MAKING METROPOLITAN GOVERNANCE WORK. A CASE STUDY: MADRID

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TABLE OF CONTENTS

1. Introduction........................................................................................................ 3

2. The debate on metropolitan governance......................................................... 5
   2.1 Approaches and theories
   2.2 Urban networks and metropolitan governance

3. The case of Madrid .................................................................................................. 12
   3.1 The Spanish territorial structure
   3.2 Madrid as a territory of politics
   3.3 Madrid as a territory of policies
   3.4 A few remarks

4. Conclusions.......................................................................................................... 25

5. References........................................................................................................... 26
1. INTRODUCTION

In a context of an increasing globalisation, cities cannot be analysed as single units but as multi-centred urban regions. In fact, the differences between cities and non-cities have almost disappeared in Western countries. People usually work, live and have fun in multiple spaces that belong to a larger area than the city itself. There is not a single word to define the complexity of these areas. In this sense, we find several concepts used by different academics and traditions: metropolitan areas, metropolitan regions, urban regions, urban agglomerations, megalopolis, edge cities, etc.

During the recent years, the concept of governance has emerged as an alternative view to analyse the role of these areas and how they are organised. Basically, the concept of governance stresses the importance of co-operation between public and private actors and the existence of functional networks that exist further than the institutional boundaries. The meaning and impact of this concept will be analysed in the first part of the paper.

In Spain, the design of a new political scenario after 40 years of dictatorship seemed a good opportunity to face the challenge of governing the big cities, specially Madrid and Barcelona, but also Bilbao and Valencia. Nevertheless, in the 80s the regional governments\(^1\) (which have the competences concerning the limits of municipalities) abolished the metropolitan structures that had been created. The situation led to a governmental fragmentation and a lack of consensus among the political parties.

The case of Madrid is special because it is not only a large metropolitan region\(^2\) but also the capital of Spain. During the decades of the 40s and the 50s, the city enlarged its legal boundaries (with the amalgamation of municipalities), and its

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\(^1\) In this paper, region and Autonomous Community will be used as synonyms.
surface grew from 66,2 km² to 607 km². The city and its area had different instruments of urban planning until the approval of the Spanish Constitution in 1978. The new State of Autonomies created 17 Autonomous Communities, one of them being the Autonomous Community of Madrid, which included the capital and its area of influence (up to 179 municipalities with a surface of 8,028 km²).

At present, Madrid has not a metropolitan authority that co-ordinates the larger metropolitan region, so the concept of governance seems to fit very well in this context. However, if we analyse the case more deeply, we will realise that the regional government has become the promoter and leader of the metropolitan region of Madrid. The regional government has several competences and elected representatives, as we will see further on. In conclusion, the main question that I will try to analyse in this paper is how the regional government has succeeded in enhancing the power and competitiveness of the region of Madrid without legally having the role of a metropolitan government, but at the same time making metropolitan governance work.

It is important to underline that the objective of the paper is to identify the main aspects of metropolitan governance of Madrid as a first approach to a future research. Some aspects will be then suggested but not analysed in depth. In fact, it is difficult to study the case of Madrid because it is a topic that has not raised interest in the academia, being more used as a political issue of debate.

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2 In this paper, the concept used to describe Madrid and its area of influence will be metropolitan region, since the metropolitan area of Madrid has the same limits as the region or Autonomous Community of Madrid.
2. THE DEBATE ON METROPOLITAN GOVERNANCE

The debate on metropolitan governance can not be understood without a brief overview of what have been the main approaches and theories (point 2.1). The following point (2.2) goes through the meaning of urban networks and the concept of governance.

2.1 Approaches and theories

During the last 50 years, the processes of urbanisation have scattered over the world. The number of people living in metropolitan areas grows every year, and the urban style of life goes further than the limits of cities. The high mobility of people, products and information overpass the traditional institutional boundaries. In consequence, the new research question of community power studies has changed. In 30 years, the question proposed by Robert Dahl (1974) “Who Governs?” can be replaced by the question “Is governing a city really possible?” (Gabriel, O.W.; Hoffmann-Martinot, V.; Savitch, H.V. (eds.), 2000).

In the case of metropolitan regions, the question is still more complex to answer because the number of actors and interrelations is higher than in a city. We find different traditions when it comes to regulate and institutionalise these metropolitan regions. Two different schools of thought or approaches have tried to study the relationships between government and governance in metropolitan regions, influenced by the social and economic conditions of their time. On the one hand, there is the reform theory; on the other hand, the public choice school.

