership of a business association. On the other hand, there is the need to protect the power base of the organisation itself (Schaede, 2000: 67; cf. Keil, 1998: 640). Increasingly, this is where the class formation becomes a hotly contested process.

The other side of this double-edged process, as I said, is the re-scaling of the field of action for a business organisation. Part of this process has to do with the political and institutional re-scaling of the state, changing the nature and the locus of the interlocutor for the business association. Here, the business association will be forced to enrich its portfolio of formal partners, to lessen the pressure of the logic of influence over the logic of membership, so as to keep the organisation as a cohesive unit, in the mean time also increasing the bargaining power of the organisation vis a vis the state, given the increased area of political maneuver for the business organisation. I think, this double-edged re-scaling process could be placed to the centre of our attempt to understand the relationship between business associations, local coalitions, and the state.

III - Business associations, local coalitions and the state: the dynamics of re-scaling

Then, how did these dynamics influenced and shaped the face of local governance? And what sort of spatial representation strategies have emerged for the local business communities in this context?

Territoriality and locality does constitute one of the most important dimensions of differentiation inside the business. The local / urban civil society existed long before the establishment of the nation state and, as members of the local civil society, business associations and guilds used to play a significant role especially in the social life and in the political-economy of the cities long before the coming of the nation state. Thus, the seeds and institutions of local bourgeois rule had long been in its

place, and local business associations preceded, and were also the prototypes of the, national business organisations (cf. King, 1983). However, this function of regulation has been transferred to some extent to the nation state, and the local business associations were mainly assigned the role of implementing the nationally determined policy measures and compliance with standards determined at the national level. We, now see that another phase of organisational and political rescaling is taking place as far as we are concerned with the representative institutions of the bourgeoisie and their strategies of representation, a process which is parallel to the rescaling processes of the state Brenner (2004) discusses in his book.

3 (i)

Coleman and Jacek (1989) identifies two analytical dimensions / institutional settings whose combinations influence the way in which the local / regional business associations articulate with the broader political-economic processes in different ways: 'state building' and 'market building', which we can see as two constituent dimensions of the state spatial strategies and projects Brenner (2004) is alluding to. The main spatial dynamic that characterises these two processes is the tension between 'centralisation' and 'decentralisation', as two counter-logics determining the internal connectedness and cohesion of a territorially defined political-economic entity, a tension which is located at the centre of Brenner (2004)'s theoretical framework.

According to the authors, 'business interest associations' (BIAs) associative role could vary from one context to another, as summarised in table 2 borrowed from their work. The table suggests that there might be different types of tensions between the logic of influence and the logic of membership depending on the context. For instance, when we are talking about a centralised state and balkanized markets, depending on the nature of the entrepreneurs, an association working by the 'logic of membership' could try to defend the balkanized market structure, to protect their own markets, or, to the contrary, if they are interested in expanding their markets, then the logic of membership could well force the association to work for creation of a national market to get rid of the obstacles to this aim. Here, our assumption is that engagement with the national market is the only solution for the growth of local / regional business. On the other hand, alternatively, the local business might find access to international/supranational markets and would not necessarily worry about overcoming the national barriers and their minimum could be defending their local turf only, or could direct their attention totally to the international markets, thus the national market integration – and the subsequent trouble of intra-business struggle that the state has to deal with - would be thrown out of the window as a concern.

