

REEVALUATING THE ANALYTICAL POWER OF REGIME THEORY

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How is urban space produced? Planners, politicians, building companies, real estate owners, investors, entrepreneurs and citizens are all entangled in the process, but the challenge is how to describe this complex, multi-actor process? Urban politics is a spatially and temporally bound process between the actors involved. There is no single institution or actor which explains the local political process; rather, there are several, dissonant actors cooperating on emerging agendas. The construction of power between them depends on the agenda, the composition of actors and their relations. To understand these intricate courses of action, I suggest the application of a case-sensitive urban regime analysis. Whilst regime theory is based on the context of North American cities in the 1980s and 1990s, it still offers an insightful analytical tool to investigate urban politics. Urban regime theory enables the examination of politics from the inside, rather than outside, similar to urban governance theory. Although urban regime theory has been accused of ethnocentrism, I believe it is suitable for research in European or even Nordic cities if one is sensitive to the legal, economic and political differences amongst different countries. I will illustrate this by presenting a case study I have conducted in Finland the city of Lahti. My aim has been to re-evaluate the analytical explanation power of regime theory in today's Nordic city.

Keywords: urban regime theory, city center, urban renewal

1. Urban renewal – from industrial to attractive?

This article reevaluates the analytical power of regime theory (Stone, 1989; Stoker & Mossberger, 1994) in explaining political processes especially in Nordic cities. The article is based on a case study conducted on city center renewal in the Finnish city of Lahti. The originally North-American regime theory has been used to describe relationships between the institutionally strong local state and financially powerful private business sector. Even though the theory has been accused of being a product of its time and for ethno-centrism (Pierre, 2014), I argue that the regime theory is still useful to examine local urban politics due to its focus on the dynamics and political process. It seems that no other theory offers such a clear-cut but societally all-encompassing way to approach local urban politics.

Lahti is a former industrial city that is known amongst other things as a winter sports city, its vivid past as an entrepreneur city and for its design school (Ahokas *et al.*, 2005). Inhabiting 100 000 people (a middle-size Finnish city), it is not a declining but neither is it particularly successful or attractive city. Two heavily trafficked roads intersect at the very commercial center of Lahti, which makes walking, cycling and lingering unpleasant (Akkila, 2013). The population is growing slowly due to regional in-migration, but structural issues make it lag behind. Lahti has a high unemployment rate, small amount of highly skilled jobs and less educated work force than other cities of similar size (TILDA statistics Lahti, 26.1.2015). Its location in Helsinki's economic influence secures its position, but it does not guarantee success in the ever-tightening competition between cities (cp. Ache *et al.*, 2008).

The strategy and master plan of Lahti state the city center urban renewal as one of the key goals. The city center should have more pedestrian areas and better bike routes, more residential buildings and it should become more accessible from outside. The aim of the renewal is to strengthen the city center in relation to the external shopping centers (Strategy of Lahti 2025, 2013; The goals of Lahti master plan 2025, 2013, pp.17–18.) Local, especially small, entrepreneurs have opposed to the pedestrian areas because they think it would be bad for their business.

This is not the first time the city of Lahti has made plans to regenerate the city center by decreasing the amount of cars and car spaces. The oldest such plan is from 1973. After that similar plans have been made regularly (Proposal for transport development in Lahti city center, 1973; Plan for transportation and environment in Lahti city center, 1988; Vision for Lahti city center, 2002).

Urban renewal projects are a popular way of boosting a city's competitiveness and image, but they have also been questioned for their societal effects. Managerial and entrepreneuralistic policies, which increase the authority of private businesses, are often associated with such projects (Sager, 2011, p. 154; Harvey, 1989, p. 7). The city center of Lahti is also developed with the local business sector. On one hand this follows from the participatory planning obligations stated in the Finnish Land Use and Building Act (Finnish Land Use and Building Act 5.2.1999/132, 5 § & 6 §), on the other the businesses seem to have a more unofficial and pragmatic role in the local planning: They are included in the planning process due to their resistance of pedestrian areas.

Urban politics is viewed here from an interpretive perspective: politics is not bound to institutions or actors. Politics has the potential to emerge wherever via action political action (Keränen, 2014, p. 34; cp. Leino, 2006, p. 8). Political processes include increasing amount of civil society and private business actors. The relationships between city officials, elected local politicians and private business and their cooperation in the Finnish city Lahti are examined in order to see how regime theory fits to a Nordic context.

