

Relevance of metropolitan government in Latin American cities

Inter-institutional coordination in Caracas, Venezuela and Monterrey, Mexico

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1

Introduction

In the last twenty years, Latin American countries have undergone many changes at economic, social, and political levels. All of them have made tremendous efforts to re-create themselves as modern, democratic, and prosperous countries. In the economic sense, programmes have been implemented for economic restructuring, with the liberalization and privatization of state-owned utilities and enterprises as anchor components. Regional trade organizations – such as the North American Free Trade Agreement (NAFTA), or the South American Common Market (MERCOSUR) – flourish, expanding the markets for local products and bringing new forms of competition, cooperation, and trade. At the political level, democratic systems have become consolidated as the preferred system, and democratic representation has been improved, since citizens can elect their most direct public servants at the municipal level. These changes are being implemented in the context of a major state reform strategy throughout the Latin American region – with some variations between the different countries. The changes are being supported by international finance and development agencies, including the Inter-American Development Bank (IADB), International Monetary Fund (IMF), and The World Bank (WB).

All this change is happening in a continent that is eminently urban; that is to say, the developments and transformations in Latin American are taking place predominantly in the cities. These changes have not only the urban space as their direct territory, but also the construction of social, economic, and political relationships in the city. The city is the focus of this study, because this is the spatial unit where major changes take place under these reform regimes. On the one hand, analysts of the processes of economic and political reform deplore the lack in these processes of a territorial dimension (the fitting of reform to levels of territorial government) that could equip cities and regions with institutional structures (governments, coalitions, procedures, coordination agreements) capable of responding better to these changes and could facilitate economic growth. On the other hand, some authors see the incorporation of state reform, economic reform, and growing citizen participation as the background of a process of re-territorialization¹ of the state that has the city as its most important territory (Brenner, 1998).

This study is about metropolitan government and its relevance in Latin American urban areas. The basis of the study is a general consideration of metropolitan areas and metropolitan government, metropolitan coordination, and metropolitan governance (see chapter 2), and on the conditions in which large cities in Latin America move towards problems of government coordination on a metropolitan scale.



Figure 1.1 - Latin America

1.1 Metropolitan areas and arrangements of metropolitan government

In most parts of the urbanized world, public and urban management most capable of delivering public goods and services is a matter of current debate. Importantly, this discussion extends to government structures, the roles of private actors in the provision of public services, democracy and representation, and government accountability. In the urbanized areas, these discussions have passed the point of identifying and analysing the traditional three levels of state government (central, regional, local), and allocating different combinations of tasks and responsibilities coverage among them. Basically, the contemporary city is considered as participating in a global competitive environment (Knox and Taylor, 1995; Sassen, 1994), and

governments intervene seeking to support effectively the competitive position of their cities in these global environments (Newman, 2000). The geographical scale of intervention is crucial, and most government arrangements to provide an effective response are on a metropolitan scale. As a result, these arrangements lead to a need to simplify and amplify coordination of the different government levels and agencies, and to range from informal cooperation to government structures on a broad scale (Mitchell-Weaver et al., 2000). Lefèvre (1998, p. 10) states: “the main argument in favour of the constitution of metropolitan governments has long been based on the need to make the urban institutional system correspond to the economic and social development of cities.” However, the political aspects of creating a government, or quasi-government, institution at metropolitan level have been more difficult to resolve. Consequently, there have been various approaches to metropolitan arrangements, and establishing them with the same historical endurance as central, regional, and local government has been difficult.

As a result of these trends, the contemporary western city is approaching forms of government coordination that are metropolitan in scale, or is experimenting with such arrangements. Although different cities tend to have different arrangements, and the models or forms of metropolitan coordination are difficult to classify, coordination at metropolitan level can be said to be part of the institutional profile of a major city in the western world. A considerable number of cities have metropolitan governments or arrangements allowing metropolitan coordination: in Italy, the cities of Bologna, Rome, Turin, Genoa, and Venice, for example. In Germany, there is the regional community of Stuttgart. In Spain, various types of structure have been established, serving Greater Barcelona, Greater Madrid, and Greater Valencia. In Canada, there has been long experience in Toronto, with its “Metro” institution. In the United States, the configuration of the Metropolitan Planning Organization (MPO) is the building block for further consolidation of metropolitan arrangements, and in such cases as Minneapolis- St Paul there is a relatively long tradition of metropolitan coordination (Lefèvre, 1998). In the Netherlands, the debate about city-regions and the further development of the Randstad-Holland are also tinted with the recognition of the need for a larger geographical scale for government structures.

1.2 The Latin American situation

In Latin America, cities do not usually have government institutions on the appropriate metropolitan scale, but one can also observe a tendency in this region towards the re-territorialization of government and the emergence of a metropolitan city and a metropolitan scale of government arrangements. These trends occur in the context of high urbanization rates (see figure 1.2), urban primacy² (IADB, 2000), and the formation of stronger regional and local government as a result of decentralization (Burki, 1998; Gilbert, 1994; IADB, 1997; Iracheta, 1995; Jungemann, 1996; Lungo, 1994). The trends have contributed to the drive towards