During the period of the highest development of the Welfare State, European local governments had to deliver a supplementary range of services such as education,

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3 The growth and development of urban areas has been heterogeneous and at different speeds in Europe, North America and the Third World or developing countries.
housing and social services. The search for the greatest efficiency in production (more services at lower costs) and the greatest equity in distribution was then the main objective to achieve. Some authors have criticised that the aim of governments was focused on efficiency since it is difficult to measure this concept. In fact, most local services are labour intensive and not capital intensive, like social services and other areas like security, environment and quality of life (to know more about this debate, see Keating, 1995; Martins, 1995).

According to the reform theory, the “governmental fragmentation” increased the costs of delivery and production of services in metropolitan regions, so the best solution was to create single governmental units. In Dente’s words, “A single organization, large enough to profit from scale economies and to internalize the spillovers, should therefore represent the optimal (rational) answer to the problems” (1990: 60). The application of this theory was the amalgamation of municipalities\(^4\) and the creation of single powerful metropolitan authorities\(^5\).

At the end of the 1970s, mainly because of economic crises, governments realised that urban planning could not face the uncertainty of economy. In this context, the public choice theory emerged and defended small units of government. As Keating says, “Large-scale local government, like other large-scale organizations, came to be blamed for all manner of problems and political and intellectual fashion moved back to the ‘small is beautiful’ philosophy. In economics, there was a revival of faith in markets, and governments of all political stripes adopted neoliberal policies” (1995: 82).

The application of this approach lead to some changes in local governments and specially in public management. The New Public Management (NPM), for instance, introduced in local government some instruments of the private sector:

\(^4\) The amalgamation of municipalities was common in European Central and Nordic countries, while in Southern countries the solution adopted to face a high number of institutions was the co-operation between municipalities.
externalisation of services, the use of extern economic indicators, public-private partnerships, new ways of leadership (like municipal managers), networking and a major flexibility to face changes. Several specialised agencies were created, contributing to the balcanization of organizations\(^6\). These new structures, however, became less accountable to citizens, who progressively showed less interest in politics (Pratchett; Wilson, 1996; Hoffmann-Martinot, 1999).

Apart from these two schools of thought, we also find different concepts to describe the complexity of metropolitan regions depending on the place and on the historical period. For example, some terms used in the United States have been Standard Metropolitan Statistical Area (SMSA)\(^7\), urban field\(^8\), megalopolis\(^9\), urban sprawl\(^10\), and edge city\(^11\). In Europe, different concepts developed by planners, policy makers and academics have been urban agglomeration\(^12\), urban region\(^13\), and metropolitan area\(^14\). All these concepts stress that metropolitan areas have both advantages

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\(^5\) Like Toronto and London.
\(^6\) In the case of metropolitan authorities, it happened in the United Kingdom and in Spain with the dissolution of Metropolitan Authorities and the creation of different agencies *ad-hoc*.
\(^7\) The SMSA was adopted by the US Census in the 1960s to refer any urban area with a population in excess of 100,000 inhabitants. In the 1980s, the US Census adopted other statistical terms (SCSA, MSA, PMSA, CMSA) (García de Enterría, 1983).
\(^8\) Used by Friedman and Miller to describe urban areas over 300,000 inhabitants (García de Enterría, 1983).
\(^9\) Used by Gottmann to describe the metropolitan areas of East and West Coasts (García de Enterría, 1983).
\(^10\) This concept is used to describe the decentralisation of metropolitan areas that, according to Downs, in the United States have passed *from the traditional centre-focused pattern to a low-density network* (1994: 207).
\(^11\) From a postmodernist perspective, Edward W. Soja (1989) argues that contemporary metropolitan areas are very difficult to govern because private forms of regulation and control contribute to increase social exclusion and inequalities.
\(^12\) The Randstad in Western Holland is the most comprehensive example of urban agglomeration. In France, it has become an administrative structure (communautés d’agglomération).
\(^13\) This concept is used to describe functional areas according to some variables such as the location of employment and major service facilities, the location of residence and the transportation network. It includes also the planning and conservation of resource base of the urban region (land, water, air, energy) and the environmental costs and benefits (Belil; Espinós, 2001).
\(^14\) Michael Goldsmith characterises metropolitan areas by:

“relatively large land area, relatively large populations, large range of economic activities, extensive number of governmental bodies or agencies and/or some formed structure, probably considerable social segregation and possible ethnic diversity reflected by a range of social problems (...), poor physical infrastructure (...) and a range of environmental problems, particularly poor air quality. But they are also honeypots, continuing to attract people from outside to their centre. They are places in which the process of globalisation effectively occurs, acting as centres of innovation, creators of new
(capacity to attract investments, diversity, exchange of ideas) but also serious drawbacks (mainly social inequalities).