The research material consists of interviews with the city officials, planners, politicians, private businesses and local organizations and field notes from planning workshops for local businesses. The material is analyzed with interpretative policy analysis, which views political processes as struggles to define political meanings (Häikiö & Leino, 2014).

1.1. Material and methods

A qualitative case study was chosen as a research method, since it enables a more in depth description of the topic (Laine *et al.*, 2007, pp. 9-10). The research material consists of 19 interviews, which duration is approximately one hour each. In addition to that, field observations were conducted in three urban renewal workshops for local businesses.

The interviewees were chosen by elite research method that is based on their reputation and expertise (Kainulainen, 2000, pp. 290–291): the interviewees were asked who they thought were the central actors in the city center renewal so that one person led to the next interviewee. The method has proved to be suitable to small communities, such as municipalities (*ibid.*) In the end, four local politicians, four planners, three leading city officials, three real-estate owners, one representative of the local media, three representatives of the Lahti City -association and one regional development company Ladec representative. They form seven groups of actors: politicians, leading officials, planners, real estate owners, entrepreneurs' association, local media and regional development company. The first four actor groups proved to be the most important ones.

I participated as an observant to three workshops, where urban renewal was planned in cooperation with the city, entrepreneurs, real estate owners, transport operators, and

organizations. In addition I participated two sessions where the workshops were planned by the consultants and council officers. These occasions were useful to gain an understanding of the relationships and positions between different actors. The fieldnotes were used as a complementary method to the interviews (Emerson *et al.*, 2001).

The material was analyzed by using interpretative policy analysis, which views politics as a result of struggle over definition – who gets to define politics and who does not (Häikiö & Leino, 2014). Similar to regime theory, interpretative policy analysis focuses on structural power between the known official and the emerging actors. Political power is generated through action. It is not limited only to official institutions. (*ibid.*, p. 14; cp. Mossberger & Stoker, 2001, p. 829 or Pierre 1999, p.375.)

The scope of the research was limited to the city organization and businesses and associations in the city center. Research on regimes is often limited like this. It is justified by the fact that the citizens define the terms for the relationships between different actors. (Stone, 1989, p.184). Regional or state level actors were not involved in the research because the aim of the research was to understand the policy process on the local level.

2. Governance and regime theory

Research literature on urban politics is often based on North-American or English context, which differ significantly from the Nordic cities in their political, economic and juridical systems. This is something one needs to keep in mind.

Governance is a comprehensive way to describe urban politics. It goes beyond studying planning projects, it takes into consideration the political and economic forces within planning (cp. Häikiö, 2005, pp. 13–14). Governance describes the transformation from hierarchical, bureaucratic *government* to a more flexible and horizontal *governance*. Governance entails cooperation with private sector, such as local businesses, and possibly civil society actors (Pierre, 2014, pp.10–12; Healey, 2006, pp. 59, 206). Cooperation is necessary for the local government, since it cannot maintain its tasks without the economic resources of the private sector (Pierre, 2014, p. 10). Instead of official and institutional politics, research on governance focuses on the unofficial cooperation of private and public sector (*ibid.*, p. 59). This cooperation, or relationship, is seen as an empirical question

(Pierre, 1999, pp. 375–376). Businesses influence on urban politics, but governance theory recognizes the authority of the public sector in relation to the private sector (Pierre, 2014, p.11.) The private and public sector are intertwined, and decision making power is constructed between them depending on the relationships between the actors and resources that are needed for the specific policy agenda.

Similar to local governance, urban regime theory focuses on unofficial governance networks and ways to cooperate (Kainulainen, 2000, pp. 292, 293; Stone, 1989, pp. 6-9). A regime is one type of local governance. But unlike governance, regimes do not exist in every city. Regimes are cooperation networks that are centered on the cooperation of the city organization and the local business elite.

Regime theory goes deeper in examining the local cooperation than governance theory, since it focuses on interaction between the local stakeholders, collective organization of action and problems that are involved with it. Whereas local governance is interested in politics viewed from the outside, urban regime theory describes the inner dynamics of urban politics (Pierre, 2014, p. 21; Häikiö, 2005). Regime theory has been described as a “middle way” theory, since it’s interest is not on specific institutions or the penetration of the private to the public sector, rather the long-term consensual cooperation between different actors (Mossberger & Stoker, 2001, p. 812).