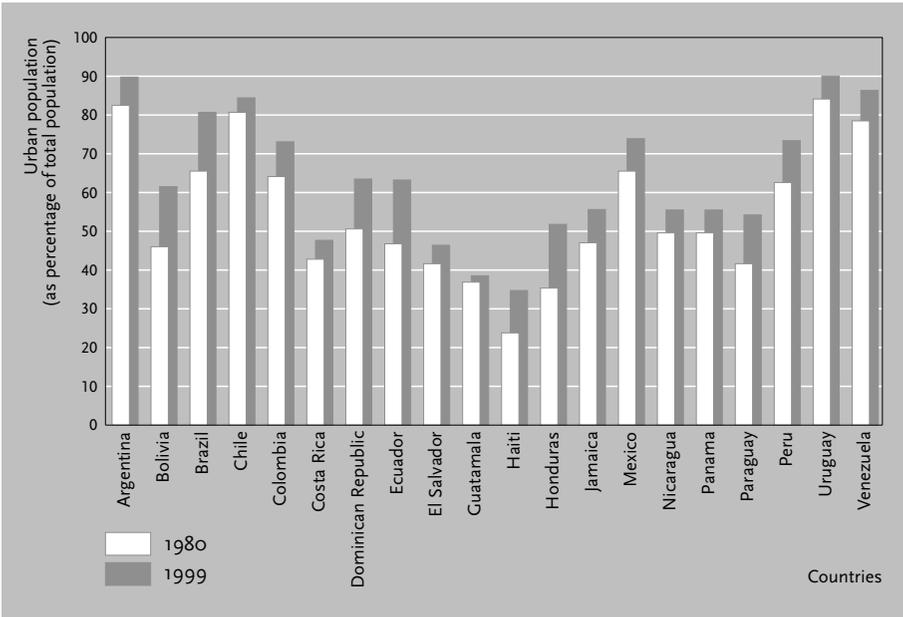


Figure 1.2 - Urban population (as a percentage of the total) in Latin American countries in 1980 and 1999. Source: World Bank, 200

the establishment and proliferation of local governments (municipalities, counties, districts, *intendencias*, etc.).

As figure 1.2 shows, the majority of Latin American countries have 60% or more of their population living in urban areas: one set of countries (Argentina, Brazil, Chile, Colombia, Mexico, Peru, Uruguay and Venezuela) shows high rates of urban population; the less urbanized countries (Dominican Republic, Ecuador, Haiti, Honduras and Paraguay) have undergone a tremendous leap towards higher rates of urban population over the last 20 years. The average urban population rate for the region has changed from 65% in 1980 to 75% in 1999, which shows a tendency towards urbanization and a similarity to the average urbanization for high-income countries of 77% in 1999 (World Bank, 2000). Not only is the region becoming more urbanized; the urban population is becoming increasingly concentrated in a few metropolitan areas. Urban concentration (primacy) ranges from around 15% in Brazil to more than 65% in Panama (IADB, 2000). Urban concentration is high in Argentina, Chile, Mexico, Peru, Uruguay, Venezuela, and most Central-American countries (Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala and Panama).

Nevertheless, average growth has reduced from 2% in the decade 1980-1990 to 1.7% in 1990-1999, which some analysts perceive as a relief in the demographic pressure in general but, when considered in combination with the growth of the urban population, is regarded as a metropolitanization pattern (Dockemdorf et al, 2000;

Dowall and Treffeisen, 1991; Gilbert, 1994) or even, in certain regions with clusters of large cities, as a sign of a megalopolization trend (Iracheta, 1997) (Mexico City-Guadalajara-Puebla in Mexico, Sao Paulo and its hinterland in Brazil).

Another feature evolving from the late 1980s onwards is that political decentralization has not been resolved, or has even produced coordination problems at multiple levels of government. The proliferation of regional and local authorities, the redefinition of their tasks, the establishment of intergovernmental relationships, the definitions of responsibilities, and the issue of fiscal decentralization, have created an environment of interlocking and overlapping structures, where coordination among governments is difficult and costly.

Large cities (above 1 million inhabitants) are frequently governed by several municipal authorities without any real coordination. This deficiency becomes apparent in the management and output of public services, such as urban transportation, water supply, solid waste disposal, the police, and so forth. In Caracas, for example, different police forces are attached to different municipalities and operate without sharing records, procedures, or programmes. In Monterrey, all bus routes operating in the city ride to the centre; a transfer between routes makes a first trip to the centre obligatory, with all the cost and time inefficiency that that entails. However, this situation of uncoordinated action coexists with the delivery of some services that do have a metropolitan management. In Monterrey, the chaotic transfer system of bus operations coexists with a metro system of advanced technology and high efficiency operating at the metropolitan level under one management regime.

A similar situation of lack of coordination may also be observed in the urban physical planning. Urban planners and researchers have expressed concern over this fragmentation; in the process of decentralization and liberalization, the dismantling of central government planning offices (Boisier, 1997; Garza, 1999; Palacios, 1993), and the ambition of sub-national governments to develop their own policies have undermined the role of the government in urban physical planning. In many cities in Latin America, urban physical planning is dispersed, producing fundamental contradictions in actual planning outcomes. A small municipality within a large metropolitan area could develop a vision of being a tourist centre, while the neighbouring municipality may assert that its main interest is to establish itself as an industrial park. The boundary between the two may be just a street, a stream, or a hill undergoing the process of urban sprawl. It is understandable that municipalities are eager to implement housing programmes for their middle and upper class residents and at the same time are tardy in accepting their share of responsibility for low-income housing. There are some cities, however, where low-income housing completely escapes planning control and widespread substandard squatting ensues, with unclear land and property ownership (Hoshino, 1995).