### 2.2 Urban networks and metropolitan governance

The reality of multilevel governance—with the emergence of European Union and regional level government—suggests that governing has become a more complex task. Changes in the form of production and consumption in the private sector—in particular the use of new information and communication technology—presents a challenge to the public sector if it is not going to be left behind.

Local—and metropolitan—governments not simply have to co-operate with other levels of government but also mediate and lobby between local and regional, national and supra-national authorities. Moreover, the globalising economy and the emergence of networks has motivated local government to create a supportive and facilitative environment in order to work in partnership with other actors in the field, such as the private sector and also the non-profit associations (Castells\(^{15}\), 1997-98).

In this context, the question of how these metropolitan regions work is still more complex to analyse taking into account that they compete and co-operate in an international system. All metropolises try to improve their position both in a national and global economy, what Sassen describes as “global cities” (Sassen\(^{16}\), 1991).

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\(^{15}\) Castells (1997-98) has studied the main characteristics of the process of metropolisation in three areas: the society of information, the economic aspects and the social effects. He underlines the importance of mobility and networks and its perverse effects on the environment.

\(^{16}\) Sassen (1991) describes global cities as part of a dynamic process of metropolisation, emphasising the importance of new economy and of regulating functions. Global cities have a high range of technological services, high capacity of commercial exchanges (stock markets), financial services with a high power of decision and new juridical services.
Different authors have underlined the differences between metropolitan regions in terms of their capacity to attract people and activities. Dente (1990) analyses the existence of a urban hierarchy among the most important cities, and the difficulties to maintain their position. The author differentiates various levels in the hierarchy: top-level (international and national) metropolises, intermediate-level (multiregional and regional) metropolises, and lower-level (subregional) metropolises. Savitch (1997) distinguishes three types of cities: world cities (like Paris, London, New York), primate cities (Karachi, Berlin) and regional cities (such as Osaka and Marseille).

The need to attract investments and innovations is part of the competition, but at the same time the specialisation of cities and the share of common interests enhances the co-operation among them. Hence, urban networks constitute a key feature of modern spatial structures, creating logic of interdependencies among them and taking part in a globalised economy. As Dente says, “The governance problem, therefore, changes completely. It loses any territorial continuity and the sphere of influence of a city literally jumps across the whole world” (1990: 67).

The value of the governance perspective is based on its capacity to provide a framework for understanding changing processes of governing. There are different definitions of the concept of governance (Stone for example, talks of regime), but there is a common idea on the base of it, that is “a change in the meaning of government, referring to a new process of governing; or a changed condition of ordered rule; or the new method by which society is governed” (Rhodes, 1996: 652-53).

In other words, the complexity of governance confirms then the divorce between our formal constitutional understanding of governing arrangements and the way they work in practice. It means that the boundaries between and within public and private

17 Stone uses the concept of “regime” in urban politics to describe “an informal but yet relatively stable group with access to institutional resources that enable it to have a sustained role in making governing decisions” (1989: 4).
sectors become blurred. It means that there are a multiplicity of actors apart from governmental institutions and beyond the state such as non-profit associations, urban networks and multinational enterprises. It means that government has the political task of managing these networks. It means the search for active consent and suggests a key role for government as a facilitative leader (Stoker, 1998; Goldsmith, 2000).

The main critic to this new way of governing is the role of citizens and their problems in understanding and influencing the actions of their governments. The exercise of power needs to be legitimate. A legitimacy deficit undermines public support and commitment to programmes of change and ultimately undermines the ability of power-holders to mobilise resources and promote co-operation and partnership. It no longer seems so self-evident that it is the council that is responsible. Governance may have created a system that is more difficult to understand and as a result appears more difficult to influence (or perhaps more out of control) (Stoker, 2002).

This is why governance demands of elected local government a new role as a community leader rather than a service provider. It demands an effort to make its decisions accountable to citizens and to built a legitimation framework in which to place the emerging system of governance. This challenge is more evident in metropolitan areas, since most of them do not have elected representatives and lack of transparency.