Table 2 Associational roles and likely corresponding structural arrangements

Political-economic context	Associative role	Likely associational structures
Centralized state Integrated markets	Reinforcing	Highly integrated national comprehensive BIAs; territorial subunits have limited autonomy Example: Sweden
Decentralized state Integrated markets	Market reinforcing	Federalized national comprehensive BIAs; sectoral associations with unitary structures integrated into the comprehensive BIAs Example: Switzerland
	State reinforcing	Confederal national comprehensive BIAs possibly co-existing with autonomous comprehensive regional BIAs; sectoral associations with unitary structures autonomous from comprehensive BIAs Example: Canada
Centralized state Balkanized markets	Market reinforcing	Independent regional comprehensive BIAs with regional sectoral BIAs as members in competition with national comprehensive BIAs Example: Spain
	State reinforcing	National comprehensive BIAs with autonomous regional subunits; regional subunits integrate regional sectoral associations or regional subunits of national sectoral associations Examples: Italy, France
Decentralized state Balkanized markets	Reinforcing	Highly autonomous regional associational system integrating regional sectoral associations Example: Swiss construction
	Compensating	National comprehensive BIAs use federal forms to integrate territorial and regional sectoral interests Example: German construction

Source: Coleman and Jacek, 1989: 8

In that respect, such an option could contribute to the maintenance of an hegemonic order, by resolving the clashes between the business groups via helping them re-scale their markets and area of activity, thus relieving the burden on the state to maintain the hegemonic order, ultimately reinforcing the legitimacy of the state. What is more, the state could take measures to support this process that would facilitate the market re-scaling for the local firms, especially via re-scaling itself in administrative/institutional terms (read decentralisation), increasing the amount of financial and/or infrastructural resources necessary. This, to a large extent, amounts to an increased emphasis on local political arena where, these new policy responsibilities and resources are to be (re)distributed inside the business community. Here, I think, Geddes's (2002) argument that the present policy significance of 'local coalitions' in the European context can be explained with reference to the crisis-management strategies of the nation-states, becomes most relevant as far as we are concerned with the increased engagement of / direct involvement of the local business in local politics.

The logic of influence becomes more dominant if the business associations develop and pursue strategies for working more closely with the state, especially in a corporatist regime. In such a context, close collaboration between the political / bureaucratic apparatus of the state and the various fractions of the bourgeoisie imports all the intra-class struggles of the business into the political sphere, and any crisis caused by such tensions could only be resolved by dissolution of the corporatist regime in favour of another form of representation, mainly informal, that would benefit a section of the bourgeoisie (mainly the big business) having stronger informal affiliations with the state. Then, it could be suggested that dissolution of such a corporatist regime, mainly ignited by the increasing weight of the 'logic of membership' against the 'logic of influence', could eventually push the resenting / excluded fractions of bourgeoisie and their representative business associations to search for new institutions / actors to collaborate with, to further their own interest. I think it is in this context that the dissolution of the Keynesian welfare state, and spatial Keynesianism should be understood. In other words, the birth of Locational Policies Brenner talks about, could also be understood as a response to the intra-class tensions of the industrial bourgeoisie, which has been a product of the Keynesian strategies of accumulation.

In an organisational context characterised by the dissolution of national representatives, and increasing autonomy of local / regional business associations, such organisations could choose to emphasise their own 'locality', especially given that territoriality is the most strategic dimension of organisation especially for the (challenger) smaller business

(Grote, 1992: 122). Then, it could be claimed that such an organisational re-scaling process could increase the control and influence of local business associations over their membership and over the fate of their own local economy. In other words, re-scaling of the state not only increases the stakes to be (re)distributed at the local scale, but also gives a stronger hand to the local business associations, increasing their significance in local politics, at least making it more visible and legitimate in the eyes of the local constituency.

3 (ii)

To re-iterate, it could be argued that re-scaling of the state, which transformed the channels and forms of representation for the local business, increased their weight in local politics. Indeed, Logan and Molotch contend that the local business community has always enjoyed a systemic power at the local level. According to the authors, “[b]usiness people’s continuous interaction with public officials (including supporting them through substantial campaign contributions) gives them *systemic power*” (1990: 62), and the collaboration schemes (read urban regimes) thus formed are long lasting arrangements (Davies, 2003) and it also takes a long while to build one. Especially, “[b]uilding and enlisting institutional partners proved to be a long term process ...” (Stone, 2005: 312). What is more, sustaining the arrangements and restriction of the attention to the main agenda, avoiding individual specific issues constitute an important aspect of urban regime efforts: “It not only takes an institutional infrastructure to develop an agenda in the first place and give it a concrete, workable form (Stone, 2001), sustained agendas (and purposes within these agendas) need ongoing protection against attention shift” (Stone: 2005: 319).

