



# Buenos Aires: fragmentation and privatization of the metropolitan city

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1. Sassen, S (1991), *The Global City*. New York, London, Tokyo, Princeton University Press, Princeton, New Jersey.

**SUMMARY:** *This paper describes how Buenos Aires has been affected by changes in political structures and economic orientations that are linked to globalization, including the removal of trade barriers, privatization and "reduced" government. In the absence of any democratic decision making at the metropolitan level, key decisions are left to market forces, especially to the powerful economic actors, including developers and private companies now controlling privatized "public" services. The only true "planning" occurs within large private developments, including the gated communities in which half a million people now live. A growing spatial fragmentation accompanies growing levels of inequality. The metropolitan area fails to provide an arena for its citizens, which means that any general public interest is lost as the built environment is reshaped and constructed in response to private demands.*

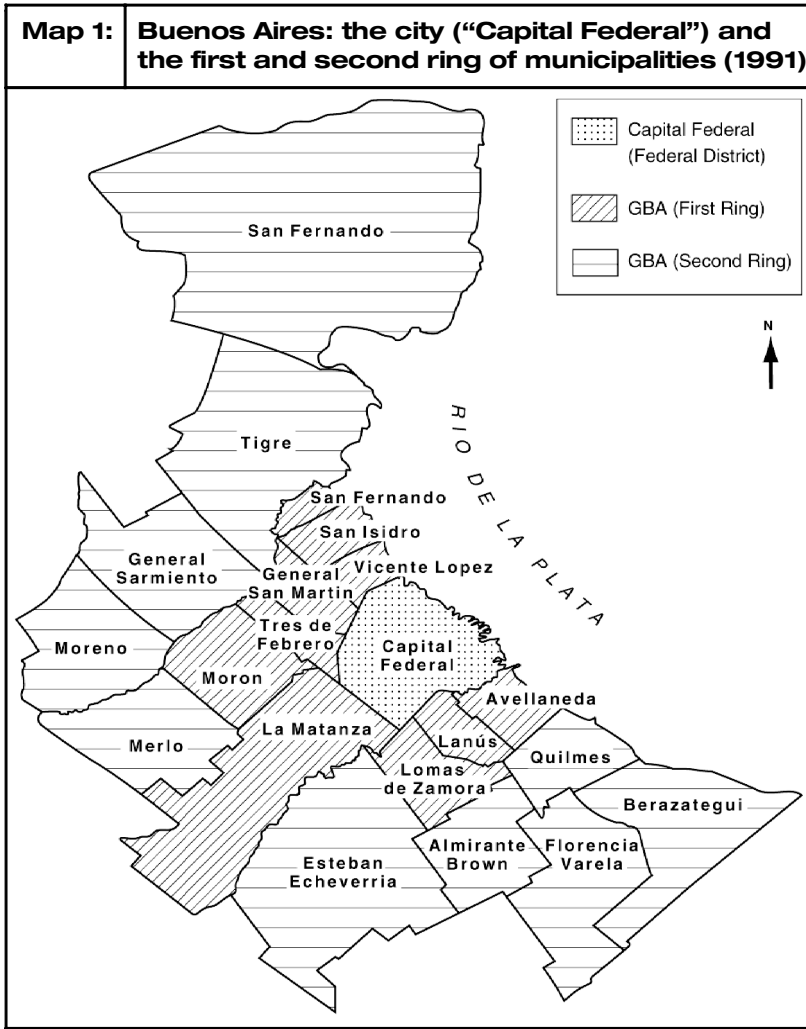
## I. INTRODUCTION

CITIES ARE SUFFERING noticeable changes as a consequence of so-called globalization. They are affected by a whole set of processes that impact on economic activities (predominantly financial and advanced service-sector activities), the labour market (increasingly differentiated and polarized) and the territorial configuration and functioning of the cities. These changes occur not only in cities that host the control centres of globalized activities, or global cities,<sup>(1)</sup> but also in those cities within economies that, in general terms, are internationally subordinate.

These urban changes are the result of concrete processes that take place in every city, based on the impacts of the new international insertion and on the changes affecting the main economic, social and political actors.

This paper presents some of the processes that took place in the city of Buenos Aires during the 1990s. For that purpose, the city will be analyzed as a metropolitan unit, which consists of a centre (the historical city) and 19 municipalities belonging to the province of Buenos Aires (see Map 1). In the mid-1990s, some municipalities were further sub-divided, increasing their number to 24. The available census information for 1991 does not include these new divisions.

Politically, the metropolitan city has a plurality of governments. It comprises two federated constitutional units, namely the Autonomous City of Buenos Aires (Ciudad Autónoma de Buenos Aires-CABA) and the province of Buenos Aires. Since the constitutional reform in 1994, CABA is institutionally analogous to the Argentinian provinces. The city has its



own constitution and elects its executive and legislative authorities (government chief and legislative power of the city, respectively). The 24 municipalities that comprise the rest of the metropolitan area have limited autonomy.<sup>(2)</sup> With regard to metropolitan affairs, the federal government also has an important role.<sup>(3)</sup>

This paper first describes the metropolitan configuration and inequalities. Then the current changes are analyzed, with particular attention to privatization and fragmentation in the city. Finally, the article advances conclusions linking these processes with metropolitan governance.

## II. CONFIGURATION OF INEQUALITIES IN THE METROPOLITAN AREA OF BUENOS AIRES

### a. The metropolitan expansion of Buenos Aires<sup>(4)</sup>

FROM THE END of the nineteenth century, Buenos Aires City was territorially structured along two axes: north-south and centre-periphery. The

2. In Argentina, the municipal regime is defined by the provincial constitutions, which vary in each case. In the case of the province of Buenos Aires, a legal framework drafted in the 1930s is still in force. This gives the municipalities very little autonomy.