Expressions of the inequality and segregation that a fragmented and uncoordinated large city government evoke range from Not in My Backyard (NIMBY) effects to gated communities and income disparities (Batley, 1997; Lèfevre, 1998; McGill, 1998). Further dangers of such inequality become manifest when collective goods are only available to a few, where water is only accessible to the affluent, road infrastructure benefits car owners, solid waste collection is sporadic and unpredictable in poor neighbourhoods and regular and punctual in the prosperous areas. Hoshino (1994) provides plenty of evidence of the difficult conditions of housing for the poor in Latin American cities, where favelas and barrios have become the responsibility of their communities and corresponding municipal governments. Some municipalities are locked into a spiral of low revenues and lack of capacity to deliver urban services, while resources abound in other municipalities in the same city, where wealthy, gated communities come as no surprise. Similarly, Bennett (1995) found that, despite the chronic shortage and inefficient management becoming a political issue, water provision in Monterrey at least had the advantage of being a service under one authority for the whole city, which avoided the problems found elsewhere of coordinating this service. Latin American cities frequently display uncontrolled negative spatial externalities, where the environmental consequences of dumping solid waste, degrading river basins, and urban expansion have an impact on a large geographical scale. This scale is not matched by that of the institutions responsible for dealing with these environmental impacts; these institutions tend to have limited authority and restrictive administrative boundaries.

In many of these cities, government functions on multiple geographical scales. The interlocking connection, coordination, and aggregation of public action are chaotic, fragmented, dispersed, contradictory, and on occasion redundant. This deplorable situation is rarely translated into a public political issue, although the major problems of the city are directly related to the questions of scale. These may concern geographical scale, metropolitan scale, or economy of scale.

Nevertheless, these large cities remain the hope of many of their countries; these cities are positioned at the interception of global interactions and national dynamics. They have places of quality that are unmatched in the smaller cities in the same country. Some parts of these large cities have a high quality of life in terms of access to services, telecommunications capacity, infrastructure, cultural amenities, knowledge production, education, markets, and social contacts. These elements form the core of the attractiveness and resilience of these places and define them as global cities. A global city characteristic invariably found in these cities comprises a large number of transnational headquarters or subsidiaries, the offices of international law firms, international airline traffic, and high volumes of telecommunications traffic (Beaverstock et al, 1998; Friedmann, 1986; Ingram, 1997; Knox and Taylor, 1995; Sassen, 1994). Follow-up research by Taylor (1999,

2000) reports that, according to the survey and classification undertaken by Beaverstock and colleagues (1998), Latin America can claim two beta world cities – Mexico City and Sao Paolo; three gamma world cities – Caracas, Santiago and Buenos Aires; together with evidence of world city formation in Rio de Janeiro, Bogota Montevideo, Brasilia and Tijuana³.

The largest Latin-American cities – Mexico City, with 20 million inhabitants, Buenos Aires, Santiago, Montevideo, and Caracas – are typical capital cities and primate agglomerations in their respective countries. Monterrey, Medellín, Cordoba, Santa Cruz, are secondary cities, but growing in population, trade, and independence. These cities are positioned in between global expectations and local problems. From the time of the conquest to the present day, Latin America has been the practice ground for urban form innovation and experiment, from the foundation rules of Las Leyes de Indias⁴ to the modern experiments of Brasilia and Ciudad Guayana.

All these cities have, in one way or another, a government in the process of restructuring. They are caught between the developments of re-inventing government, with an array of such principles as decentralization, devolution, public choice, effectiveness, efficiency, and representativeness and increased democracy. These are cities where local authorities have emerged as strong actors in their political and administrative roles, where intergovernmental relations have developed (or are known to be needed), and where power relationships and responsibility sharing extend to the civic society, private sector, and community organizations (Rojas, 2000). These processes occur not only through internal political dynamics, but also because international agencies (Inter American Development Bank, World Bank) have identified the city and the metropolis as the specific and effective territory of action. These agencies exert pressure for citywide institutions for the application of their programmes or access to finance in the receiving countries (IADB, 1998).

This dissertation commences with these *processes of constant re-articulations and rearrangement of government institutions in the city*. The issue of organizing effective city government has not been addressed effectively in past decades, and is only now emerging as a priority question within the process of reform in Latin America (Garza, 1996b; Jungemann, 1996). It is as though the reform programme, with its emphasis on macro-economic restructuring and state reform, has only recently found the territorial issue in its way. To move forward, these processes have to be reinforced and supported by a better understanding of the spatial and geographical issues of reform

An underlying assumption in the dissertation is the belief that the fragmentation of governments and public action has a limit beyond which cities are incapable of functioning well. A further underlying belief is that this is the moment when

fragmentation needs to be addressed and reversed. The objective here is to assess the critical need for urban government structures with a metropolitan reach (this is further discussed in chapter 2). The main question addressed is whether the Latin American city, immersed in processes of political and governmental reform, can come to a form of government that is less fragmented and is effective for a geographical territory of continuous conurbation). This general question is operationalized into more precise research questions reported in the second chapter.

