

THE NEOLIBERAL TURN OF CITY POLICIES IN SPAIN. THE EXAMPLES OF MADRID AND VALENCIA

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Since 2007 the Spanish economy has faced the worst financial and economic crisis of the past fifty years. The effects of the deep recession are well known: growth in unemployment, intensification of public debts, an increase of poverty and inequality, the rise of socio-economic divides, loss of trust in institutions and political discontent.

National, regional and local conservative governments have backed a series of measures responding to a clearly defined neoliberal political strategy: a great reduction in social public spending, privatisation of the welfare state and a major boost for political recentralisation processes.

In this article, the scope and the outcomes of these measures are analysed. We focus on the neoliberal turn in city policies in Spain. Our aim is to assess the neoliberal model of urbanism and the effects of austerity policies on the urban and metropolitan regions of Madrid and Valencia, where the conservative governments have been hegemonic for two decades at both the local and regional levels.

The 'neoliberal turn' in city policies took place in Spain in the second half of the 20th century and has served the interests of the elite thereafter. Although there are specific local contexts, the basic characteristics of this model can be summarised along these lines: a) consolidation of the real estate business as the driving force of economic activity, a process favoured by the adoption of the euro; b) significant changes in both state and regional urban development legislation, resulting in intense and dispersed urbanisation and large residential developments; c) mortgage law reform, which led to the financialisation of

land and its inclusion in global capital circuits; d) promotion of 'entrepreneurial urbanism' through solid coalitions between financial societies, land developers, and local and regional authorities; e) public investment in mega events, great projects and immense infrastructures (Díaz, 2013; Vives & Rullán, 2014).

These changes and processes have been the result of a well-orchestrated strategy, embracing the financial system, urban developers and political representatives, and applied in a deregulated and uncontrolled context that favoured a gigantic speculative real estate bubble. Here urban development is not a vehicle for the improvement of the economic and demographic situation of the city, nor is it a means to channel the spatial effects of urbanisation (Pinson, 2011), rather, it is orientated towards unconditional growth and the privatisation of services and public space (Méndez *et al.* 2015). This is at odds with the right to the city and good government of the territory claimed for metropolitan regions.

The implementation of the neoliberal concept of urbanism and its consequences can be illustrated by looking at the production process of the outskirts of Madrid. In 1991 the conservative local government undertook a revision of planning in order to establish a new urbanistic philosophy. As a result enough land was mobilised to guarantee a considerable number of houses. It was argued that land scarcity had generated a speculative spiral and thus expelled the citizens of Madrid towards the metropolitan outskirts. In this way, the biggest unrivalled urban development programme aside of planning began (Brandis, 2014). The process was backed by the regional conservative government. The 1996 *Regional Plan of Territorial Strategy* actively contributed to urbanisation by investing in infrastructure in the metropolitan area (Díaz, 2013). This complemented investments made by the central government, so new communication arteries were built and connected through ring roads to facilitate urbanisation. Most local governments in the Autonomous Region of Madrid approved urban planning measures to guarantee the expansion of land suitable for development and thus encouraged construction activity. This was crucial for increasing their revenues.

The same growth-based patterns characterised the Madrid Urban Development Plan designed by the conservative government in 1997. There was a substantial reclassification of undeveloped land that the former 1985 Plan had protected, mainly focused on the M-50 ring road and the expansion of radial motorways 2, 3, 5 and the M-45 ring road, all initiated from 1999 onwards. The aim was to build over 100.000 houses in 5.000 hectares. The execution process of designed projects has been affected by the economic crisis. Unfinished units and buildings not yet begun can be seen in those 7000 hectares of periphery agreed for development from the 1990s, once designated to sustain over 200.000 dwellings. The current picture shows less than 80.000, that is 38% of estimations (Brandis, 2014).

Research by the Madrid Metropolitan Observatory (Rodríguez, García & Muñoz, 2013) shows that the real estate cycle reached spectacular dimensions: 50,000 hectares were compromised for housing development between 1993 and 2003 in the Autonomous Region of Madrid. 180.000 new houses were planned in emerging Madrid city neighbourhoods, while in the Autonomous Region of Madrid 800.000 dwellings were built between 1995 and 2008.

The main problem concerning urbanisation in the outskirts of Madrid was not the lack of houses and land suitable for development, but the excess of both land and building units, and the fact that these were underused. To this, the absence of political will by engaged actors to design coherent, balanced and sustainable public policy should be added.

The case of Valencia has basic similarities with that of Madrid. Policies of identical orientation were implemented here as well, however, the Valencia model was not centred on intensive urbanisation of the metropolitan area. The local and regional governments focused instead on large real estate developments, mega-events and investment in individualised big city projects through ad hoc *Partial Plans* and *Integrated Action Plans*. Recent work assesses public expenditure in those big projects: ‘*The America’s Cup*’ (2.064 million euros), ‘*The City of Arts and Sciences*’ (1.300 million euros approx.), and ‘*Formula 1 Street Circuit*’ (235 million euros approx.) (Gaja, 2013).

Such enterprises were sometimes prioritised over urban policies that would benefit the entire city. This has led to a risk of a split between the different areas that coexist within the city, insofar as there is general perception among the citizenry that there is one city to be visited and another, less glamorous, neglected city to live in. The contrast between the two cities has been sharpened by two circumstances: the local government’s decision to reduce the number of public services, and increasing fragmentation, inequality and precariousness (Torres & García, 2013a).