Power is constructed between the local actors in both regime and governance theory. But unlike governance, regimes do not form unintentionally, but via conscious action and negotiation and it always involves influential private businesses. Regimes are a result of elitist urban politics: real political influence is open only to those who have the institutional, social and/or economic resources, the desire and motivation to cooperate and the ability to maintain it. (ibid., p.198.) Regime theory is thus essentially a political economy approach to urban space (Logan & Molotch 1987).

Regimes in continental Europe have often actors from civil society organizations and associations. Civil society organizations can also work as intermediaries between the local government and citizens (Stone, 2005, p. 314.) The role of none-elected public officials is central due to the broad public sector in continental Europe. (Stoker & Mossberger, 1994, pp. 198, 202; Stoker, 1997, p. 60.)

2.1. Regime types - an analytical tool

Characteristics of different regime types can be found within one city and the regimes also change through time (Stoker & Mossberger, 1994, p. 208). Regime typification by Stoker and Mossberger consists of instrumental, organic and symbolic regimes. The typification describes the different aims, motivations, creation of a common agenda, quality of the coalition (competing or cohesive interests) and the exclusiveness or inclusiveness of a regime. (1994, p. 199.)

The instrumental regime is based on accomplishing short-term projects. The goal of an instrumental regime is the realization of projects and the actors are motivated by concrete results. (Stoker & Mossberger, 1994, p. 199.) The businesses are naturally motivated by the profit to be gained from the projects, politicians and non-elected officials by the reputation the project could bring or just of "getting things done". The civil society actors are often uninterested in cooperation unless they see how they could benefit from it. (ibid., p. 203.) Common understanding is created by material or immaterial incentives (ibid., p. 204.) Incentives are assumedly less common in Finnish cities, where local officials are obliged to treat businesses equally by law (Savikujala, 2003, p. 32). Instrumental regimes are exclusive: the actors do not want to share their resources or networks to outsiders (ibid., p. 207). The regime chooses projects based on the likelihood that they will be realized. Negotiation and bargaining, which help the identification of common interests, defines the relationships of the network (ibid., p. 206).

The organic regime's aim is to retain the status quo political power relations. (Stoker & Mossberger, 1994, p.199). Its actors' motivation is based on their dependency on the locality (ibid., p.203; Logan & Molotch 1987). The coalition's common understanding stems from tradition, sense of community and social cohesion (ibid., p. 204). Actors are politically like-minded and those with competing interests are excluded from the regime (ibid., pp. 206-207). Organic regimes have a clear identity based on local history, traditions, or the locality. They do not have a need for growth or change, like the other two regime types. Organic regimes can be found in small cities that hold on to their small-town lifestyle and low taxes (cp. Stone, 1993: maintenance regimes; Stoker & Mossberger 1994: 199.) As the

globalization of economics and politics has proceeded, it is difficult to imagine purely organic regimes in a capitalist western city.

Symbolic regimes aim to change the ideology and/or image of the city (Stoker & Mossberger, 1994, p. 201). Regime's actors are motivated by expressive politics that uses strategic symbols in order to change the local attitudes to the regime's policy. The business actors are motivated by their concern for the success of the city; they might feel societal responsibility, guilt or just want to improve their own public image. The politicians and city officials are motivated by their concern for the local economy or desire to be seen as an innovator. (ibid., p. 203.) A common understanding is created by symbolic politics and political rhetorics (ibid., p. 205). Members of the coalition can have conflicting interests, but they might find a common understanding if they have a clear policy agenda. Symbolic regimes are more open to new actors than the other regime types because they need a broad legitimation to their policy (ibid., p. 201). These regimes are common in cities that are severely influenced by the economic structural change or sluggish growth. They strive for growth, but based on commonly agreed values and visions. Symbolic regimes require change in people's attitudes so that they accept the new policies. In this way the regime can mobilize even actors who have been negligent to its policy agenda. (1994, p. 201.) The regimes existence might also be result from absence or weakness of other coalitions. A symbolic regime can also be a transitional regime to a new type of governance (Ibid., pp. 201, 205, 209.)