3. Given the lack of metropolitan authorities, some urban management functions have been centralized in either the provincial or federal governments, especially those relating to basic urban services; see Pérez, P (1998), "The management of urban services in the city of Buenos Aires", *Environment & Urbanization* Vol 10, No 2, October.

4. This section is based on previous works: see Pérez, P (1994), *Buenos Aires metropolitana. Política y gestión de la ciudad*, Centro Editor de América Latina, Buenos Aires; also Pérez, P (1999), "Buenos Aires o la expansión metropolitana sin gobierno" in *Conferencia Internacional sobre el Control de la Expansión Urbana*. Gobierno del Distrito Federal - Secretaría de Relaciones Exteriores - OCDE, México, November 1999.

first separated the population by socioeconomic condition, the north being preferred by those groups with more economic resources. The periphery (still within the territory of Buenos Aires City) received the second generation of immigrants who could afford to purchase small properties. Since then, poorer social sectors have had to solve their housing problems in the city by themselves.

Historically, territorial expansion was underpinned by the railway system that connected the city centre with nearby localities to the north and west. The trams, and later on the buses that worked together with the train system, completed the transport network.

Fuelled by internal migrations, subsequent demographic growth led to urban expansion beyond the boundaries of Buenos Aires City. In 1914, the capital city's population accounted for four-fifths of the metropolitan population. By 1960, this had dropped to less than half. From then on, growth in the surrounding districts also decreased. The opposite, however, was taking place in the more peripheral districts, with a noticeable deterioration in the housing and living conditions of low-income groups.

The low-income populations settled chiefly in *loteos populares* (land subdivisions providing small, affordable, plots in settlements lacking adequate basic infrastructure), made possible by non-existent or minimal official regulations. A growing labour market allowed a certain economic redistribution, which allowed people access to land and a house in instalments and through self-help building processes.

Towards the end of the 1960s, these trends shifted as the national economy deteriorated. In 1970, almost two-thirds of the metropolitan population was settled outside Buenos Aires City (the area within the jurisdiction of CABA). Ten years later, that had increased to around 70 per cent. Two realities were thus created: the first<sup>(5)</sup> and second<sup>(6)</sup> metropolitan "rings". The more important demographic growth took place in the second ring (see Table 1 and Map 1).

By the mid-1970s, the opening of the economy to the international market gave rise to a series of policy changes inspired by neoliberal principles. These changes were consolidated during the military dictatorship (1976-1983), fostering an economic restructuring that would continue into the 1990s. During this period the city expanded in all directions. The north was the favoured area for expensive residential developments; the rest grew on the back of poverty. In 1977, the province of Buenos Aires issued government decree 8912, which abolished the formal supply of *loteos populares*.

Policy changes from the beginning of the 1990s included a reform of the state, economic deregulation and the privatization of basic urban services in the metropolitan area.<sup>(7)</sup> These events gave rise to significant changes in the national economy, particularly in the metropolitan area of Buenos Aires. The weight of international actors also became noticeable in this decade, through increased participation in financial activities, provision of services by private companies and land operations. The policy changes not only reduced state participation but also strengthened the role of the private sector in the economy and in the production of the city's built environment.

A double territorial process began in the metropolitan area. The first was a large expansion of the built-up area, caused by the development of new low-density residential settlements for middle- and upper-middle-class families. These settlements were linked to new forms of entertain-

5. The municipalities of Avellaneda, Lanús, Lomas de Zamora, northern La Matanza, Morón, Tres de Febrero, San Martín, Vicente Lopez, San Isidro and San Fernando.

6. The municipalities of Tigre, General Sarmiento, Merlo, southern and central La Matanza, Esteban Echeverría, Almirante Brown, Florencio Varela, Berazategui and Quilmes.

7. See reference 3, Pérez (1998).

<b>Table 1: Buenos Aires Metropolitan Area: population and inter-census growth rates by ring (1960 1991)</b>							
	Population				Population growth (%)		
Municipalities	1960	1970	1980	1991	60-70	70-80	80-91
<b>Buenos Aires City</b>	<b>2,966,634</b>	<b>2,972,453</b>	<b>2,922,829</b>	<b>2,965,403</b>	<b>0.2</b>	<b>-1.67</b>	<b>1.46</b>
Avellaneda	326,531	337,538	334,145	342,226	3.37	-1.01	2.42
Gral San Martín	278,751	360,573	365,625	404,072	29.35	1.4	10.52
La Matanza	401,738	659,193	949,566	1,117,319	64.09	44.05	17.67
Lanús	375,428	449,824	466,960	466,393	19.82	3.81	-0.12
Lomas de Zamora	272,116	410,806	510,130	570,457	50.97	24.18	11.83
Morón	341,920	485,983	598,420	637,307	42.13	23.14	6.5
San Fernando	92,302	119,565	133,624	143,450	29.54	11.76	7.35
San Isidro	188,065	250,008	289,170	297,392	32.94	15.66	2.84
Tres de Febrero	263,391	313,460	345,424	348,343	19.01	10.2	0.85
Vicente López	247,656	285,178	291,072	287,154	15.15	2.07	-1.35
<b>1st Ring</b>	<b>2,787,898</b>	<b>3,672,128</b>	<b>4,284,136</b>	<b>4,614,113</b>	<b>31.72</b>	<b>16.67</b>	<b>7.7</b>
Alte Brown	136,924	245,017	331,913	447,805	78.94	35.47	34.92
Berazategui		127,740	201,862	244,405		58.03	21.08
E. Echeverría	69,730	111,150	188,923	273,740	59.4	69.97	44.9
Fcio Varela	41,707	98,446	173,452	254,514	136.04	76.19	46.73
Gral Sarmiento	167,160	315,457	502,926	648,268	88.72	59.43	28.9
Merlo	100,146	188,868	292,587	390,194	88.59	54.92	33.36
Moreno	59,338	114,041	194,440	286,922	92.19	70.5	47.56
Quilmes	317,783	355,265	446,587	508,114	11.79	25.71	13.78
Tigre	91,725	152,335	206,349	256,349	66.08	35.46	24.23
<b>2nd Ring</b>	<b>984,513</b>	<b>1,708,319</b>	<b>2,539,039</b>	<b>3,310,311</b>	<b>73.52</b>	<b>48.63</b>	<b>30.38</b>
<b>GBA<sup>(a)</sup></b>	<b>3,772,411</b>	<b>5,380,447</b>	<b>6,823,175</b>	<b>7,924,424</b>	<b>42.63</b>	<b>26.81</b>	<b>16.14</b>
<b>AMBA<sup>(b)</sup></b>	<b>6,739,045</b>	<b>8,352,900</b>	<b>9,746,004</b>	<b>10,889,827</b>	<b>23.95</b>	<b>16.68</b>	<b>11.74</b>
Cañuelas	20,055	21,430	25,391	30,900	6.86	18.48	21.7
Escobar	28,386	46,150	81,385	128,421	62.58	76.35	57.79
Gral Las Heras	7,388	7,480	9,371	10,987	1.25	25.28	17.24
Gral Rodríguez	19,013	23,596	32,035	48,383	24.1	35.76	51.03
Marcos Paz	12,604	15,070	20,225	29,104	19.57	34.21	43.9
Pilar	30,836	47,739	84,429	130,187	54.82	76.86	54.2
San Vicente	25,638	39,187	55,803	74,866	52.85	42.4	34.16
<b>3rd Ring</b>	<b>143,920</b>	<b>200,652</b>	<b>308,639</b>	<b>452,848</b>	<b>39.42</b>	<b>53.82</b>	<b>46.72</b>
<b>RMBA<sup>(c)</sup></b>	<b>6,882,965</b>	<b>8,553,552</b>	<b>10,054,643</b>	<b>11,342,675</b>	<b>24.27</b>	<b>17.55</b>	<b>12.81</b>