Therefore, although it is important to observe that transition to “Locational Policies” and the corresponding spatial selectivities Brenner (2004) is portraying, promote and support urban regimes centred around the business communities’ interests (Clark et. al, 2001: 51), we also have to problematise how the internal logic of these regimes have been transformed. In other words, despite the general prioritisation of business interests over other sorts of (mainly progressive) alternatives, still which fraction will have an upper-hand in the determination of local policies and formation of local regimes of accumulation, is an open question. At this point, the spatial selectivities of the state strategies and state projects prove to be vital. Following Brenner (2004) we can argue that customisation of regulation efforts is a response to the increasing significance and lobbying of local business communities in general. Yet, what still remains to be seen is how the local demands are formulated, and whose interests are inscribed into the customised spatial interventions of the state.

In this regard, what happens, I think is that the “Locational policies” alter the opportunity structure (Miller, 1994) for representation of different fractions of the local bourgeoisie, giving them an upper hand in voicing their concerns, while also equipping them various resources provided by the state. This changing multi-scalar opportunity structure, will, then eventually transform the face of urban regimes, by altering the locally set power balances and the local accumulation strategies, which, in turn produce different results for different groups around the projects preferred (See table 3).

Table 3.: Characteristics of Different Types of Development

RESULTS FOR SPECIFIC GROUPS	Standardized manufacturing	Commercial and land appreciation	High Tech
Business	Substantial Gain	Substantial Gain	Substantial Gain
Finance, Real Estate and Developers	Substantial Gain	Very Substantial Gain	Substantial Gain
Professionals, Middle Class	Limited Gain	Substantial Gain	Very Substantial Gain
Poor and Minorities	Potential for Significant Gain (jobs, skills, wages)	Very Limited Gains: Potential Losses (urban removal)	Largely Irrelevant (but might benefit from better education)
CHANGES IN GROUPS' POWER			
Implications for Changed Power Relationships	Increased Power for Modernizing Business and Labor	More resources for “Growth Machine” Coalition	Expansion of Postmaterialist Middle Class
Potential for Regime Transformation	Displaces Caretaker Regime; Probably Reinforces Not Challenges Corporate Regime	Reconsolidates Corporate Regime	Promotes Post-Materialist Challenge to Corporate Regime

Clark, et al, 2001: 53

As far as we are concerned with the “internal logic of the urban regimes”, we also have to emphasise that the boundaries between the internal and the external have been challenged. The sphere of local political-economy is not inhabited by only ‘local’ interests now. As Brenner asserts, “[t]he urban localities policies ... were introduced by political alliances rooted within, and articulated across, a variety of spatial scales. ... [they] represent experimental, ad hoc political responses to the proliferation of place-specific economic crises, regulatory problems, and sociopolitical conflicts following the crisis of North Atlantic Fordism” (Brenner, 2004: 255), which included the local business communities. In such a context, a new task confronts the representative organisations of the local bourgeoisie.

Now, the representative organisations of local bourgeoisie have to organise, control and co-ordinate the presence and actions of the actors in their locality (as well as their entry/exit into/from their localities) if they are to remain as the hegemon of their own locality. In this context, it is important to see that the field of urban politics is stretched across the scales, and the spaces of dependence (Cox, 1998) for the business communities is challenged. The very configuration of the issues and institutions delimiting the local political arena are always negotiated with the entry / exit of (new) actors and institutions, who used to be perceived as non-local; as well as with the continuous process of fragmentation of the local interests, especially in the cities and regions which are now at the beginning of a new wave of economic dynamism. This is also true for the spaces of engagement of local business communities - and local business associations as their representatives - who have to negotiate the scalar nexus they are embedded into, and have to challenge this path as conscious agents. In other words, they are ‘boundary spanners’, challenging the boundary between the exogenous and the endogenous (cf. Crouch and Farrell, 2002), thus negotiating the boundaries historically set by various institutions, including the state.