3. Renewal- and businesscoalition in Lahti

The interviews and workshops revealed that Lahti city center is a particular kind of planning process for the following reasons: firstly, there are powerful business interest groups with differing views on how the city center should look like. They consist of entrepreneurs and real estate owners. This is challenging to city officials and planners, who are obliged to make participatory arrangements and plan "with the people and communities whose conditions and perquisites the plan influences or might influence considerably" (Finnish Land Use and Building Act 5.2.1999/132 5 § & 6 §). Secondly, real estate developers' scope for action is limited by the fact that the city of Lahti is the largest land owner in the city center – it can therefore control the development by zoning. Thirdly, the public officials', planners' and elected politicians' actions are limited by their duty to safeguard common public interest and

treat businesses equally (Savikuja, 2003, p. 32). In other words, they cannot make planning solutions that advantage one business over another. Fourthly, protected sites that are nationally valuable are located in the city center, which sets limits to planning. Powerful interest groups, state as the majority land owner, public servants obligation to safeguard public interest and treat the businesses as equals and cultural heritage sites sets a framework for the local cooperation.

In comparison to a master plan or a neighborhood project, the city center renewal is a more difficult task to conduct. Other projects are more straight-forward but the city center is a living organism: there are a multitude of stakeholders and every single one of them thinks their opinion is the right one. City center involves a great deal of emotions, economy and action. Managing that is difficult. As a public official one can influence, but in a more limited manner than elsewhere. Zoning and plans are not enough to do it. A lot of other kind of wheeling and dealing is required. (Planner)

Modes of transportation made a clear divide among the local actors. The “business-coalition” would like to keep the transportation system as it is, thus letting the cars drive through and in the city center. The opposite group of actors, “the renewal-coalition”, would like to transform the city center into more walkable, bicycle- and public transport –friendly. Motives of both coalitions are essentially economic: they aim for local growth, which is typical for symbolic regimes (Stoker & Mossberger, 1994, pp. 199–201). The two coalitions just have different means to maintain and increase growth: the former sees accessibility by car as the central means for growth, whereas the latter is in the opinion that a walkable, cycling and public transport –centered city is the best way to maintain and add growth.

Some of the city officials and planners find it impossible to understand that people need to drive in the city center. Some of the public officials lack realism in where the money comes from. They don't listen to politicians either. (Real estate developer)

Take ten minutes from where ever, and you're in the city center. I think Lahti could offer an easy lifestyle with all the services close by. Lahti's proximity to Helsinki makes it easy to travel there by train to work, but Lahti and its city center need an image-reform. (Leading city official)

3.1. Powerful public officials and businesses as participants

The central role of non-elected public officials and planners was emphasized in the interviews. This corresponds to findings in previous Finnish and Nordic research (Niiranen

et al., 2013; Goldsmith & Larsen, 2004, pp. 121–122; Puustinen, 2006; Leino 2006, p. 141). This differs from the North-American context, where local politicians are central actors (Stoker & Mossberger, 1994, p. 198).

The interviewees thought that the public officials' and politicians' tasks are clearly divided: public officials are technical experts, who prepare matters for decisionmaking, and politicians decide upon them, often on a yes/no –basis. Politicians are expected to keep distance from the preparation and deliberative processes with the businesses or citizens. Politicians' role in the city center regeneration is more distanced than the public officials' or planners'. The politicians were not keen to take part in the urban redevelopment, because businesses were so much involved in it, and politicians could be accused for favoring a business or inside trading.

City center businesses, especially big ones, might lean towards the political right wing. Our challenge is, how we can be objective so that we understand different interests of the stakeholders, but also understand, what common interest we have and how can we influence in their realization together. (Local politician)

According to the interviewees position politicians take differ even within parties and seem to be based more on personal relations than partisan politics. In a small city, the politicians listen to their voters, such as business owners and real estate owners carefully. The interviewees thought that this leads to unpredictable policy making and wasting of public resources. Unlike in Laine and Peltonen's (2003; Peltonen, 2004) or Nevalainen's (2004a & b) regime reseach, Lahti lacked clear partisan alignments in city center planning.

There is the yes- and the no-movement. And this does not go according to which political party one belongs, rather it goes right trough the parties. (Local politician)

The interviewed real estate owners are in regular contact with the city planning office and they also have one to one meetings with the leading public officials. The public officials and politicians thought that local businesses need to be involved in the planning of the city center because without their investments the city center will fade away.