SOURCE: Own elaboration using data from INDEC (1991), *Censo Nacional de Población y Vivienda*, Buenos Aires. INDEC is the National Institute of Statistics and Census (Instituto Nacional de Estadística y Censo).

(a) Greater Buenos Aires (Gran Buenos Aires-GBA).

(b) Metropolitan Area of Buenos Aires City (Area Metropolitana de Buenos Aires-AMBA).

(c) Metropolitan Region of Buenos Aires City (Region Metropolitana de Buenos Aires-RMBA).

ment and shopping facilities such as large shopping malls and games arcades. The second process was a more intense occupation of the central area, oriented towards middle- and upper-middle-income groups, and largely to activities related to processes of "globalization".

A turning point occurred during the 1990s, with an explosion in the development of different types of "gated communities" (privately owned developments protected by some form of enclosure) for upper-middle and

8. See Mignaqui, Iliana (1998), "Dinámica inmobiliaria y transformaciones metropolitanas. La producción del espacio residencial en la región metropolitana de Buenos Aires en los '90: una aproximación a la 'geografía de la riqueza'" in *Seminario de*

la Red Iberoamericana Globalización y Territorio, Bogotá; also reference 4, Pírez (1999); Robert, Federico (1998), "La gran muralla: aproximación al tema de los barrios cerrados en la región metropolitana de Buenos Aires" in Seminario de Investigación Urbana "El Nuevo Milenio y lo Urbano", Buenos Aires; and Torres, Horacio (1998), "Procesos recientes de fragmentación socio espacial en Buenos Aires: la suburbanización de las elites" in Seminario de Investigación Urbana "El Nuevo Milenio y lo Urbano", Buenos Aires.

9. Buenos Aires City Metropolitan Area (Area Metropolitana de Buenos Aires-AMBA).

10. I introduce the term "micro-fragmentation" to suggest that the social fragments (in this case "extreme" social groups within the social stratification) are placed together in territorial terms, although they remain very distant in social terms. Thus, informal settlements with poor-quality housing and very low-income inhabitants can be adjacent to the walls that protect gated communities catering for high-income groups.

11. See reference 8, Mignaqui (1998).

12. Formerly a port, Puerto Madero is only one kilometre from the city's historical centre (Plaza de Mayo Square). It was built during the 1880s as part of the city's port and renovated in the 1990s. Its old red-brick buildings were extensively renovated for use as offices, shopping areas and high-quality flats.

13. An old popular district to the south of the historical centre and beside the river Riachuelo, which serves as a boundary between Buenos Aires City and the province of Buenos Aires.

14. The capital city of the province of Buenos Aires, some 60 kilometres from Buenos Aires City.

Type	Dwellers	Density (persons/km <sup>2</sup> )
Enclosed neighbourhoods <sup>(b)</sup>	243697	4512
Semi-rural developments <sup>(c)</sup>	63934	594
Enclosed town or city <sup>(d)</sup>	180000	6152
Total	487631	1509

SOURCE: Pírez, Pedro (1999), "Buenos Aires o la expansión metropolitana sin gobierno" in Conferencia Internacional sobre el Control de la Expansión Urbana. Gobierno del Distrito Federal - Secretaría de Relaciones Exteriores - OCDE, México, November.

(a) This is the potential population that gated communities can accommodate.

(b) There is no clear definition for "enclosed neighbourhoods". However, all developments of this kind have certain elements in common: surrounding walls or fences of some kind; a single controlled access; internal parks; and, occasionally, independent provision for urban services (translator's note).

(c) In the majority of cases, these suburban private districts (known as "country clubs" or *clubes de campo*) are used as weekend retreats. Nevertheless, there is an increasing number of families who use these houses as permanent residences. Country clubs could be equipped with schools, golf courses and other such facilities (translator's note).

(d) As is the case of Nordelta (translator's note).

high-income social groups.<sup>(8)</sup> This continues to this day and has marked a new trend in the way cities are built.