However, we have to bear in mind that local and national political factors are relevant when it comes not only to create metropolitan authorities but also to built specific forms of governance. In this sense, the cases of London and Barcelona are paradigmatic. Both metropolitan governments were abolished in the 1980s because they represented a threat for the national power in the case of London (1986) and for the regional power in the case of Barcelona (1987). Both authorities were replaced

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18 In 1987, the regional government of Catalonia abolished the Metropolitan Corporation of Barcelona (Corporació Metropolitana de Barcelona), created in 1974. The metropolitan authority was substituted
with ad-hoc structures for a small number of services. In the case of London, the city has since 2000 a new local authority, the Greater London Authority\(^\text{19}\) (GLA). In the case of Barcelona there is a project to draw a metropolitan strategic plan, because the tensions between the main political parties are still an obstacle to reach a metropolitan consensus.

Political factors have then influence in the form of governance, as well as economic factors. In the case of London, specially, it is shown by the fact that during the period without metropolitan government (1986-2000), the city has maintained its position as a “world city” (in Savitch’s classification). This fact is important to understand that beyond politics, forms of government and governance, a huge metropolitan region like London can work perfectly from the perspective of **economic** interests. From the point of view of public legitimacy, it is too soon to prove if the new elected metropolitan authority has contributed to enhance it or has had an impact on citizens opinion of democratic institutions. Anyway, the case of London is an interesting example to analyse the relationship between government and governance.

\(^{19}\) The GLA has since May 2000 a strong governing structure based on four main elements: a directly elected Mayor (Ken Livingstone), a separately elected Assembly (London Assembly), a number of full-time officials (operating under a Chief Executive) and a number of administrative and functional agencies (responsible for the delivery of transport, economic regeneration, strategic planning, environment and emergency services) (Stoker, 2002).
3. THE CASE OF MADRID

As we will see, Madrid is a special case in the Spanish context, both because of its constitutional and legal conditions (territory of politics) and its specificity in terms of outcomes (territory of policies). Firstly we are going to analyse the Spanish multilevel structure and then the case of Madrid.

3.1 The Spanish territorial structure

The Spanish case draws up some peculiarities because its political system has recently progressed to democracy after the Francoist dictatorship (1939-1975). The Spanish Constitution of 1978 changed its basic territorial structure. Like some other European countries, in Spain the decentralization process resulted in a progressive regionalization or the rise of stronger levels of sub-national government (Keating; Loughlin, 1997).

The territorial model adopted was the State of Autonomies, where 17 Comunidades Autónomas (Autonomous Communities) have significant legislative and executive powers over a wide range of areas –housing, urban and regional planning, agriculture, transport, health, education, social welfare and culture– according to the terms of their individual autonomy statutes. The regional government has powers over the local level. For example, it has the competence to limit the boundaries of municipalities and to create or abolish metropolitan authorities.

Spanish local government as two levels: the supra-municipal level (provinces, 50) and the municipalities (over 8,000) (see Figure 1). The main responsibilities of the provinces are: co-ordination of municipal services, technical, economic and juridical assistance and co-operation with municipalities, provision of some services and co-ordination with the regional and national governments. There exist other
supramunicipal entities, like the counties in Catalonia and Valencia Communities, as well as association of municipalities and consortiums.

Like other countries of Napoleonic tradition, the municipality is the basic entity in Spain, although it lacks of a real legal and financial autonomy. The powers of municipalities concern basic environmental services (parks, cemeteries, water supply, sewerage, waste collection and disposal), public transport, local security, public markets, social services, traffic and town planning.

FIGURE 1: Spanish territorial structure

- CENTRAL GOVERNMENT
  - REGIONAL GOVERNMENTS
  - PROVINCIAL COUNCILS
  - MUNICIPAL COUNCILS

3.2 Madrid as a territory of politics

After the 1950s Spain went through an accelerated economic development which brought rapid industrialization, massive rural exodus and high levels of urban growth, specially in Madrid, Barcelona and Bilbao. The metropolitan area of Madrid (as well as those of other big cities) suffered from deficits in essential public services and infrastructure in areas like education, health, transport, housing and social welfare. In spite of the 1956 Territorial Law, the private initiative guided the development of big cities, which did not have the instruments for an appropriate urban planning.