1.3 Structure of the dissertation

Following these introductory remarks, and in accordance with the expressed interests of this study, the research was designed to inform a discussion about metropolitan governments, incorporating within this discussion the findings and conclusions from investigations undertaken in certain Latin American cities. The outline for the rest of the research is as follows:

Chapter 2, *The Metropolitan Question*, contains an examination of the background issues of and a review of the literature on the subject, together with a specification of the research questions set against this background. In the second part of this chapter the methodological aspects of the research are discussed. The arguments for selecting the cities of the case studies (Caracas and Monterrey) and the narrowing of the analysis on certain urban public functions are also discussed. These arguments on methodology and case studies provide the background for the definition of the focus of the research. This chapter also provides the justification for the titles and content of the four analysis chapters (4 to 7).

In Chapter 3, *Metropolitan areas in Latin America and their Government*, the characteristics are described of the selected cities: Caracas and Monterrey. The descriptions take the form of city profiles, with special emphasis on geographical and territorial issues of scale, government institutions, and urban management. These profiles also make clear how these cities have become immersed in the more general transformations that have taken place in Latin American countries and their governments.

The topic of Chapter 4, *Caracas: Physical planning*, is the analysis of the metropolitan urban public function of physical planning in Caracas according to the methodology presented in chapter 2. The elements at stake here are the tendencies towards integration of policy, coordination, and the emerging forms of public management organizations or structures for this urban public function. The correspondence of these efforts with a territorial scale (in this case metropolitan) and the implication are evaluated, and basic conclusions for the case study drawn are reported.

In Chapter 5, *Caracas: Urban public Transport*, the results are reported of the analysis of the function of urban public transport in Caracas. Again, the different forms of

delivery for this function in the city are analysed against the metropolitan scale. The basic conclusions drawn with regard to the case study, metropolitan coordination and possible arrangements are reported.

Chapter 6, *Monterrey: Physical planning*, is the first chapter containing an analysis of Monterrey: the results of the research in this city regarding physical planning are explained. As before, there are some conclusions drawn with respect to the case study-city and function, with regard to the metropolitan scale. An analysis of the data obtained in Monterrey provides the perspective for an appreciation of whether there is a tendency towards metropolitan coordination in this function in the city.

Chapter 7, *Monterrey: Urban public transport*, is the second and final analysis chapter on Monterrey and features public transportation in the Mexican city and the research issues: metropolitan scale, and coordination. Finally, the conclusions on these issues for the case study are presented.

Chapter 8, *Conclusions*, recapitulates the original propositions of the research and the research questions, which are then re-examined in the context of the major findings of the research. The basic conclusions provided per case study in the analysis chapters (4-7) are integrated into a concise argument for the general conclusions of the study. These general observations and arguments are related to the debates about urban government, re-territorialization, metropolitan government, and governance. Finally, the development of metropolitan government in Latin America is discussed in the light of the general and particular findings, and expectations put forward concerning the major problems to be encountered on the way towards metropolitan government.

Notes

- 1 According to Brenner (1998, p. 439), the production of state territorial organization, or government structures constituted by government institutions (central, regional, local), and regulatory forms. These are currently being produced on both sub- and supranational scales. He specifies that “the role of the national scale as a level of governance is itself being radically redefined in response to the current round of capitalist globalization,” and that “this re-scaling of state territorial organisation must be viewed as a constitutive, enabling moment of the globalization process”.
- 2 According to Sassen (1994, p. 29), “Western European nations typically have been regarded as a good example of balanced urban systems; Latin-American nations, as a good examples of systems with high levels of primacy – that is, inordinate concentrations of population and major economic activities in one city, typically the national capital”.
- 3 Beaverstock et al (1998) produced a roster of world cities based on corporate service criteria; the criteria include four elements: global service centres in accounting; global service centres in advertising; global service centres in banking; global legal services; together with three levels of service provision: prime, major, minor. The scores of level of service on each function are compounded by city, and then classified into three classes: alpha cities (highest scores), beta and gamma cities and a last group of cities where there is ‘evidence’ of world city formation according to the system.
- 4 Las Leyes de Indias were the set of laws and normatives issued by the Spanish crown to organize the enterprise of the conquest of the new territories (1500-1700). They regulated a wide area of topics, such as the Crown and Church authority, conquerors’ and settlers’ rights and prerogatives, Indians’ rights, government structure. An important element of this set of laws were those related to settlement foundation, which established the grid as the starting scheme of territorial occupation, constituting an unit for land distribution (the block in the grid), and which also defined spatial hierarchies and locations for church, crown and market.
- 5 In this study the term ‘re-articulation’ is understood as the re-articulation of the state to the changing development models, from import-substitution models to market liberalization. This also implies changes for government institutions in the city: from supported locations through protection and subsidies as benefactors of ‘growth poles’ policies, to less protected locations by way of the dismantling of this model and therefore the abolition of major protective structures in the city.

2

The metropolitan question: literature and research focus

This chapter comprises a review of current developments in the thinking about metropolitan government and governance, which sets the framework for the research. First comes a discussion of the rationale for metropolitan government, including a critical review of the major concepts used in the literature. Second, the obstacles to metropolitan arrangement are identified and explained. Third, the characteristics of metropolitan arrangements in practice are specified. Finally, the conclusions drawn from this review and the focus for the research are presented, pointing out the main assumptions on which the research is based and specify the research questions. This theoretical setting is used for the analysis of the case studies below.

2.1 Metropolitan Government

In this section, metropolitan government is defined in terms of the following elements: the spatial issues, or *metropolitan territory*; the relationship between *metropolitan government* and *economic development*. The relevant interpretation of the concepts *metropolitan government* and *metropolitan governance* for this research is discussed in the section: *The governance question: a critique*.