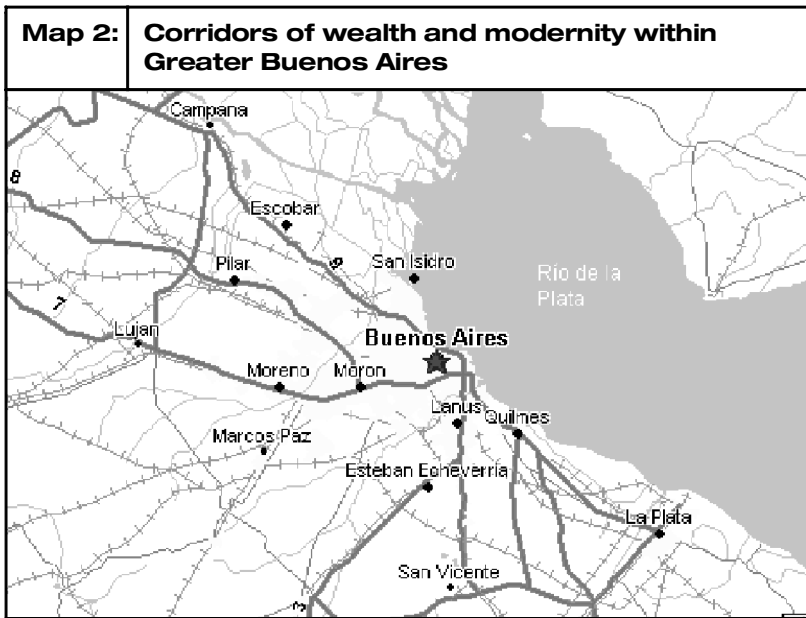
Table 2 shows that the population residing in gated communities once these are fully occupied would reach almost half a million people, but with a density of only 10 per cent that of the city's central area (and slightly higher than the metropolitan average<sup>(9)</sup>). In aggregate, these developments represent 1.6 times the area of Buenos Aires City, but in population terms, gated communities would house only the equivalent of 17 per cent of the city's population.

Gated developments are often built on low-cost land, with projects often sited in distant locations, although strategically placed near fast access roads. They are concentrated within a 40-kilometre radius of the city centre although, in the case of the northern region, better infrastructure has meant that most private developments can be as far as 70 kilometres from the city centre.

Because of their peripheral location, in many cases these developments are located close to low-income settlements, thus highlighting the city's growing inequalities. This fosters contradictory relationships between the two extremes of the socioeconomic pyramid, which are a source of insecurity as well as concentrating a demand for cheap labour (for services such as domestic help and gardening). All these processes lead to a process of "micro-fragmentation"<sup>(10)</sup> of the city.

Transformations in the periphery are concurrent with changes in the centre. Land uses in Buenos Aires City are largely oriented to consumption, recreation, luxury housing, tertiary services and exclusive shopping centres.<sup>(11)</sup> Within the city, Puerto Madero<sup>(12)</sup> and its surroundings have become the location for the most dynamic activities (services to companies, telecommunications, finances). This area has become a development pole which is closely linked to gated communities in the periphery. The transformation began in the northern area of the city and later extended south, to include the renewal of Boca<sup>(13)</sup> and Puerto Madero. This renewal continued along the highway connecting Buenos Aires City with La Plata City.<sup>(14)</sup>

Thus, a "corridor of modernity and wealth" was established, consisting of La Plata City in the south, the La Plata-Buenos Aires highway,



Buenos Aires City, and the cities of Campana and Zárate in the north, 80 kilometres from the centre (see Map 2).

**b. Metropolitan inequalities**

The metropolitan area consists of two areas: the central area (the Autonomous City of Buenos Aires, CABA) and the rest (Greater Buenos Aires) which, in turn, is composed of the two metropolitan rings. Neither area is homogeneous in terms of living standards, income and access to basic infrastructure and services.

**Table 3: Metropolitan Buenos Aires: income distribution and mean income<sup>(a)</sup> by decile (May 2000 and May 2001)**

Decile	Buenos Aires City				Greater Buenos Aires			
	2000		2001		2000		2001	
	% of income	Mean income	% of income	Mean income	% of income	Mean income	% of income	Mean income
	0.4	53	0.3	49	4.1	52	3.5	43
	0.8	97	0.9	95	6.3	99	6.3	93
	1.7	139	1.5	133	6.6	141	7.3	131
	2.5	186	2.4	184	8.2	180	8.4	170
	3.3	230	3.0	228	8.6	223	9.2	218
	4.2	281	4.6	279	10.8	280	10.4	277
	7.6	363	7.9	363	11.5	359	11.4	353
	12.0	481	11.7	473	12.6	474	12.1	460
	17.3	690	18.2	706	16.3	668	15.4	674
	50.2	1477	49.6	1499	15.0	1342	16.1	1350
	100.0	569	100.0	573	100.0	246	100	234

(a) Current pesos on that date, where one peso equalled one US dollar.  
SOURCE: INDEC (2001).

**Table 4: Metropolitan Buenos Aires: distribution of employment by economic activity (1994) (percentage)**

	Industry %	Commerce %	Services %	Total %
Buenos Aires City	23.6	24.28	52.12	100
Greater Buenos Aires	42.51	28.58	28.91	100
Metropolitan Area	32.65	26.34	41.01	100
1st Ring	44.66	27.52	27.83	100
2nd Ring	37.14	31.24	31.62	100

SOURCE: Own elaboration using INDEC data from INDEC (1995), *Censo Nacional de Actividades Económicas*, Buenos Aires

Average incomes are higher and more concentrated in the city of Buenos Aires than in the metropolitan area (see Table 3). The income share of the richest deciles is higher here than in the rest of the metropolitan area, while that of the poorest deciles is lower. This pattern of income distribution is associated with the predominant economic activities. More than 50 per cent of employment in Buenos Aires City is in the service sector, whereas in Greater Buenos Aires it is mainly distributed between services and industry, each with 40 per cent (see Table 4).