The "Lahti City"-association is an organization for city center businesses and its aim is to keep the city center alive and active. It is funded partly by membership fees and partly by the city of Lahti. Its board members are business and real estate owners and there is also one

public official from the local government. According to the interviewees, the Lahti City-association is mainly seen as the advocate of city center businesses, but also as an extension of the local government. In the latter sense its purpose is to be the mediator between the city and the businesses. These kinds of mediators are required when the local government does not have access to the participants whose support they need for the political processes (cp. Stone, 2005, p. 314). In Lahti's case, the businesses felt alienated from planning and decision-making and Lahti City-association brought them closer to the public officials.

According to Stone, the reason for local actors low motivation can be the experience of not being included in the decisionmaking process (2005, p. 315). The interviewees in Lahti said that the local business owners had become frustrated and cynical, because they felt that their voice was not heard. Previously, the city center development plans were represented to them at a quite final stage and they felt that they had no real influence on planning. In the past few years, new participatory actions, such as the mentioned workshops, have been taken to involve the businesses at an earlier stage, which has brought them and the city closer.

In the past few years, the role of Lahti City –association has grown and become more independent (cp. Akkila, 2013). The progress in construction and involving the entrepreneurs more closely have broadened and changed its role. The association has become more of a lobbyist for entrepreneurs' and real estate developers' viewpoints, whereas previously its role was ambiguous and weak (Akkila, 2013, p. 113). This change in role invokes certain questions. Lahti City -association is an advocate for private business interest. It does not have the mandate of public administration or elected representatives, rather it is the spokesperson of a limited group of actors: the association had 63 members in 2014 (Lahti City –association's home page, 2014). As a co-funder, the city has a say to the associations' actions, but according to the interviewees, the association and its members act fairly autonomously.

Nordic cities are known to have more distant relationships to the businesses than the Anglo-American ones (Pierre, 2014). Lahti City –association is a legitimate way for the city to be engaged with the businesses. When there is a neutral actor between the city officials and businesses, the city can not be blamed for too close relationships to entrepreneurs or real estate developers. Still, the close cooperation between the city and Lahti City –association makes one wonder if the businesses gain too much power in terms of planning in comparison

to the “resource-poorer” organizations and city-dwellers. According to the interviewees, there is no active residential association that is involved in the city center renewal.

As previous research has shown, the actors related to Lahti’s competitiveness are dispersed (Kanninen & Ylä-Anttila, 2011; Ache *et al.*, 2008). Based on the interviews and workshops, the roles of regional development company Ladec’s and regional marketing company Lahti Region’s roles in urban renewal were unclear. Some interviewees said that because the companies are regional, not local, they do not participate in the city center renewal process. One real estate owner did find Lahti Region important in promoting its business and the city center. There were a few interviewees who thought the regional companies should be more involved in the process. The city center is an important part of the whole region, even the whole county. Considering the common interests of growth and attractiveness, it is surprising that the city and the regional companies do not work more closely together on the city center.

3.2. Demarcations of public, private and political

The city officials and politicians viewed cooperation with the local businesses necessary when the city center is in question.

There are several issues the city can decide on and implement on its own. These issues are mostly attached to production of public services. But there are numerous issues which the city can not decide or implement on its own. For example urban planning requires a more flexible attitude: the only things we manage to do on our own are zoning and building the streets. A city remains quite empty if one settles with that. (Leading city official)

The interviewed city officials and politicians were still divided on how much and what kind of public-private cooperation the city should conduct: does the city take the leading role and simply enable the businesses - or should private sector have more leeway in urban planning? On one side the interviewees stressed the need for more entrepreneurial and pro growth-governance, but on the other they limited their task to be a service provider and enabler of businesses.

I think our planning projects are viewed mainly as transport and land use planning, but not as economic policy, even though it could be a more integrated part of planning. (Leading city official)

The city's task is only to provide infrastructure to businesses, not to support them. (Planner)

We can't say to a developer or a business, that 'listen, you have to do this and this if you want to be located here', Lahti's leverage is not that big that we could set terms for businesses like they do in Helsinki. We have to be simultaneously growth-oriented but also official public authorities. (Leading city official)

Lahti's urban renewal process differs for example from Joensuu's, where the urban development projects were driven by the local business elite (Nevalainen, 2004a, p. 19). The development projects in Lahti have been initiated and pushed by the local government. Even though some would like to see the city to take a more entrepreneurial stand in urban regeneration, the city still seems to have the authority in the city center.