In such a context, establishment of a local coalition to further the interests of the general local business community requires that, 1) local business associations agree upon a common denominator regarding the commonness of their interests - and facing the task of leading and accomplishing the internal integration of the local civil society (cf. Keil, 1998: 640) - in other words, they have to create their ‘space of dependence’ (cf. Cox, 1998) in the first place; and that 2) organisers of this coalition achieve the external integration of the locality with the other scalar processes and institutions (cf. Keil, 1998: 640). The local accumulation strategies could only be shaped once these two conditions are met.

IV - Bibliography

Brenner, Neil 2004. *New State Spaces: Urban Governance and the Rescaling of Statehood*, Oxford: Oxford University Press.

Carroll, William. K. and M. Shaw 2001. "Consolidating a Neoliberal Policy Bloc in Canada, 1976 to 1996", *Canadian Public Policy*, v. 27 (2), 195-217.

Castells, Manuel, [1972] 1978. *City, Class and Power*, (translation supervised by Elisabeth Lebas) Macmillan.

Clark, Cal et al. 2001 "Local Regimes: Does Globalization Challenge the Growth Machine?", *Policy Studies Review*, v. 18 (3), 49-62.

Cockburn, Cynthia 1977. *The Local State*, London: Pluto.

Coleman, William D. and Henry J. Jacek (1989) "Capitalists, Collective Action and Regionalism: an introduction" in W. D. Coleman and H. J. Jacek (eds), *Regionalism, Business Interests and Public Policy*, London: SAGE, 1 – 12.

Cox, Kevin Robert 1998. "Spaces of dependence, spaces of engagement and the politics of scale, or: looking for local politics", *Political Geography*, v. 17 (1), 1-23

Crouch, Colin and Henry Farrell 2002. "Breaking the Path of Institutional Development? Alternatives to the New Determinism", *European University Working Papers*, May 2002.

Davies, Jonathan S. 2003 "Partnerships versus Regimes: Why Regime Theory cannot explain urban coalitions", *Journal of Urban Affairs*, v. 25 (3), 253–269.

Duncan, Simon and Mark Goodwin 1988. *The Local State and Uneven Development: Behind the Local Government Crisis*, Polity Press.

Fukuyama, Francis 1995. *Trust : the social virtues and the creation of prosperity*, New York : Free Press.

Geddes, Mike 2000. "Tackling Social Exclusion in the European Union? The Limits to the New Orthodoxy of Local Partnership", *I.J.U.R.R.*, v. 24 (4), 782-800.

Grant, Wyn 1983. "Representing Capital" in Roger King (ed.) *Capital and Politics*, London: Routledge (Direct Editions), 69 – 84.

Greenwood, J. and R. Webster 2000. "Are EU Business Associations Governable?", *European Integration online Papers (EIoP)* v. 4 (3), (<http://eiop.or.at/eiop/texte/2000-003a.htm>)

Grote, Jurgen R. 1992 "Small Firms in the European Community: Modes of Production, Governance and Territorial Interest Representation in Italy and Germany" in Justin Greenwood et al (eds) *Organized Interests and the European Community*, London: SAGE, 119 – 172.

Harvey, [1989] 2001 "From managerialism to entrepreneurialism: the transformation in urban governance in late capitalism" *First Published in Geographische Annalen, 1989*, in David Harvey *Spaces of Capital: Towards a Critical Geography*, New York: Routledge, chapter 16.

Harvey, David 1985. *The Urbanization of Capital*, Baltimore, Maryland: The John Hopkins U.P.

Jessop, Bob 1990. *State Theory*, Polity Press.