Resources and needs are unequally distributed in the municipalities of the metropolitan area: where social needs are greater, resources are fewer. Table 5 shows that districts with higher indices of unsatisfied basic needs<sup>(15)</sup> tend to be those with poorer coverage for water provision, and with limited financial resources.

### III. PRIVATIZATION AND FRAGMENTATION IN THE METROPOLITAN CITY

OVER THE LAST decade, the metropolitan area has seen a growing predominance of private activities alongside the increased inequalities described earlier. Privatization has taken place not only in urban service provision but also in matters relating to territorial expansion. These processes, together with growing political fragmentation, give shape to new forms of metropolitan governance.

#### a. Management of urban services in the metropolitan area: fragmentation and privatization

At the beginning of the 1990s, a triple fragmentation in the management of public services took place:<sup>(16)</sup> an institutional fragmentation of state and private institutions, mirroring existing government tiers (municipalities, the government of Buenos Aires City, provincial government and federal government); a technical fragmentation shaped by the expansion needs of the different services (water, transport, energy); and, finally, a territorial fragmentation, whereby different zones of the metropolitan area received different levels of service.

Infrastructure services provide a good example. Each is autonomous, with no common guidelines. The metropolitan area is served mainly by private companies to which the state transferred its institutions in the 1990s, while maintaining control and regulatory functions. Some service

15. This index measures the proportion of households with at least one of the following: more than three persons per room; inadequate housing conditions; dwelling lacking a toilet, or with a toilet but without flushing water; children not attending school; four or more dependants per working person; and head of household with a low level of education.

16. See reference 4, Pérez (1994).

<b>Table 5: Buenos Aires City and metropolitan municipalities: population with unmet basic needs and access to water supply, and financial resources available per inhabitant</b>			
Local authority <sup>(a)</sup>	Percentage of population with unmet basic needs (1991)	Percentage of population with access to water supply (1991)	Total resources of local (municipal) government per inhabitant (1991) <sup>(b)</sup>
V. López	6.1	97.4	157.99
Buenos Aires City	8.1	99	846.02
San Isidro	9.8	83.4	179.21
3 de Febrero	10.3	76.7	102.06
Morón	12	26.8	116.77
Avellaneda	13.3	95	163.17
Lanús	14.2	94.1	109.91
San Martín	14.9	70.1	125.53
L. de Zamora	19.8	68.2	83.43
Alte. Brown	20.7	27	54.2
Quilmes	21.2	89.3	97.27
La Matanza	21.3	44.2	73.7
Berazategui	21.7	87.5	119.19
S. Fernando	22.1	60.7	144.45
Merlo	25.9	9.3	86.23
Tigre	25.9	29	95.09
Gral. Sarmiento	26.3	7.3	76.27
E. Echeverría	26.4	7.6	77.14
Moreno	28.5	13	91.4
F. Varela	32	10.9	110.65

SOURCE: Own elaboration using INDEC (1991), *Censo Nacional de Población y Vivienda*, Buenos Aires data and data from the Provincial Direction for Municipal Management – Sub secretary for Municipal and Institutional Affairs (2000) (Dirección Provincial de Gestión Municipal de la Subsecretaría de Asuntos Municipales e Institucionales).

(a) Ranked according to share of unmet basic needs.

(b) Based on 1999 peso when 1 peso = US\$ 1.

companies are controlled and regulated by Buenos Aires Province. Not long ago, there were municipalities in charge of water provision. There are also cooperatives involved in service provision. The private companies, including two telephone companies and two electricity companies, act as monopolies within their service areas.

Each local authority is responsible for solid waste collection but, in most cases, this is restricted to regulating and controlling a service delegated to a private company. In theory, local authorities control solid waste transfer to a metropolitan organization, CEAMSE, for final disposal. All this results in different policies and services, which leads to different standards of environmental quality.<sup>(17)</sup>

Although water and sanitation services for most of the metropolitan area have been transferred to a private firm (Aguas Argentinas), in what was the largest privatization in that sector worldwide, and in spite of rate increases for all customers, the service has not been extended to cover the poorest population who lack the service.<sup>(18)</sup> The poorest inhabitants have

17. See reference 3, Pérez (1998).

18. See reference 3, Pérez (1998).



19. Fiszbein, Ariel and Pamela Lowden (1999), *Trabajando unidos para un cambio. Las alianzas público-privadas para la reducción de la pobreza en América Latina y el Caribe*, World Bank, Washington DC; also Hardoy, Ana and Ricardo Schusterman (1999), "Las privatizaciones de los servicios de agua potable y saneamiento y los pobres urbanos", *Medio ambiente y urbanización*, Year 15, No 54, IIED-AL, Buenos Aires, December.

20. Small or medium-size buses, with a fixed route that connect metropolitan localities with the centre of the city. Customers pay a pre-established fare for using the system within certain time limits.

21. Private cars for hire with a driver (similar to minicabs in Britain).

22. Pérez, P, N Gitelman and J Bonnafé (1999), "Consecuencias políticas de la privatización de los servicios urbanos en la ciudad de Buenos Aires", *Revista Mexicana de sociología* Vol 61, No 4, México, October-December.

23. Pérez, P (2000), *Servicios urbanos y equidad en América Latina*, CEPAL, Santiago.

had to resort to self-help efforts to create a substantial part of the necessary infrastructure, which has subsequently been transferred to Aguas Argentinas.<sup>(19)</sup>

The metropolitan transport system is the best example of fragmentation. Different modes of transport (trains, buses, "charters",<sup>(20)</sup> taxis, *remises*<sup>(21)</sup>) co-exist with no coordination other than that provided by the users themselves. Different-sized firms (from multinational companies to small-scale undertakings) are in charge of different modes of transport. Three regulatory systems in juxtaposition (municipal, provincial and federal) exert control over these.