In addition to the partisan incoherence there is a lack of political leadership when it comes to urban renewal. This was seen in voting situations, where decisions were made with one vote majorities. It was surprising that the themes environment and design were almost absent in the interviews, since they are often linked to urban renewal and central in the strategy and master plan of Lahti (Strategy of Lahti 2025, 2013; The goals of Lahti master plan 2025, 2013). The urban renewal appeared as a project to improve the space for existing and future businesses rather than long-sighted strategic planning of the whole city.

3.3. Towards a stronger local identity?

Stoker and Mossberger write that some cities, whose identity is built mostly on industrial production, can have difficulties to renew their identities (1994, p. 205). The interviews indicated that Lahti lacks a clear local identity, which would create a mental basis for urban renewal. Some interviewees thought that this could be a result of the rootlessness created by short industrial history, and the lack of human and cultural capital associated with it.

Whereas some cities have turned that into a marketing strategy (e.g. Zukin, 2010), industrial past was not seen in as an asset in Lahti. The interviewees thought that entrepreneurial spirit, the combination of urban lifestyle and closeness to nature and the reputation of a sport city are central to Lahti's identity.

We are on our way of transforming from an old, industrial, chimney-city into something new, but the process is still going on. (Local politician)

I think the the mindset of the 1960s boom is still visible in the background in Lahti. There is this optimistic attitude and dynamic activity, which shows that we are not defeated. Lahti has a different kind of mental atmosphere, because it's a city of athletes and businessmen.

(Planner)

The local actors had no common vision, how Lahti's identity could be strengthened. Letting the identity and image to develop genuinely from the city and not by making superficial marketing stunts was stressed. Similar to previous research, the interviewees believed that the beneficiary location close to Helsinki is the most essential factor for its success (Kanninen & Ylä-Anttila, 2011; Ache *et al.*, 2008). Proximity to Helsinki assures Lahti's growth, especially as a residential city.

Lahti's position in the national city network as an "average" influences the local cooperation and city center renewal. It is a middle-size city, that is neither successful nor declining, has no significant concentration of commercial or technological businesses but its strategic location is beneficial. This has lead to a polarized development ideology: Lahti tries to compete with larger cities, but the proximity to Helsinki increases its competitiveness so that the renewal activities lack the wider local support.

4. Forming a common agenda

The central ideology in Lahti city center renewal is growth. The interviewees found increasing competitiveness and growth as the primary goals, but the measures to reach this divided the local actors into two coalitions. On one side is the pro-pedestrian, pro-renewal and politically "green" renewal coalition, and on the other the anti-pedestrian, pro-car, slightly right-wing (in economic policy) business coalition that aims to maintain the local power *status quo*. The division into coalitions is not based on partisan politics; it is based more on the actors' local personal relations and negotiations.

The leading city officials, planners and part of the politicians belong to the renewal coalition that resembles a symbolic regime (Stoker & Mossberger, 1994, p. 201). The coalition aims to change the physical image of the city center, but also further improve the whole image of Lahti to attract new investments, residents and tourists. The renewal coalition is motivated by the transformation from an industrial city into something else, and the assumed increase

in growth and competitiveness that follows. Typical to symbolic regimes, the actors had competing interests, but they were united by the aim of growth and competitiveness. The renewal coalition was open to new actors, since it needed all possible support in order to go through with the urban renewal and changing the image of the city. Even though the coalition resembles a symbolic regime, expressive politics that uses strategic symbols could not be detected in the interviews. The coalition aimed for a common purpose more practically: by trying to convince the businesses of the advantages of cooperation - this kind of use of incentives is more typical to instrumental regimes.

The business coalition is most similar to the organic regime type that aims to maintain the local political and business elite in power. The coalition's interest is to keep the transport system in the city center the way it is: car-centered. The business coalition consists of city center entrepreneurs, real estate owners, and politicians. They lobby for their own economic interests via local politicians and Lahti City –association. The coalition is motivated by local dependency, thus the investments they have made in the city center (Logan & Molotch 1987). Changing the city center into a more pedestrian-friendly direction can have negative consequences to their businesses, since they have maximized the profit of their investment based on the current transport system. The politicians in the coalition listen to the business actors, because they want to keep in good terms with them and stay in the elitist coalition.