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20 The distribution of public expenditure at different levels of government shows that local institutions get 13 per cent, while the regional governments get 27 per cent and the central government keeps 59 per cent (Mir, 2000).
The dictatorship's centralist ideology promoted the creation of an imperial and powerful capital of Spain. In 1946, the General Urban Plan of Madrid (Plan Bigador) was approved, as well as a Commission of Urban Planning. From 1948 to 1954, the surface of the city of Madrid grew from 66.2 km² to 607 km², by the amalgamation municipalities\(^{21}\). The result of the amalgamation were a lot of kilometres to built and design the development of the city\(^{22}\), based on the axes North-West/South-East.

The next step was to organise the area of influence around the capital. The General Plan of the Metropolitan Area of Madrid (Plan General de Ordenación del Área Metropolitana) was written in 1961 and approved in 1963. In 1964 the Metropolitan Area of Madrid was created, including 23 municipalities. The Plan established two main areas of development. In the axe North-West, it was planned to build a residential area and also a large university campus. On the contrary, the axe South-East was devoted to the location of industries (mainly of the electronic and chemical sectors).

This plan was essential for the future development of the metropolitan area, which became one of the most important focus of the Spanish economic development, concentrating the 25 per cent of the foreign investments in Spain. During the 70s, the crisis of industry and the growth of the services sector made necessary to adapt a new strategy, which was promoted from the new democratic government (Bahamonde; Otero, 1999).

The transition to democracy changed the territorial structure of Spain, creating 17 regions or Autonomous Communities. In the case of Madrid, there was a debate on the need to create a specific region, since the area did not have any special identity (as it did happen in Catalonia and the Basque Country). It was suggested that the area could belong to the Autonomous Community of Castilla-La Mancha and Madrid.

\(^{21}\) Madrid amalgamated 13 municipalities from the surroundings: Aravaca, Barajas, Canillas, Canillejas, Chamartín de la Rosa, Fuencarral, Hortaleza, El Pardo, Vallecas, Vicálvaro, Villaverde, Carabanchel Alto y Carabanchel Bajo.
could be a federal district. At the end, the Spanish Parliament decided to create the Autonomous Community of Madrid\textsuperscript{23} in 1983\textsuperscript{24}, with 5 million of inhabitants, 179 municipalities and a surface of 8.028 km\textsuperscript{2} (see Figure 2) (García de Enterría, 1983).

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{fig2.png}
\caption{Autonomous Community of Madrid\textsuperscript{1}}
\end{figure}

\textsuperscript{1} The largest municipality is the city of Madrid

According to Table 1 (below), the city of Madrid\textsuperscript{25} concentrates the 57 per cent of the population of the region of Madrid and has a high density of population (data from 1996). However, this percentage has been decreasing during the last 20 years: in 1975, it represented the 75 per cent of the population, and in 1981 it the percentage was of 67.4 per cent. The inhabitants of Madrid have been leaving the city in favour of the municipalities on the surroundings, accelerating the process of decentralisation of the metropolitan area (Castillo; Casado, 2000).

\begin{itemize}
\item \textsuperscript{22} In order to have an idea to compare, the city of Barcelona has a surface of 98 km\textsuperscript{2}.
\item \textsuperscript{23} See the website: http://www.comadrid.es
\item \textsuperscript{24} Organic Law of the 25\textsuperscript{th} February 1983.
\item \textsuperscript{25} See the website: http://www.munimadrid.es
\end{itemize}
TABLE 1: Basic data of Madrid and the Autonomous Community of Madrid

<table>
<thead>
<tr>
<th></th>
<th>Madrid (city)</th>
<th>Autonomous Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surface</td>
<td>607 km²</td>
<td>8.028 km²</td>
</tr>
<tr>
<td>Inhabitants</td>
<td>2,866,850</td>
<td>5,050,968</td>
</tr>
<tr>
<td>Density</td>
<td>4,751 hab./ km²</td>
<td>669 hab./ km²</td>
</tr>
</tbody>
</table>

Reference: Comunidad Autónoma de Madrid (1997)

The creation of the Autonomous Community of Madrid had some legal and political consequences. First of all, the limits of the new region included the same territory as the province of Madrid (second level of local government). Following the constitutional law, the Provincial Council was absorbed by the Autonomous Community in order to avoid a duplication and overlapping of institutions. The tasks of the province (basically, the co-ordination of municipalities) were assumed by the regional government.

Secondly, the regional government dissolved the Metropolitan Area created during the dictatorship, as it happened in all big cities. Therefore, the metropolitan region of Madrid lacked of a metropolitan government, but at the same time it reduced the levels of government at two: the regional government and the local government (municipalities) (see Figure 3). The simplification of institutions lead to a better governance, as we will see later on.

