

# BUILDING URBAN ASSETS IN SOUTH AMERICA

In an in-depth overview of the various forms of regional governance across South America, **Jeroen Klink** analyses the institutional capacity of metropolitan areas to influence and restructure the urban economy

The development trajectory of the South American continent in the 1980s has commonly been interpreted by macro-economists in terms of 'the lost decade', specifically in light of the debt crisis and the subsequent cumbersome structural adjustment programmes. Nevertheless, it can be claimed that the region suffered a second, perhaps less visible setback in the 1990s, from which it has been trying to recover only recently. More specifically, while many South American countries witnessed an intense socio-economic, technological and regulatory adjustment process, with often dramatic impacts on cities and metropolitan areas, there was a surprising lack of a solid and transparent institutional and legal framework that could guide transformations in South American city-regions and metropolitan areas in a sustainable manner. The institutional vacuum in metropolitan areas was all the more dramatic considering the continent's relatively urbanised profile, in which large city regions had often been the spatial nodes of earlier national import substitutions strategies, and where, to some extent, challenges at the national and the metropolitan or regional scale – social exclusion, environmental degradation and overall loss in competitiveness – had become increasingly interdependent. Moreover, as has been analysed extensively by South American scholars of urban development, the continent's cities and city regions were entering this new stage of the internationalisation process when historical deficits, both in terms of access to basic services, land and sustainable and predictable sources of finance, had, to say the least, not been settled satisfactorily; as a matter of fact, there was suspicion that in many South American metropolitan areas disparities had actually been growing during a large part of the 1990s.

A few examples to illustrate the point. Greater Santiago generates about half of Chile's GDP, while approximately two thirds of the country's population is concentrated in the city regions of Santiago, Valparaíso and Concepción. Although the Chilean development model has generally been recognised for its achievements in terms of growth with poverty reduction, Santiago has increasingly been facing rapid sprawl, reduction of environmental quality, socio-spatial segregation and escalating intra-metropolitan disparities. Recent theoretical work on the spatial evolution of Greater Santiago has confirmed a (postmodern) pattern of fragmented land uses, privatisation of public spaces and social-spatial segregation, as reflected in the proliferation of gated (vertical and horizontal) communities, often directly connected to specific workplaces by (frequently privately financed) motorways, the rise of completely new towns and isolated industrial, commercial and technological parks and districts. At the same time, this patchwork of cities is situated in an institutional limbo, particularly considering the fact that Chile doesn't have specific arrangements for metropolitan areas and agglomerations. This is all the more worrying particularly for Santiago, where governance is fragmented over three provinces (one being Santiago itself, which is in turn subdivided into 32 municipalities).

Along the same lines, the agglomeration of Greater Buenos Aires, although not existing as a formal political and administrative body as such, but nevertheless loosely defined as the Autonomous City of Buenos Aires and the surrounding 32 cities, concentrates approximately half of

the production and a third of the population of the country. In the 1990s, the city region was the central stage of a traumatic process of productive restructuring and de-industrialisation. The absence of clear metropolitan governance structures, reflected in a complex and overlapping set of responsibilities allocated between a strong province, the federated Autonomous City of Buenos Aires, peripheral local governments and the institutions of the national government, made it all the more difficult to develop effective strategies to deal with the rapidly growing intra-metropolitan disparities and a pattern of environmental degradation. It was not that surprising, therefore, that during the 1990s Greater Buenos Aires witnessed a proliferation of suburban gated communities and metropolitan sprawl.

According to 2003 data, Greater Bogotá, roughly composed of the central city (7 million inhabitants) and 24 surrounding municipalities (giving a total population of about 8.2 million), concentrated approximately 30 per cent of the national GDP (and 40 per cent of national industrial GDP), and about one fifth of the national population. The opening up of the Colombian trading regime reinforced the region's attractiveness and its role as the main national economic powerhouse. By the year 2010, the city-region is expected to grow to 9.6 million inhabitants. In the last few years, the traditional polarised relationship between the central city of Bogotá and its surrounding municipalities has given way to a gradual process of regionalisation of production and land uses. Thus, several surrounding municipalities have been growing much faster than Bogotá itself; the lack of physical space, and the relatively higher land prices have also induced industries to increasingly locate themselves directly outside the central city, attracting subsequent additional investments in the tertiary sector and in complementary infrastructure to such areas as Sabana.