The neoliberal model of city government has neglected to lead new forms of coordination at the metropolitan scale. In this sense, the metropolitan region of Valencia has a particular feature worth mentioning in this context. In addition to the ‘real city’, it has one of the five biggest *Huertas* of the Western Mediterranean area (Stanners & Bourdeau, 1995). Few European cities have such a privileged and valuable environment, however, nobody ensures its protection. Political actors in both the autonomous region and local government have proven unable to develop a meaningful policy for sustainable planning and management, and to devise coordination strategies at the metropolitan scale (Romero & Farinós, 2013; Romero & Melo, 2015). The unfinished *Territorial Action Plan for the Protection of the Huerta of Valencia* (subjected to a public consultation process in 2010 and later abandoned by the regional government) is the last failure. Therefore, the periurban *Huerta* remains vulnerable to abuse.

The unsustainable model applied in Valencia in recent years has placed the city and the region in a very difficult situation. The city of Valencia faces a precarious economic situation and a high level of public debt (875 million euros in January 2014) that compromises the potential for good city government. This is the outcome of fifteen years of the speculative housing bubble and bad political management since the boom in 2007.

Austerity policies, cuts in public spending and privatisation policies are having negative impacts on cities. Most cuts in social policy accepted by the Spanish government in the 2013-2016 *Stability Programme*, vis-à-vis the EU, correspond to the Autonomous Regions and local governments. These are the levels of government responsible for most public social policy (education, health and social services). The cities of Madrid and Valencia are suffering the effects of policies seeking the reduction of social public spending and the privatisation of the welfare state. Among these effects, we focus on the increase of poverty and social inequality, the attacks on the rights to education and health and the citizen mobilisation that followed as a reaction to these policies.

The recession has triggered a notable increase in poverty since 2008 in Spain. This is worsened by cuts in social protection; this affects income and equality of opportunities, and has a remarkable impact on vulnerable groups such as young people, migrants, women and

the long-term unemployed. The social divide has increased considerably between 2007 and 2013. Exclusion from work is the most important dimension of social exclusion, evolving from 16.9% in 2007 to 41.5% in 2013. The recession has had a stronger impact on low-income households. Neoliberal city policies have deepened urban segregation, and recession has accentuated the housing problem, however, governments have not made enough effort to ameliorate the social emergency situation. The urban area of Valencia deserves special attention, as it is where unemployment indicators have worsen rapidly since 2008 (Pitarch, 2014; Salom & Albertos, 2014). A similar process of growing polarisation, deprivation and social fragmentation characterised by a transition towards 'hourglass-shape' social structures is taking place in the city of Madrid (Rodríguez *et al*, 2013).

In recent studies, Spain features last of all 28 EU member states in the field of education (Schraad-Tischler & Kroll, 2014). The insufficient number of teachers, the forced retirement and the prohibition on replacing retired teachers, the frozen system of promotion, the rise in the number of students in a classroom, the increase of academic fees while cutting the number of scholarships, the lower budget for public schools and universities, and the attacks on the public system of scientific and technological research, are among the factors that will have negative and lasting consequences on Spanish society as a whole. The reduction of 15.7% of public spending in education by 2017 agreed by the Spanish government will further worsen the situation. Madrid and Valencia are at the forefront of the 'conservative revolution' in education (Játiva, 2013). As well as cuts in public expenditure, the conservative regional and local governments in both Autonomous Regions have long implemented their own ideological agenda to undermine public education and promote private education instead.

Privatisations of the public health system have taken place also for ideological reasons unrelated to efficient management. They started in the Autonomous Region of Valencia. The model was then applied to the Autonomous Region of Madrid. New hospitals were built with public money, although construction, maintenance, and operation was assigned to private companies for a period of up to thirty years and in exchange for tax. Similarly, the provision of certain basic services was privatised (Rodríguez *et al*, 2013). Another significant step backwards for the health system has been the violation of the rights of dependent people and their families, destroying a crucial sector of social services (Observatorio de la Dependencia, 2013).

Urban discontent has emerged out of the crisis. This may be explained by different reasons: an increase in material difficulties; reduction, deterioration or suppression of public services; deprivation, insecurity and uncertainty; low-quality democracy, corruption, discredit of politics and institutions, and political party endogamy.

There has been a turn of events after the local and regional elections in May 2015. Neoliberal city policies have been rejected by citizens. The elections have been the result of a huge political capital that had been canalised through protest movements. Over ten years, social movements like the 'indignados' and 'save' movements or the massive citizen protests in favour of public health and education (best known as *mareas*, 'citizen tides') have long expressed public discontent with privatisations of basic services, social cuts and recurring political corruption. These movements have been elected by citizens and entrusted the responsibility to rule in many big cities and hundreds of towns throughout the country. There is now a chance to promote a different city model and a local agenda to rule 'from below' (Romero & Boix, 2015).

‘Ahora Madrid’, a citizen platform, has brought to an end 24 years of conservative government in the capital, with the support of the Socialist Party. The previous government designed a new Urban Development Plan, not approved before the elections, that perpetuates the neoliberal model of city described in this contribution. Following social movement demands, the Plan can now be revised. The new government will also be able to amend land-use policy and stop those single projects that give continuity to the former model of production and reproduction of the city.

In Valencia the new left-wing coalition also has a wide agenda in the field of city politics: deal with social emergency situations, revise the Urban Development Plan, the municipalisation of public services, the revitalisation and rehabilitation of several neighborhoods, including El Cabanyal and the city center, the revision of the failed politics of mega events, and the protection of the Huerta, amongst many other issues.

In short, local and regional governments have a unique opportunity to develop a new political culture and implement good governance practices for cities and their dwellers.