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26 The metropolitan areas of Bilbao, Valencia and Barcelona were also eliminated. At present, different Spanish cities are preparing strategic plans for the metropolitan areas, as it happens in Barcelona, Grenade or Seville.
FIGURE 3: Political structure of the Autonomous Community of Madrid

- REGIONAL GOVERNMENT (Comunidad de Madrid)
  - Parliament (Asamblea)
  - Government Commission (Consejerías)
  - President (Alberto Ruiz-Gallardón)
- MUNICIPALITIES (179 including Madrid)
  - Municipal Council (pleno)
  - Government Commission
  - Mayor (in Madrid, Alvarez del Manzano)

3.3 Madrid as a territory of policies

As we have seen, the authors who have studied the concept of governance emphasise the importance of co-operation between public and private actors in the implementation of policies. In the case of Madrid, we have to take into consideration different aspects in order to understand how this governance is working.

First of all, we have to bear in mind its condition as the capital of Spain, which has consequences both on the legal and economic point of view. The Spanish Constitution gives to the city a special legal treatment, that is, additional grants and special administrative status. In this sense, the analysis of governance has to take into account that we are not talking of a lower-level metropolis (in Dente’s terms) but of a capital that has the international and institutional recognition.

Madrid holds the seat of all three main levels of the Spanish administration: national, regional and municipal. As the capital of Spain, Madrid is home to the different
institutions (Parliament, Government Commission and President, Ministries) and public administrations, as well as to embassies and other institutions. It means being closer to the “real” power, closer to information and to the centre of political decision-making (in a country where the central government has important competences) (Bahamonde; Otero, 1999).

In terms of economy, the metropolitan region of Madrid has profited from several investments from the central government. Recent studies have shown that, in relation to the central investments in transport and infrastructures, Madrid is the Spanish Autonomous Community that receives more money. The investments of the central government are specially generous in public transport and in the airport of Barajas. The data have been the centre of a strong debate on the differences between central investments in Catalonia and Madrid. It is an open and never-ending debate that is based also on historical reasons, but obviously the fact of being the capital of Spain has advantageous economic consequences.

Nevertheless, something else needs to be done in order to make metropolitan governance work. If there wasn’t anything else, the case of Madrid could be analysed from a traditional governmental approach, whereas there are some other elements that reinforce the importance of other aspects less dependant on institutions.

Among these elements, first of all, the success of public-private partnership to finance the main projects of the region. And, beyond this co-operation, it is very important the consensus reached among all the actors: economic (enterprises, employer’s organisations, trade unions), social (associations of all kinds), financial

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27 At present, there are 10 areas of government: Finance, Urban Planning and Transports, Environment, Culture, Justice and Public Administrations, Social Services, Health, Education, Economy and Technological Innovation, Employment.

28 The data on investments in public transport infrastructures show that Madrid has received 49 per cent more than Barcelona from 1990 to 2002. In terms of investment per capita, a citizen from Madrid gets 204.3 euros, while a citizen from Barcelona gets 102 euros. In relation to the investments in airports, Madrid airport has multiplied by 4 times the investment of Barcelona airport (Bel, 2002). However, the Minister of Infrastructures (Alvarez-Cascos), argues that the central government invests more money in Barcelona, giving his own data.
(banks) and political (political parties and governments of all municipalities). In the
case of Madrid, it has been possible to unite all the actors in favour of functional
policies. The regional government has played a role of facilitative leader, since it has
promoted a share common of interests by all actors and has chosen a model of
development that assures the territorial balance.

In the second place, the regional and local governments have shown a high
strategic leadership, crucial for assuring a good governance. As Stoker says, “The
big governance questions of the XXIst century will not be about which agency
produces services but who provides strategic direction for those services and how do
people get access to services” (2002: 32). In the case of Madrid, the governments, in
co-operation with other actors, have promoted important projects for the city and they
have developed something that the city lacked: city marketing. An example of this
new strategy is the candidature for the 2012 Olympic Games29. The ambition of the
president of the Autonomous Community, Ruiz-Gallardón, is to transform Madrid in
the capital of the South of Europe.

Last but not least, there are two important political factors. The first one is related to
the fact that there is the same political party governing in the national, regional and
local governments (not in all the 179 municipalities but in most, including Madrid).
The Popular Party (PP) is governing Spain since 1996 (in majority since 2000); in the
Autonomous Community since 1995 and in the Council of Madrid from 1991. It is
evident that this political convergence has had a influence on some decisions
concerning the future of the region, and by this reason we can understand some of
the strategic investments. Another factor that we can not forget is that Madrid is the
capital of Spain, and this is always an additional factor to understand some
decisions.