There is still further evidence of fragmentation. Privatization transferred to private companies not only the supply of services but also the ability to define policies and plans.<sup>(22)</sup> Each company makes its own decisions regarding coverage, areas of operation and investment, according to their market needs. The result does not always meet the more pressing needs of the population. Although towns and territories are served, operations with faster and greater returns to the companies are developed first. An example of this is the expansion of the water provision system, which was not followed by a corresponding expansion of the sewerage system and sewage treatment plants.<sup>(23)</sup>

The privatization of public services increased urban inequalities. Although rates for public services rose more slowly than inflation rates, the differences in rates among the different user categories show a degree of concentration (see Table 6). Users in residential areas with more purchasing power (and a greater capacity to consume) and large firms (also large consumers) benefit disproportionately. Two mechanisms for transferring benefits appear: from residential users to non-residential ones and, within this group, from small and medium users to the main

**Table 6: Natural gas and electricity supply in Metropolitan Buenos Aires: rate changes and comparison with price indexes (base: March 1991= 100)**

Sector	Index at December 1998
Wholesale price index	112.9
Retail price index	163
Natural gas (averages)	137.3
Residential	211.8
Small-scale service establishment	115.1
Large industrial user (susceptible to interruption)	95.1
Large industrial user (stable)	101.4
Electricity	89.1
Residential	91.5
Low consumption	98.4
High consumption	29.6
Industrial	86.1
Low consumption	75.3
High consumption	66.6

SOURCE: Own elaboration based on Table 1 in Abeles, Martín (2000), "Evolución de previos y tarifas de los servicios públicos privatizados" en VVAA. *Privatizaciones e impacto en los sectores populares*, Editorial de Belgrado, Buenos Aires.

industrial users. In the case of electricity, the transference is from small residential consumers to large ones.<sup>(24)</sup> These phenomena can be traced back to the high rate rises just before privatization. Drops in electricity rates to below average are partly a result of restructuring the electricity industry, but are mainly due to lower wholesale.<sup>(25)</sup>

Rises in the rates of public services were reflected in their higher costs for low-income groups. Between 1986 and 1996 (before and after privatization), the proportion of income that went to covering services for the poorest quintile of the population rose from 9.1 per cent to 17.4 per cent. For the second poorest quintile, it rose from 8.5 per cent to 15.9 per cent. In other words, in ten years the cost of basic services almost doubled for the poorest households.<sup>(26)</sup>

The introduction of market principles in the management of infrastructure services meant that rate rises were accompanied by the elimination both of subsidies and of any leniency towards illegal connections. As a result, the low-income population is finding it increasingly difficult both to access and maintain a connection to these basic services.<sup>(27)</sup>

**b. Private urban planning and metropolitan expansion**

Metropolitan expansion takes place in the absence of public guidelines and is based on two parallel processes. One consists of market transactions, heavily planned and oriented to the upper-middle and higher-income groups. The other lies predominantly outside the market and is aimed at meeting the needs of low-income groups. The city is thus shaped by the growth of a number of private enclaves, where the market logic provides a guide to the private production and operation of the city.

This is compounded by the incapacity of local governments to meet the demands of the upper-middle and higher-income groups, whilst simultaneously seeking to prevent the social exclusion of low-income groups.

In the metropolitan centre, operations began ten years ago with the regeneration of the Puerto Madero docklands area, responsibility for which was given to a specially created private company.<sup>(28)</sup> In this context, the presence of multinational capital (IRSA, SA) is significant.<sup>(29)</sup> The company decided to invest in the core of the city centre, the land surrounding Puerto Madero. Behind this decision lay a form of private strategic planning which sought to “modernize” partially vacant areas. Other initiatives were added to this, thus transforming a considerable area of the city. The zone comprised Puerto Nuevo,<sup>(30)</sup> Catalinas Norte (initially developed towards the end of the 1970s), Puerto Madero and Costanera Sur. As a result, the land between the initial development in Puerto Madero and the coast was soon fully built upon.

This created a globalized pole, a territorial nucleus for the “corridor of modernity and wealth”: intelligent buildings, headquarters for major national and international firms, five-star hotels, luxury flats and entertainment firms. This is the consequence of the application of private operations on a large scale in which the state participated as enabler.

Outside the centre, towards the metropolitan periphery, the suburbanization process shows a predominance of private planning. The city’s growth is marked by decreasing population densities as one moves away from the centre towards areas with poor infrastructure and services. This leads to patterns of land use and infrastructure supply which reinforce the territorial and social fragmentation of the city, while building upon high-productivity agricultural land.

24. Abeles, Martín (2000), “Evolución de previos y tarifas de los servicios públicos privatizados” in VVAA, *Privatizaciones e impacto en los sectores populares*, Editorial de Belgrado, Buenos Aires, page 104.

25. For prices, see reference 24, page 105; also ENRE (Ente Nacional de Regulación Eléctrica), s.f., *Informe anual 1993-1994*, Vol 1, Buenos Aires, page 150. These relative increments in the rates are based on procedures derived from the regulating frameworks (original ones and then renegotiated ones). Electricity and gas rates, for instance, are adjusted biannually following US inflation rates. The adjustments are made despite Argentina having no inflation.

26. Alexander, Myrna (2000), “Privatizaciones en Argentina” in VVAA (see reference 24), page 46.

27. See reference 23.

28. Following the example of similar initiatives, such as the London Docklands Corporation, responsibility for the operations was given to Viejo Puerto Madero Corporation, a private company to which ownership of the land was transferred.

29. Although it is a national company, it originally received considerable financial help from George Soros, the New York-based international financier and stock market speculator.

30. The port installation currently in use.

This subordination of urban production to private interests has come about because of the lack of state regulation for the processes of physical expansion that lie beyond the control of local authorities. Such is the case in municipal decisions based on norms for the use of land in Buenos Aires Province which do not take into account the metropolitan dimension.