Nevertheless, the aim of growth and increasing the competitive potential of Lahti has brought the two coalitions closer to each other. The renewal coalition has had to mobilize the resources it needs for renewal (Stoker, 1997, p. 61), in this case the city center entrepreneurs and real estate owners who invest in the city. Lahti City –association has been a mediator of this resource mobilization (cp. Stone, 2005, p. 314) by bringing the city officials and businesses around the same table. The focus on growth and competitiveness resembles a symbolic regime, but unlike North American regimes, Lahti's regime is run by leading city officials, who have an upper hand over the business actors. Their authority results from an active municipal zoning policy and the secured legal status of the public government.

However, the renewal coalition has not succeeded in its goal to change the whole city's image. This would require a change in local ideology (Stoker & Mossberger, 1994, p. 201; Hynynen, 2000, p. 68). The coalition has not been able to link the urban renewal projects into the strategy of the city or some other "greater purpose" (Stone, 2005, p. 318), which the

business-coalition could join. The regime's common sense of purpose has remained at a practical level similar to instrumental regimes. Change in ideology and image could be reinforced by the regional development companies and a stronger political leadership, which are currently absent. The leverage of city officials is not enough alone to implement the strategy or finding a common purpose.

The research shows that the power to produce urban space is mainly in the hands of the city officials due to the extensive preparation, expertise and legal position they possess. Also the bystander-position that the local politicians have adopted has increased the power of the city officials. The businesses have increased their influence via their early involvement into planning process. Nonetheless, it seems that the public and private sector are clearly separate entities in Lahti. The governance of urban renewal has a business-centered entrepreneurial and market-relying neoliberal ideology (Sager, 2011, p. 154; Harvey, 2008), but governance practices are publicly lead new public management, where the city organization is managed like a business corporation (Christensen & Lægheid, 2011).

Governance that is based on partnerships and unofficial practices has been idealized as the newcoming of direct, deliberative democracy (Blanco, 2013; Boelens, 2010; Häikiö, 2005). Nevertheless, networked and horizontal governance form has its downsides: if resourceful interest groups, such as local businesses, plan the city with city officials, and politicians take the role of a bystander, what is the role of representational democracy in urban politics? If the decisions are not made openly and chances to participate are unequal, the legitimacy of the planning process is challenged.

5. Local cooperation at the expense of representational democracy?

Unlike in regime theory, the public city officials were central actors instead of politicians in the Lahti city center urban renewal process (Stoker & Mossberger 1994: 198). In addition to them the business owners and real estate developers gained a central role with the help of Lahti City –association. The politicians remained in the background and handed over their authority to the city officials. There were two coalitions in the city center: the urban renewal coalition that wants to change the city center into a more pedestrian, bike and mass transport –friendly direction and the business-coalition which wants to maintain the modes of transport car-centered. The former wants to change the city's image and the latter wants to

keep the political and economic *status quo*. Both coalitions aim to increase local growth and competitiveness, but this is not enough to build a cohesive regime. The city center regeneration has been difficult because the two coalitions lack a shared ideological base. A “we-sense” could be created by stronger political leadership and involving the regional marketing companies into planning.

The residents’ voice might become neglected, because there are no organized residential associations in the city center of Lahti and the city is cooperating tightly with the local businesses. Even though there have been numerous hearing occasions and workshops for citizens there is no certainty that the gathered opinions travel as efficiently to the politicians as the business actors’. Business actors are fewer than citizens and organized and they have the resources that the city needs - therefore they get their voice heard more easily.

The relationship between participatory planning and representative democracy ought to be discussed more in urban studies. Participatory planning is always skewed. There is always a danger that stakeholders, who do not possess the required institutional or economic resources are set aside. A planning system, that privileges one group over another is risking its legitimacy. Therefore representational democracy should secure democratic planning at first hand: politicians should openly engage in value discussions on planning. Participatory measures should not replace representative democracy.

Even though there were two opposite coalitions in Lahti city center urban renewal, the regime theory was suitable for studying the political process. The theory provided a necessary framework for studying the relations and dynamics between the local actors. The central advantage of regime theory is that it focuses on the inner dynamics of the local politics, which further enables the tracing of political power relations. The challenge is to develop a regime theory that fits the European context that would not take the North American coalition of politicians businesses as given.

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