This process has only increased the stakes to develop adequate arrangements to deal with the many challenges the region faces: socio-spatial exclusion (some 40 per cent of metropolitan income of Greater Bogotá is concentrated in the hands of the upper 7 per cent), the rapid increase in Bogotá river's pollution levels, the inter-municipal transportation of freight and people as well as land use planning in environmentally sensitive areas. The Regional Roundtable of the Bogotá-Cundinamarca region, launched in 2001 and involving the national government, the state government of Cundinamarca, the city of Bogotá itself as well as 116 surrounding municipal administrations and three environmental special purpose districts, was an innovative approach, aimed at creating an informal multi-stakeholder policy so as to bring together a fragmented metropolitan system. However, recent evaluations by the United Nations Center for Regional Development, which has been supporting this process since the beginning, have stressed the need to strengthen these mechanisms with more formal arrangements.

The Brazilian scenario of the 1990s was no exception to this overall pattern of intense national socio-economic restructuring coupled with the lack of an institutional, financial and managerial framework to collectively work on a strategic agenda for metropolitan areas. An agenda like that would have established key priorities in order to both capture the potential economies of agglomeration on the one hand, and to reduce the historical social deficits in metropolitan areas on the other hand. Like in other countries in the region, this agenda didn't emerge in Brazil. The metropolitan scale may have been associated with the military regime, which indeed allocated resources on the basis of an authoritarian metropolitan logic, and this may explain why the issue of city regional governance was practically neglected by the national constitutional assembly of 1988, heavily influenced as it was by new stakeholders such as the mayors and the social movements. These actors pushed for an agenda in terms of decentralisation and democratisation, which, by and large, neglected the issue of inter-municipal and inter-sector territorial coordination.

Thus, during the 1990s, Brazil's industrial heartland of São Paulo, and specifically the so-called ABC region (sometimes labelled the Brazilian Detroit), which concentrated the bulk of the country's car industry and a substantial part of its petrochemical complex, had to face the negative consequences of the changing Brazilian macro-economic regime without any consolidated framework for metropolitan governance. While the national government emphasised



A new waste management plan is expected to help keep the streets of downtown Buenos Aires clean. Uncoordinated and fragmented policies for services – with the exception of solid waste management – across the metropolitan area are largely to blame for Greater Buenos Aires' environmental degradation.

a strategy of deregulation and retreat from active industrial and technological policies, the restructuring of big industry in the region caused high unemployment and underemployment, increasing poverty rates and social-spatial exclusion. Real estate speculation and lack of local government control over land markets also triggered a proliferation of slums and irregular settlements in the outskirts of the São Paulo Metropolitan Region, frequently in environmentally sensitive and watershed protected areas. Being a highly politicised region that had participated actively in the process of Brazilian re-democratisation, and counting with proactive segments such as the labour unions and the social movements, an innovative response was organised by local stakeholders, which collectively created and negotiated the elaboration of an inter-municipal consortium, a Regional Chamber for Participatory Strategic Planning and an Economic Development Agency. In spite of the innovative character and the entrepreneurial drive behind some of these initiatives, it should not distract attention from the fact that, at least until recently, the low financial capacity, the weak institutional recognition within Brazilian fiscal federalism and the high dependence on individual leadership (particularly late Mayor Celso Daniel from the city of Santo André, and leaders from the labour unions and industry), proved to be bottlenecks in increasing the scale and continuity of this informal system of regional governance, and replicating it in other metropolitan areas.

The institutional and political vacuum that surrounds metropolitan regions has even affected cities that were considered to be model cases of good urban governance and urban planning in the South American context. For example, the city of Curitiba has been widely benchmarked as a sustainable and well-planned city, specifically so in its capacity to guide city growth through financially accessible and good quality public transportation linked to land use planning. Recent developments have shown that this picture does not quite match the reality of Greater Curitiba. Along the same lines as other South American experiences, the process of metropolisation, which is reflected in an increasingly dense pattern of functional interdependencies between the central city and its outskirts, has revealed the deficiencies of the Curitiba model in a painfully clear manner. For instance, while development in the eastern zone was proscribed in the 1978 metropolitan master plan and its recent update, since that area concentrates the environmentally sensitive areas and the watersheds, and provides approximately 70 per cent of the urban water supply, this was exactly where urban growth occurred. Part of this distorted land use pattern could be explained by the aggressive subsidies and tax incentives that had been given to attract industries away from the more expensive locations in Brazil (particularly the State of São Paulo). At the same time, Curitiba's highly acclaimed integrated public transportation system has not been able to cope with the rapid growth in inter-municipal journeys between the central city and the metropolitan outskirts. Since the late 1990s, congestion and private car ownership have grown exponentially.