There are no metropolitan guidelines for land use nor is there a general framework that transcends the idiosyncrasies of local authorities and their attempts to take advantage of growth in ways that most benefit them financially and politically. Thus, the metropolitan area becomes a space for operations seeking, largely or almost exclusively, private economic gain. Developers resort to the principles of urban planning, no longer as a tool to serve the public interest, but as a means to produce a built environment that satisfies particular needs. The city is the product of a market "rationalization" of individual operations, backed by a clear notion of planning of all the stages of each development, with the aims of enhancing the quality of the final product (the development) and increasing profit margins.

This approach to city-building, based on the logic of private project planning, obeys only the laws of the market. It thus becomes increasingly difficult to grasp the overall reality of the metropolitan area, which is more and more the result of the sum of private developments and their interstices.

Obviously, in this context, the effects of planning are restricted to private developments where, in the words of the press "*...developments planned to the smallest detail*" are built, where the aim is to "*...painstakingly build a city from scratch.*"<sup>(31)</sup> This means, as the president of property developers Consultatio<sup>(32)</sup> said in a newspaper interview, that "*...the city is designed with the aim of seeking a balance between green spaces, water and urban areas; urban landscapes, the location of streets, schools, neighbourhoods, universities, shopping centres... The environment provided is marked by its urban and aesthetic harmony and different population densities, as well as adequate distribution of traffic.*" The interviewer commented that "*...in this way, certain city problems will be avoided, as is the case of cities where, because of their chaotic beginnings, population growth increases at an unimagined pace, and problems such as traffic jams appear.*"<sup>(33)</sup>

This case reveals three issues. The first is that each private development is seen as a "city", which hides the fact that its existence is only possible within the city that provides it with the means of existence. The second is that the urban chaos which results from the public production of the city complicates life for higher-income groups. The conditions under which low-income groups may gain access to land through legal means disappear. And third, the form of isolated planning that underpins the city's residential areas leaves the rest of the city in a sort of limbo, virtually untouched by metropolitan-wide planning decisions.

Such large-scale private developments are marked by certain features:

- *A system of norms is spelled out in a contract between the developers and the purchasers.* This imposes strict urban zoning bylaws, land use and building guidelines. It also imposes a physical separation between residential areas and other activities, with the former further segregated according to socioeconomic strata and different densities (and therefore different prices), and the latter differentiated according to their type (commercial, services, leisure).

Strong behavioural norms are also imposed on purchasers, with rules and regulations on ethics and cohabitation operating as a sort of

31. *Clarín* newspaper, 30 October 1999.

32. Consultatio's developments include Nordelta, also known as the "town-city", the largest gated community in Argentina covering an area of 1,600 hectares.

33. See reference 31.

admission (or exclusion) policy.<sup>(34)</sup> Private and market instruments take on social purposes as they serve to consolidate the social identity of each project.

- *A reliable supply of high-quality services and infrastructure for the residents.* This means that it is virtually unnecessary to leave the gated community, save for work purposes. For instance, Nordelta comprises the local campus of a North American University, the Technological Institute of Buenos Aires and sundry elite schools. In the future, it will have services areas, tennis courts, golf courses and football pitches, amongst other sporting facilities. An optical fibre network will allow high-speed communications, both for Intranet and Internet, with free local calls. An electric train line will be jointly developed by a private company (Trenes de Buenos Aires) and Nordelta, to make access to Buenos Aires easier and faster.<sup>(35)</sup>
- *Financial levies for residents (“expenses”<sup>(36)</sup>) aimed at funding the production and maintenance of services and infrastructure.* These levies, a sort of private tax, also introduce spatial cleavages along economic lines: first, there is a differentiation with the “outside world”, and second, there are internal differences.

In short, a form of “private government” emerges within these developments, and one which is particularly wide-ranging in the case of the larger gated communities. Thus, the metropolitan area lies in private hands. The city reflects the global market logic: messy competition outside and heavy rational planning inside. This leads to high living standards for some (few in relation to the city’s overall population), not as part of an attempt to achieve higher living standards for all, but in response to commercial transactions between individuals.

**c. A second degree political fragmentation: the metropolitan regions**

Over the past year, a new feature in the metropolitan institutional landscape has emerged, namely “metropolitan regions”. These are associations of municipalities, analogous to those created in other parts of the country, which supply services jointly or which promote economic revitalization.<sup>(37)</sup>

The Metropolitan Northern Region of the metropolitan city (Región Metropolitana Norte -RMN<sup>(38)</sup>) has already been created, and two other regions are beginning to materialize, the Western Metropolitan Region<sup>(39)</sup> – Región Metropolitana Oeste RMO and the Southern Metropolitan Region<sup>(40)</sup> – Región Metropolitana Sur RMS. The creation of these metropolitan regions implies a double and perhaps a contradictory movement of consolidation and fragmentation.

It is a consolidation because the municipalities combine their efforts and face common problems together, accumulate experiences and pool their resources, thus enhancing their management capacity. These regions also introduce a “second degree” fragmentation, on top of the metropolitan government structure (municipalities, government of Buenos Aires City, federal government and provincial government). They do not, however, reduce the existing fragmentation of city relationships, as municipalities remain the only units of political representation, with regional decisions being taken by locally elected officials. Neither do the regions promote metropolitan integration and coordination, except for the small areas comprised by the municipalities within the region. Muni-

34. Zanotto, Edgardo (2000), “Los barrios cerrados desde la óptica notarial” en VVAA, *La fragmentación física de nuestras ciudades, municipalidad de Malvinas Argentinas*, 71- 72.”

35. *Clarín* newspaper, 7 November, 1999.

36. This term indicates the contributions the residents of the blocks of flats make to cover common expenditures.

37. In response to the local government crisis in Argentina (particularly marked in the economic area), several municipal associations were created in different parts of the country. These include the productive corridors of Buenos Aires Province, the micro-region in Patagonia and the Association of Municipalities of the South in Córdoba Province. The latter is the most representative (of these types of enterprises), coordinating social and local development policies.