2.1.1 The metropolitan territory

The scale of a city, whether defined in terms of a conurbation, functional urban region, physical continuity, or natural basin, is referred to in this study as the *metropolitan scale*. This term is less frequently translated into a level of government or administration than are the national or local scales, but nevertheless the metropolitan scale is often identified as the operative scale for many actions (master plans, infrastructure plans, utilities provision) of the governments of cities (Negrón, 1996; Sharpe, 1995; Vallmitjana, 1997).

For several decades, supporters of metropolitan government have argued that the functional dynamics of the city often extend beyond the administrative boundaries of the metropolitan territory (Brenner, 1999; Lefèvre, 1998). For households, firms and governments alike it is advantageous, at least from a theoretical point of view, if certain urban public functions are organized under one authority that corresponds better with the spatial dynamic of the metropolis (physical and strategic planning, public transport, water provision, sewerage, environmental control). Indeed, households and firms have taken the lead in pressing for a better form of coordination at this level to ensure better infrastructure and better services, while governments respond sporadically in terms of reaction and initiative.

The rationale of metropolitan coordination is therefore described here as an issue where geographical scale is of the utmost importance. Other aspects of urban management play a part in supporting the logic of metropolitan coordination. Those

aspects could be institutional effectiveness, management requirements, or political interests, but coordination at the appropriate scale of the territory remains a solid argument. In other words, intergovernmental coordination or metropolitan arrangements for government coordination are desirable, but the match of these arrangements to the territorial scale of the city is crucial. A territorial scale makes government more effective, because it can handle negative externalities and exploit economies of scale better than (fragmented) local governments. A government level covering a metropolitan territory is therefore better able to deliver certain public goods to the city's residents and firms. If this delivery is fulfilled satisfactorily, the competitive position of the city may improve in a globally integrated system, as may the quality levels within the city (Simon, 1995).

The demographic and economic weight of a metropolitan agglomeration is recognized in the literature as a fundamental feature of metropolitan areas in relation to global, national, and local scales (Barnes et al, 1998). Urban development in western countries, Latin America, and Asia has resulted in large cities (World Bank, 1998). Urban cycles of growth and decline take place at metropolitan level (van den Berg, 1985). Cities have indeed experienced periods of crisis, as evidenced by dereliction, economic slow-down, congestion, deconcentration, erosion of the tax base, and so forth. But the centrality of the city does not disappear in the long run; metropolises may fracture and atomize, to the detriment of the core or suburban rings alike, but during urban cycles (urbanization, suburbanization, de-suburbanization, re-urbanization) the metropolitan region remains the relevant category.

The metropolitan concept provides a useful framework for describing and analysing modern urban growth, and is helpful in the interpretation of relationships between old central cities and their territory or polynuclear agglomerations (Gottmann, 1995). The patterns of metropolitan growth (Ingram, 1998) and the prospect of world urbanization (Berghäll, 1996) support the view that the consolidation of megacities and metropolises is a strong tendency, with attenuated growth in developed countries and middle-income economies (World Bank, 1998). Throughout the world, these large urban agglomerations (megacities and large cities) are multi-municipal (Sivaramakrishnan, 1996). In relation to the local scale, Post (2000, p. 47) stresses that intergovernmental coordination is important in this context: "The economic well-being of central cities and their suburbs is intertwined, and (that) some form of regional cooperation is in the self-interest of both the central city and its suburbs." While urban growth is slowing down in Latin America (Berghäll, 1996; Gilbert, 1994; Sassen, 1994), the pressure on large cities is being maintained, indicating a growth in concentration toward big metropolises and megacities.

Economic and social relationships are no longer bound only to the city centre, but operate on a wider geographic scale. The dynamics and location of labour can therefore be used as an important indicator for defining the metropolitan territory. Different formulations of thresholds and relationships define inclusion within the metropolitan region (van den Berg, 1985; Sharpe, 1995). Ratios of labour force

participation in the core regions label a location as part of the metro-region; in this way, the economic interdependence of the periphery and the core can be established through the analysis of behaviour in the labour market and supply chains. This approach is widely favoured in the literature (van den Berg, 1985; Morgan et al, 1999; Post, 2000).

There are other indicators that can also be used for the definition of metropolitan agglomerations; these include the areas covered by certain public services and the “metropolitan” definitions used for statistical purposes.

Firstly, the territories covered by public services are derived from considerations of technical efficiency. These definitions of territory are often quite unrelated to those of the administrative subdivisions. Transport systems, such as subways, or systems for the provision of water, electricity, waste management, telephone and communications, often cover a functional territory, which is effective in economic terms, responding to standards of technical efficiency. Such a territory could serve as a definition of a metropolitan territory. The presence of technical efficiency and an optimal scale for service delivery is not automatically related to a matching of institutional structures at the metropolitan level (a metropolitan water company where there is no metropolitan political administration, for example). Nevertheless, this is not the case for all public services; for some of those relevant functions, management is at the metropolitan level. The supplier of water might work on the metropolitan scale while, in the same city, public transport does not, although there may be good arguments for both functions to operate at the metropolitan level.