Jessop, Bob 2000. "The Crisis of the National Spatio-Temporal Fix and the Tendential Ecological Dominance of Globalizing Capitalism", *IJURR*, v. 24 (2), 323 – 360.

Keil, Roger 1998. "Globalization makes states : perspectives of local governance in the age of the world city", *R.I.P.E* v. 5 (4), 616-646.

King, Roger 1983. "The Political Practice of Local Capitalist Association" in Roger King (ed.) *Capital and Politics*, London: Routledge (Direct Editions), 107 - 131

Langille, D. 1987. "The Business Council on National Issues and the Canadian

State”, *Studies in Political Economy*, 24, 41-85.

Lanzalaco, Luca 1992 “Coping with Heterogeneity: Peak Associations of Business within and across Western European Nations” in Justin Greenwood et al (eds) *Organized Interests and the European Community*, London: SAGE, 173 – 205.

Laothomatas, Anek 1992. *Business Associations and the New Political Economy of Thailand*, Boulder, San Francisco, Oxford: Westview Press

Lauria, M. (ed.) 1997. *Reconstructing Urban Regime Theory, Regulating Urban Politics in a Global Economy*, London: SAGE..

Lehmkul, D. 2000. “Under Stress: Europeanisation and Trade Associations in the Member States” *European Integration online Papers (EIoP)* v. 4: 14, (<http://eiop.or.at/eiop/texte/2000-014a.htm>)

Logan and Molotch, 1990. *Urban Fortunes: The political economy of place*, Berkeley ,Los Angeles, California: University of California Press.

Lovering, J. 1999. “Theory led by policy: the inadequacies of ‘the New Regionalism’ (illustrated in the case of Wales)”, *IJURR*, v. 23, 379-395.

MacLeod, Gordon and Mark Goodwin 1999. “Space, Scale and state strategy: rethinking urban and regional governance”, *Progress in Human Geography*, v. 23(4), 503-527.

Miller, Byron 1994. “Political Empowerment, local-central state relations, and geographically shifting political opportunity structures”, *Political Geography*, v.13(5), 393-406.

Ohmae, Kenichi 1995. *The End of the Nation State: The Rise of Regional Economies*, The Free Press.

Putnam, Robert 1993. *Making Democracy Work, Civic traditions in modern Italy*, Princeton; Princeton U.P.

Putnam, Robert 2000. *Bowling alone : the collapse and revival of American community*, New York : Simon & Schuster

Schaede, Ulrike 2000 *Cooperative Capitalism: Self-Regulation, Trade Associations, and the Antimonopoly Law in Japan*, Oxford, New York: Oxford University Press

Schmitter, C. Philippe and Luca Lanza-Laco 1989. "Regions and the Organization of Business Interests" in William D. Coleman and Henry J. Jacek (eds), *Regionalism, Business Interests and Public Policy*, London: SAGE, 201 – 230.

Silva, Eduardo and Francisco Durand, 1998. "Organized Business and Politics in Latin America", in E. Silva and F. Durand (eds) *Organized Business, Economic Change, and Democracy in Latin America*, University of Miami: North-South Center Press, 1-50.

Stone, Clarence 2005. "Looking Back to Look Forward: Reflections on Urban Regime Analysis", *Urban Affairs Review*, v. 40 (3), 309-341.

Storper, M. 1999. "The Resurgence of Regional Economics" in T.J. Barnes and M. S. Gertler (eds) *The New Industrial Geography: regions, regulation and institutions*, London and NY: Routledge, 23 - 53.

Streeck, Wolfgang 1989. "The Territorial Organization of Interests and the Logics of Associative Action: the case of *Handwerk* organization in West Germany", in William D. Coleman and Henry J. Jacek (eds), *Regionalism, Business Interests and Public Policy*, London: SAGE, 59 - 94

Williamson, Peter J. 1989 *Corporatism in Perspective: An Introductory Guide to Corporatist Theory*, London: SAGE.