38. The municipalities of San Fernando, San Isidro, Tigre and Vicente López.

39. The municipalities of La Matanza, Merlo, Moreno, Morón and Tres de Febrero.

40. The municipalities of Brown, Avellaneda, Berazategui, Echeverría, Ezeiza, Varela, Lanús, Lomas de Zamora, Perón, San Vicente and Quilmes.

41. A common market consisting of Brazil, Uruguay, Paraguay, Chile and Argentina.

palities associate to deal with affairs that affect their area of action, but metropolitan matters that occur beyond their territory are ignored. There is no regard, for instance, for watershed management within the metropolitan area. The "regional" is restricted to the inter-municipal.

These "regions" appear to give rise to large differentiated territories. Thus, for example, RMN, together with Buenos Aires City, corresponds to the "corridor of modernity and wealth" described earlier. RMN seeks to improve conditions for production and reproduction within its territory. It also seeks to link its (internal) economies with the national and international market, particularly Mercosur,<sup>(41)</sup> but, in this, the metropolitan area to which they belong is not taken into account. Consequently, the principal orientation of the RMN is both inwards (towards its municipalities and the society within the region) and outwards (towards the national and international ambit). RMN has no vision of the metropolitan area.

In the agreement signed by the municipalities, the "region" is defined in language that presents the city as the subject ("the city competes", "the city grows"), which tends to disguise the internal differences between the city and the region. Cities and regions are marked by different interests and needs within a pluralistic and fragmented reality. As this heterogeneity is forgotten in practice, this could lead to the predominance of one of its component parts over the others.

RMN may be defined as a predominantly political-bureaucratic organization: it consists of an executive council integrated by municipal mayors, and a technical and planning council integrated by municipal officials. There is no place in this structure for municipal legislative powers, while wider issues of public participation are simply not considered. As the main aim of the RMN region is to promote economic development, one may conclude that its actions might favour those interests that seek urban development rather than those pursuing improvements in quality of life.

#### IV. CONCLUSIONS: METROPOLITAN CHANGE AND URBAN GOVERNANCE

THE PROCESS OF metropolitan expansion is marked by the following features: strong social and spatial inequalities, which have tended to consolidate and increase; processes of accumulation of political power and representation which are spatially fragmented; a fragmented supply of public services marked by a market orientation which excludes some of the population; a process of production of the built environment which obeys market principles, with a predominance of private planning and intervention; and a form of urban management and production of the urban environment that is guided by the search for growth rather than improvements in quality of life.

The result is the creation of an increasingly "one-dimensional" city: use value becomes subordinated to exchange value. In this context, metropolitan inequalities tend to consolidate and expand. The key decisions that affect the metropolitan area are taken chiefly by economic actors. In some cases, state actors (municipalities, "regions", national and provincial government) fulfil this function, but with a relative dependence on economic actors. This dependence is usually expressed in an orientation towards urban growth and predominantly bureaucratic forms of intervention.

It is not easy to find other actors in this context. As mentioned earlier, there is no political unity at a metropolitan level, neither concerning the accumulation of political power nor regarding representation. Therefore, there is neither “metropolitan citizenship” nor any civil society organization intent on putting forward proposals or demands at a metropolitan level.<sup>(42)</sup>

This raises a number of issues regarding urban governance, resulting from the relationship between the government and civil society at the metropolitan level. If urban governance is understood as the ability of the public sector to lead and guide (the shape and operation of) urban processes<sup>(43)</sup> and to provide a democratic response to the needs of both the population and economic activities, then it is clear that this is a matter of metropolitan governance.

The governance issue is closely linked to the possibility of extending to a “metropolitan perspective”, one that serves the “real” city. This presupposes that there is a “governance function” in charge of generating a “vision”, one that is translated into some sort of specific government action.

For this vision to be complete, it should be the result of a process of full “representation”. But there is a problem here: there is no metropolitan context within which this can happen, and this refers not merely to a lack of institutional forms of representation but, more critically, to the absence of the whole gamut of social groups, with their needs and their interests. Thus, the first problem facing metropolitan governance is its incapacity to change the course of processes of production of the built environment and management at the metropolitan levels.

This can only be perceived from a perspective that is, first, global, defining the metropolitan city as the unit of analysis (as it already is a functional unit); and second, holistic, taking into account the interests of all social groups, whilst seeking to give legitimacy to the needs of the population in a more inclusive way.

The need arises, therefore, for a space for democratic decision-taking at a metropolitan level.<sup>(44)</sup> Rather than conceiving such a space as a political (governmental) institution, it is best analysed in terms of its component parts. Although the starting point is the absence of political institutions at the metropolitan level (coupled with the structural and conjunctural difficulties in creating them), it is legitimate to see the city as providing a base for actors who could lay a claim to citizenship. These actors could, in turn, demand changes in the way that the city is built and managed.

This analysis has shown that there is no democratic decision-making process at the metropolitan level, so key decisions are left to the market and, more specifically, to the more powerful economic actors (such as developers and private companies providing public services). Those decisions that lie beyond the control of these actors are taken up by national or provincial institutions, though without the necessary accountability to the citizens that represent the real city.

To summarize, the metropolitan area fails to provide an arena for true citizenship, which consequently means that it is built largely as a private object.

42. AMBA's complexity is important and is the result of the co-existence of three different state-level institutions. In addition, the economic, political and demographic importance of the area is such that any metropolitan organization would be a (political) threat to the three executive powers involved with the city (the president of the nation, the governor of the province of Buenos Aires and the head of government of Buenos Aires City).

43. Prates, Magda and Eli Diniz (1997), “Gobernabilidad, gobierno local y pobreza en Brasil” in Rodríguez, Alfredo and Lucy Winchester (editors), *Ciudades y gobernabilidad en América Latina*, Ediciones Sur, Santiago de Chile.

44. Let us put aside how conflictive the task of defining or identifying it would be.