29 See the website: http://www.madrid2012.es
The second political factor is related to the structure of levels of government and competences. In the case of Madrid, the simplification of governments has really improved the agility of decision-making. Moreover, it has been positive for the citizens perception towards institutions, since a clear definition of competences is easy to understand and to legitimate.\(^\text{30}\)

Another aspect is the fact that the regional government has become the metropolitan government, since all the territory of the Autonomous Community is treated as a metropolitan region. And what is more important: the regional government has clear competences and human and economic resources to implement the metropolitan or regional policies. It is not a government without clear responsibilities, on the contrary. Hence, the president of the Autonomous Community can be regarded as the president of the metropolitan government, a president elected by citizens as well as a legislative assembly.

Three main policies illustrate the result of a good combination of government and governance: economic development and competitiveness, transport and infrastructures, and culture.

1. ECONOMIC DEVELOPMENT AND COMPETITIVENESS:
After the crisis of industry in the 1970s, Madrid and its surroundings had to adopt a new strategy to promote the economic growth. This strategy was based on the territorial expansion of the services sector, at the same time as the development of the Spanish consumer society. New shopping-centre areas and important brands stores were opened every year, increasing the specialisation and diversification of commerce. Other tertiary activities like finances, social head offices and

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\(^{30}\) If we make a comparison, the Autonomous Community of Catalonia has all the following territorial structures: regional government, four provinces, 41 counties and 946 municipalities. The representatives of the provinces and counties are elected indirectly (on the base of municipal elections) and the confusion among citizens is considerable.
professional services kept growing and enhanced the importance of information and communications\textsuperscript{31}.

Another motor of economic competitiveness has been the investment in Research and Development (R\&D) (lower, however, than the European average). Madrid is the Spanish Autonomous Community that invests the most in R\&D (the 30.6 per cent of the total of Spain, keeping the 32 per cent of the Spanish employees in R\&D activities and the 1.67 of the regional gross product). Madrid is also home to the most important university of the country and to the most developed centres for research (like the CSIC or Spanish Council for Research) (INE, 2001).

Madrid has also promoted its world fairs and markets, building the necessary infrastructures to connect them. Mercamadrid is the centre for the distribution of products and it is placed in an area of the airport. Infrastructures, as we will see, have been extremely important to the economic development. The consensus of all actors has been crucial to understand the success of the Fair of Madrid (\textbf{IFEMA}), which attracted, in 2000, 3.8 million of visitors, being the most visited Spanish Fair (INE, 2001).

\textbf{Tourism} is another source of economic incomes, where the collaboration of government and private sector is very high. Regional and central governments have given the maximum facilities to the private initiative so as to build hotels and resorts (as a current example, on the 6\textsuperscript{th} April 2002 a thematic park at 50 km of Madrid city will be opened, \textit{Warner Bros Park}). Moreover, the metropolitan region has a territorial advantage: there are still a lot of kilometres in the Community (not in Madrid city) to locate resorts, infrastructures and industries.

\textsuperscript{31} Tertiary activities represent the third part of the total regional incomes. It also represents the third part of employees (the unemployment tax is now of 11 per cent). The 82.23 per cent of enterprises in Madrid belong to the services sector (data of 1997). Another data that illustrates the economic competitiveness of Madrid is the tax of economic growth: it has been increasing during the last
2. TRANSPORT AND INFRASTRUCTURES:

The policy on transport has been a key element to explain the cohesion of the metropolitan region, since it has created a dense network of interconnection. Apart from the investments from the central government (which concern the airport), the regional government has taken this challenge very seriously.

The result is obvious: Madrid has the best network of public transport (underground, bus and train)\textsuperscript{32} of all Spanish big cities, being enlarged every year and covering the majority of the region. The underground reaches several municipalities on the outskirts of Madrid. Buses and trains go through all the territory. For the transport of products, it has a large rail system and a free network of roads\textsuperscript{33}.

In relation to the airport, an important enlargement project is currently under work, following the Guideline Plan for Barajas (Plan Director de Barajas). Improving road access, new underground stop in the check-in area, enlargement of the departure lounge and of the baggage claim, building of a third runway, urban development and building of an air cargo centre in the South are the main current actions. The enlargement of the airport would increase its passengers capacity from 16 million passengers to 47 million by 2012. There is a large extension of land in the South of the region reserved to built a larger airport in the future.