It should be acknowledged that governments in South America have increasingly become aware of this interdependence between what happens in their metropolitan areas and national welfare. The Brazilian government, for example, created a new framework law on inter-municipal consortia to strengthen the institutional and organisational capacity of these bodies and allow their transformation from rather loose planning institutions into bodies that are also capable of effectively implementing city, regional and metropolitan functions, such as transport, watershed planning and management, solid waste disposal and economic development, among others. Nevertheless, laws by themselves are no substitute for political leadership; a remarkably small number of inter-municipal consortia has been created since the promulgation of the law, probably also in light of a 'zero sum mentality' of some of the local leadership. This lack of a strategic view could well represent



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Development of new concrete and brick houses in Rocinha, the largest favela in Brazil located on the hillside of Rio de Janeiro, is largely driven by auto-construction. Even so, basic sanitation and infrastructure is better here than most favelas across the country due to systematic community intervention.

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a concrete bottleneck in terms of moving towards a scenario in which local governments voluntarily plan, finance and implement services of common interest, either with state and national support or not. Ironically, the ABC region's inter-municipal consortium mentioned above, which proved both to be one of the more innovating initiatives in the 1990s in terms of city regional governance and which had also lobbied successfully for the new federal legislation on public consortia, has to date not adapted its legal and organisational structure in order to make use of the potential offered by the law.

As mentioned earlier, social movements and non-governmental organisations, although not always holding a metropolitan perspective, did succeed in pressing for improvements in the transparency and effectiveness of governance systems in South American city-regions. In this respect, the Brazilian innovative and progressive legislation on the so-called 'Statute of the City' is a paradigmatic example; its elaboration and approval in 2001 can be considered a direct result of more than a decade of political mobilisation by housing movements, planners, intellectuals and professional associations, focused on improving urban land markets. The legislation has allowed for the implementation of municipal masterplans that incorporate a series of instruments – special low-income zoning, development exactions, progressive land taxes on vacant land, etc. – which, at least in theory, increase the leverage of local governments over the functioning of urban land markets. Nevertheless, the instrument has yet to provide a concrete solution to the dilemma of uncoordinated and fragmented land uses at the metropolitan level. As a matter of fact, the law has no built-in mechanism for the coordination of individual municipal masterplans; thus, in practice, the bulk of Brazilian metropolitan land markets is guided by

a patchwork of masterplans that have been elaborated on the basis of different criteria and methodologies, without incorporating a more strategic view on the sustainable development of the metropolitan areas as such.

Perhaps this is one of the key lessons that emerges from the intense process of urban and economic restructuring in the last two decades or so in these city-regions: although occasional successes have improved the governance of these areas, involving both public sector innovation, decentralisation and mobilisation of non-governmental stakeholders, the challenges to systematically reduce socio-spatial exclusion, organise fragmented and speculative land use markets, confront environmental degradation, intra-metropolitan disparities and loss of economic competitiveness remain impressive. In effect, it seems that the decentralisations and democratisations of the 1990s were only the first steps in what can be considered to be a collective learning process that has only just started. In that sense, both the fragmented pattern of functional regionalism in Greater Buenos Aires, the intense conflicts between the central city of Curitiba and its peripheral towns regarding the management, finance and organisation of particular services, the Regional Roundtable of Bogotá-Cundinamarca and, last but not least, the challenge faced in the ABC region in Metropolitan São Paulo in terms of developing a regional public consortium that takes advantage of the new federal framework legislation, are in effect different sides of this complex and multifaceted collective learning process.

National and state government should stimulate the negotiation and mobilisation of these territorial pacts aimed at the collective creation of public goods in metropolitan areas. After all, it is the socio-economic and political complexity as well as the richness of city-regions and metropolitan areas that allow us to go beyond the abstract macro-economic dichotomy of inflation control versus growth, which in fact has narrowed down so much of the debate on the future development of South American countries.

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