Secondly, many public agencies responsible for the collection and publication of statistical data go outside their administrative boundaries to present consolidated data of metropolitan areas. It is often appropriate for statistical purposes and policy decisions to have demographic, health-related, and economic figures for a city or metropolitan area as a whole, as well as for municipalities or administrative units. Within a metropolitan area, data is presented cautiously, without binding it to the political structure, although it sends out the message of the statistical and economic importance of such an area.

These indicators mark a territory of technical efficiency (service delivery, statistical observations) for a city. Furthermore, they point out the mismatches between this territory and administrative territories.

In summary, the usual spatial definition of a metropolitan agglomeration is based on a functional-economic point of view, starting from observations of labour market dynamics. Moreover, areas for the delivery of such services as water supply, and geographical units for the collection of statistical data can often be used as secondary indicators of the boundaries of a metropolitan area. For this study, the basic functional-economic definition used by statistical offices is the starting definition for a metropolitan territory. To complement this, a criterion of continuous urban land use and areas for the delivery of public services is used; these are key elements defining a metropolitan area or territory.

2.1.2 Metropolitan government and economic development

The role of urban government in the urban economy is important, since urban service provision and strategies for urban development affect many location decisions for firms and households. Formal and scientific evidence supporting the assumption that economic development in the city is related to the form and effectiveness of its urban government is scarce. However, various observations support the view that the economic performance of an urban economy depends on a mounting number of factors ranging from macro-economic policies implemented by a national government to the framework on which the informal activities are (or are not) integrated by urban government action.

The roles of urban government in the economy of a city include: an actor in local economic development strategies, regulator of the land market, provider and promoter of infrastructure development, taxation authority, central government agent, employer, and provider of urban services (Davey, 1996; McGill, 1998). Together, these facets of urban government produce a combined effect in the urban economy that is difficult to gauge (Post, 2000). Trying to establish the different possible outcomes of different institutional arrangements (local government, metropolitan government) in the same dynamic urban economy is difficult from a scientific point of view, since no test control situations or approximations are feasible. Isolating the impact of urban public action and the form of government from their influence in economic development is complex, if not impossible. First, the difference in outcome – or the actual influence of the government structure on the economy of cities – is difficult in national economies suffering from frequent shocks and sensitive to external changes (as is the case in Latin American countries). Second, impacts of urban government actions extend over long time periods, making comparable conditions difficult to find.

Despite these difficulties, the general understanding is that city-wide government or metropolitan arrangements are desirable for promoting economic growth (Davey, 1996; Garrocho et al, 1995; Gottmann, 1995; Lefèvre, 1998; Sharpe, 1995; Vallmitjana, 1997; Ward, 1996). This argument is based on empirical findings that are scattered, ad hoc, and often subjective. Two ideas sustain this concept: a) the recognition of the metropolitan territory as a functional scale, an engine of growth, a productive unit; and b) the need to capture economies of scale, produce efficiency, innovate and stimulate urban growth within this geographical unit.

Examination of the figures for Latin America and Asia show that 80% of the expected future economic growth would originate from within the urban economies (Berghäll, 1996). Moreover, the most urbanized countries in Latin America are those with the highest GNP per capita (see Figure 2.1).

Several authors have discussed the performance of the city as a growth engine set in a competitive global framework (Berghäll, 1996; Hall, 1997; Harris et al, 1996; Hiernaux-Nicolas, 1998; Lungo, 1994; Mohan, 1994; Nientied, 1998; Post, 2000;

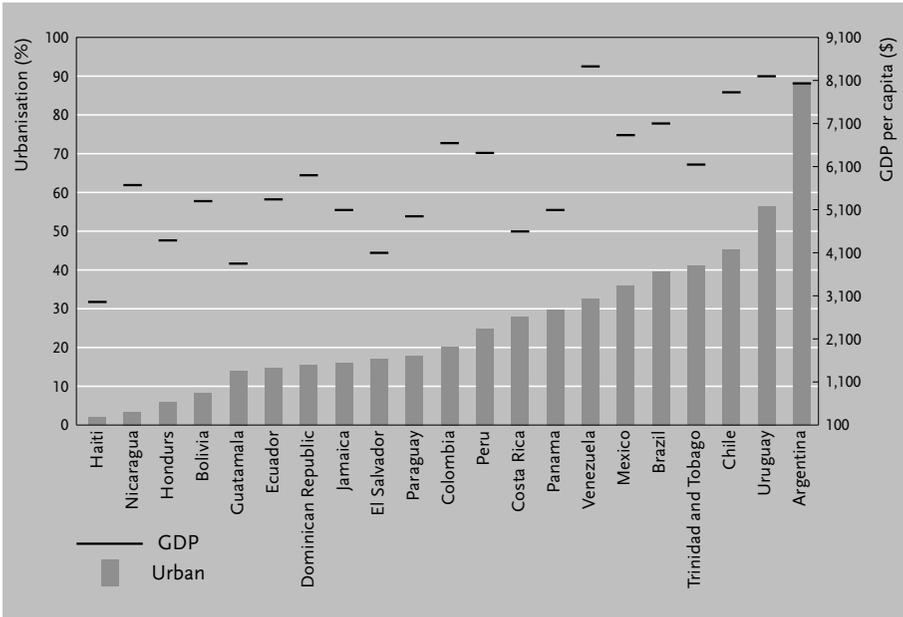


Figure 2.1 - Urbanization and gross domestic product per capita in Latin American countries. Source: World Bank, 1998

Sassen, 1994). The interests of the authors could be categorized as: a) ranking cities in this competitive space (Friedmann, 1995; Taylor, 1997; Taylor, 1999); b) specifying strategies to improve competitiveness in cities within their regional or global context (van den Berg et al, 1997; Newman, 2000; OECD, 1997); c) discussing the origin and dynamics of this competitive environment, or “global system of cities” (Knox et al, 1995; Kresl et al, 1995; Sassen, 1991; Sassen, 1994).