3. CULTURE:

Madrid has an active cultural policy that has had effects on the rise of tourism. The city has the advantage of concentrating the major part of public artistic goods, specially Spanish and foreign pictures. The central and regional governments, as

\textsuperscript{32} At present, the Autonomous Community has 172 km of underground (11 lines) with plans to enlarge it. It has also 336 lines of buses and 315 km of regional railway. Since 1992, it has also the TGV Madrid-Seville. In 2004, the TGV should arrive to Barcelona and to France. Information taken from the Regional Consortium for Transport, in the website: \url{http://www.ctm-madrid.es}.

\textsuperscript{33} Some new ring roads are being built so as to absorb the intense traffic of the metropolitan region.
well as other social actors (foundations), have played an important role to promote the cultural policy.

In 1992, Madrid was the European Capital of Culture. At present, cultural policy is focused on museums, since the city holds three museums of international prestige: El Prado, Reina Sofía and Thyssen-Bornemiza (from a private collection). There is a project to promote a cultural axe around these three museums, since they are in the centre of Madrid and close to each other.

Other aspects of the cultural policy have been the restoration and building of theatres (specially the Royal Theatre) and the network of public libraries in all the region. Madrid is also the Spanish capital of cinema, being located the major enterprises of the sector. It also the case with the musical sector (INE, 2001).

3.4 A few remarks

To conclude, as we can imagine, there are also some aspects to criticise. First of all, although the objective of the regional government was to create a balanced territory, the results have shown that the metropolitan region shows different patterns in terms of activities, population and richness.

Apart from the differences in the number of inhabitants among the 179 municipalities of the region (Madrid, three big cities and three medium-sized cities face to small municipalities), the population itself varies from one area to another. On the outskirts of the city we find young populations, while in the rural areas far from the capital and in the centre and South of Madrid there is a concentration of aged population.

There is also a clear economic division North-South: residential well-off areas in the North-East versus social conflictive areas in the South and South-East of the region. And what is more important: the difference between those who are employed and
those who are unemployed or work in precarious conditions is growing. Spain is one of the European countries with more unstable labour market, and the region of Madrid is an example of it (Castillo; Casado, 2000).

The pattern is the same in the capital, which loses inhabitants every year in favour of the surroundings of Madrid, where the price of land is cheaper (except in the well-off exclusive areas). Moreover, the birth-rate in the capital is very low and the average age of population is increasing, with all the problems that this means. Finally, Madrid and the metropolitan region have to face the challenge of immigration, specially from the non-EU countries.

This phenomenon is new for the Spanish inhabitants, who have traditionally migrated to other countries to work. In spite of the tax of immigration in Madrid being low (2 per cent), the challenge of the metropolitan region is to try to avoid ghettos and social exclusion. The immigrant collective is more prone to social exclusion than other social groups, but the challenge is to face social inequalities among all the inhabitants of the metropolitan region and assure a high quality of life for all of them. Although this has not been analysed as a part of the concept of metropolitan governance, it is something that can not be neglected.
5. CONCLUSIONS

To sum up, the paper has tried to reflect the complexity of governing the areas surrounding big cities and the networks created among them. It has shown that there are different traditions in defining what is the adequate institutional form to provide better services for citizens (reform theory and public choice school). From a theoretical perspective, the paper has analysed the main elements of the concept that has emerged as an alternative view to the traditional conception of government of metropolitan areas, that is, metropolitan governance.

The second part of the paper has tried to understand a case study of metropolitan governance: Madrid. In this case, the key element for assuring a good governance has been the regional government, which has assumed a role of facilitative leader. This success has been based on several factors, such as the public-private cooperation, the consensus among all the actors (political, social and economic) and also on some strategically decisions and policies. Moreover, the regional government has elected representatives, some important competences and legal and financial instruments to implement them.

The case of Madrid has proved that government and governance can work together in a particular scenario. Without having a formal metropolitan government, the Autonomous Community of Madrid has taken up the leadership of the development of Madrid and its area of influence, introducing some elements typical of governance (like public-private partnerships). At the same time, citizens vote for elected representatives of the regional government. Therefore, the main success is not just economic, it is also in terms of public legitimacy, which is in fact one of the main critics of governance. Although there are social inequalities that should be solved, from the point of view of governance we can say that in Madrid metropolitan governance works.
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