Brenner’s critique of these analyses (1999, p. 432) reinstates the scale issue and government coordination at the centre of this debate. He states: “(These) analyses neglect the ways in which the current round of neo-liberal globalization has been intrinsically dependent upon, intertwined with and expressed through major transformations of territorial organization on multiple geographical scales.” Beureaugard (1995, p. 238) had previously directed his attention to the local scale when he wrote: “The local is the dedicated outcome of forces operating at all spatial scales. Forces operating at intermediate scales add complexity to the global-local argument but do not change its essential orientation.” City governments are to some extent unable, either formally or functionally, to influence, benefit, or articulate their policies towards the globalization process, because these other forces at the intermediate level are at work.

An important issue in this debate is a city’s competitiveness. The competitiveness of the economic activities within a city is under pressure in a growing globally integrated economy, and city government must respond to this pressure. For example, Newman (2000, p. 903) writes that: “It is cities, their functional urban

regions and wider networks, which are now seen as the drivers of a competitive European economy.” For Latin America, Jorda (1996) notes that the notion of cities as the “wealth of nations” is an important element in government policies for cities in the region. Jungemann (1996, p. 69) identifies the spatial element in the arguments supporting decentralization policies; she argues that the creation of what is referred to as the organized territory is an important aspect of the search for competitiveness. Competitiveness is therefore an implicit argument for government policy and government reform. Eventually, competitiveness issues translate into urban management problems, as Rodriguez and Winchester point out (1996, p. 25), when commenting on Latin American cities: “When public services disintegrate, urban sectors break off from the city and become autonomous. Eventually, the city stops functioning as an interrelated entity. When public services do not exist, literally, the urban conglomeration stops making sense and limits the competitiveness of the activities located within it.” A comment that is not far removed from what Newman (2000, p. 904) found in Europe: “Fragmented authority across functional regions may work against competitiveness.”

Although empirical evidence of the relationship between the economic performance of the city and urban government forms of action is not conclusive (Hamilton, 2000; Morgan et al, 1999; Post, 2000), action at the metropolitan level is considered positive. Sharpe (1995, p. 15) perceives a strong case for this, because of labour market interdependency: “In the case of the metropolitan area the need to match governmental structures to socio-geographic and economic reality is at its strongest – simply because of the interdependency between the areas within the metropolitan area derived from being tributary to a single labour”. However, it is pertinent to establish that economic growth is associated, but not necessarily dependent, on strong metropolitan governmental arrangements (Post, 2000).

In the discussions based on this vision of the city as an engine of growth, or on its competitive characteristics, there is a lack of interest in presenting the multi-level dimension of the government of the city. Furthermore, the problems of this multiplicity (fragmentation, redundancy, lack of coordination), are fundamental issues for the advent of these growth engines, or competitive agglomerations. The discussion stresses the interpretation of global economic trends, and the global city hypothesis rather than the practical issues of city government, such as intergovernmental coordination, territorial definitions and participation. In addition to the critiques cited that indicate these shortcomings, Newman (2000), Rodriguez et al (1996), and Persky and Wievel (1994, p. 141) are explicit on this point when they state that: “Lack of cooperation at the metropolitan level may in fact be a greater problem than the globalization of the economy.”

The governmental units central to these coordination and cooperation issues are those at the local level. But local government (municipal, district, or county

government) has often been identified at too small a geographical scale to undertake metropolitan tasks (Davey, 1996). Greater technical capacity, planning, and regulatory skills that improve the productive environment of the city, and also attenuate growing inequalities, are more effective and efficient on a metropolitan scale. Because of this trend towards metropolitan coordination and government at the metropolitan scale, the concept of metropolitan governance is being used. This concept is discussed below.

In summary, this research leans more towards issues of intergovernmental coordination than global city debates. As indicated below (chapter 3), the case studies of Caracas and Monterrey are representative of how global developments impact on Latin American cities, and the economic performance of these cities is related to global economic trends as well as the capacity of these cities to organize adequate forms of government. This study follows the recommendation of Persky and Wievel (1994) to select and differentiate the field of work, that brings about institutional change. Facts and arguments are sought concerning the hazards of metropolitan coordination in a globalized context.

2.1.3 The governance question: a critique of the concept of metropolitan governance

At this point, an explanation on the choice of concepts related to the metropolitan model is necessary, to avoid confusion in the way concepts are used in this study. Basically, there are two important concepts related to the metropolitan model: metropolitan government, and metropolitan governance (Sharpe, 1995). Metropolitan government is the long-established concept previously discussed; it is directly related to the structure and functions of government in the city, and in particular to the metropolitan scale. Metropolitan governance has been proposed as a concept that includes other forms of public action, which differ from those based on the government side alone (Lefèvre., 1998). Metropolitan governance is a concept concerned with the relationships in and around government and the delivery of public goods in the city.

Recent literature and ongoing academic discussions make use of the concept of metropolitan governance. The term is sometimes used to describe coordination procedures, the active participation of community and interest groups in decision-making, the involvement of the private sector in the provision of public services, coalition formations, and the combination of some or all of these alternatives. Use of the term in the literature is far from consistent. Metropolitan governance has been seen as an important conceptual contribution to the metropolitan debate (Lefèvre, 1998). At the same time, this concept incorporates different elements from so many perspectives, it is difficult to apply in an analysis for a research project as consistently as the metropolitan government concept, which is based only on the structure of government and the distribution of functions (Lefèvre, 1998).

Nevertheless, there are key issues of the theoretical discussion on metropolitan governance that are worthy of consideration, because they address the relationship dimension (coordination, intergovernmental arrangements, coalitions, and so forth) in a more explicit way than a simple discussion about government. In summary: coordination patterns identified by authors using the concept of metropolitan governance could indicate positive conditions for the establishment of metropolitan government. These key issues and the working concept of metropolitan governance relevant to this study are discussed below.

The World Bank (1994) defines governance as the “manner in which power is exercised in the management of the country’s economic and social resources for development,” adding that “good governance is epitomized by a transparent process; a bureaucracy imbued with professional ethos; a strong civil society participating in public affairs; and all behaving under the rule of law.” Sivaramakrishnan (1996) comments that this is “an ambitious catalogue of ideals rather than an analytical framework of a concept,” but does not attempt an alternative definition of the term, although he praises the explicit recognition of governance as a broader concept than government. Nielson (OECD, 1997) uses urban governance as a key concept, and although one might expect further specificity towards the urban realm, his definition remains general. For him, urban governance is “the way we arrange the roles and responsibilities of governments, the public sector and communities in matters that are dealt with in the public realm.” Hamilton (1999, p. 74) states that “the term governance is not concerned with government structure per se, but with relationships among governments and governmental processes and functions,” and then specifies that “governance is a functional and issue-oriented approach to addressing problems of a regional nature.” McCarney and colleagues (1995, p. 95-96) state that governance is “the relationship between civil society and the state, between ruler and the ruled, the government and the governed.” Urban governance is for McCarney the application of this concept to local level, and she emphasizes the shift in the traditional urban management focus to elements outside the processes of public policy, including civic associations, private sector organizations, community groups, and social movements. Urban governance can also be related to the metropolitan scale; the idea of metropolitan governance could then also be related, and new elements added to the debate about governmental arrangements at the metropolitan level.

There are examples where the political impasse has been overcome by strategies of metropolitan coordination. In the United States, basic services such as water supply, sanitation, or transport have an effective metropolitan coordination in many urban areas, without enacting formal metropolitan governments (Sivaramakrishnan, 1996). In Canada, the recent amalgamation of six municipalities into greater Toronto (The Economist, 1998) was preceded by years of collaboration and informal arrangements in the police, board of trade, and labour council (Kjellberg et al, 1996; Lefèvre C., 1998; Sharpe, 1995).

The emphasis in this dissertation has been put on metropolitan government, because of the more continuous character of government in the literature, policy documents, and case studies. The main interest is the structure and functions of metropolitan government; coordination is seen as an arrangement at the metropolitan level that can be termed formal. The discussion is in terms of metropolitan government, since it is more precise to consider tiers of government and metropolitan arrangements than metropolitan governance relationships. This research therefore contributes to the discussion on metropolitan government.

2.2 Political and institutional obstacles to metropolitan government

Following a review of the fundamentals of metropolitan government with regard to territory, economic rationale, and its relationship with the metropolitan governance debate, the constraints and obstacles in the path of metropolitan government are then explained. The political restrictions are first considered; secondly, the institutional elements are discussed; finally, a brief overview of the situation in Latin America is presented.

2.2.1 Political restrictions to governments at metropolitan level

The forms (structure and functions) of government in large urban areas alternate between dominant central and regional authorities, and local authorities. In general, these levels of government (central and local) have solid institutional, political, and historical validation. In this context, the degree of dominance of either central or local institutions in the government of a city depends on the national settings of the country. Unitary and federal systems represent the basis of these national settings, where further organization of the local structures of governments vary per country, as do their relationships with upper levels of government. Basically, urban government is accomplished between two important and stable scales of government: the national scale, corresponding with central government; and the local scale, corresponding with local/municipal government.

Governments at metropolitan scale are difficult to implement and have less continuity than central, or local forms of government. Three types of bottlenecks – legal-institutional, political, and historical – have constrained the establishment, or consolidation of metropolitan government (Lefèvre, 1998; Sharpe, 1995; Vallmitjana, 1994). The political-administrative organizations of countries confront legal-institutional bottlenecks, stated in the constitution, organic laws and municipal laws. There are also political bottlenecks, for example the barriers that central or local government create for institutions at metropolitan level; and there are also historical bottlenecks, since the traditional form of government in cities has developed mainly from local government forms.

Traditionally, metropolitan governments have less political legitimacy than central, regional, or local governments. Central governments have a geo-political rationale,

as the ruling institution of nation-states. Historical development of the nation-state, whether in western or non-western countries, shows that a nation-state aims at sovereign power over national territory to validate its position among other nation-states (Brenner, 1999). In this context, claims of sovereignty of regions and cities within the nation-state are sometimes overruled by force, or arranged by constitutional constructions to the benefit of the nation-state (Brenner, 1999). On the other hand, local governments are the institutions within which communities fulfil their social and economic contracts with regard to the territory where the community is based. Representatives of these units mediate, as elected or appointed officers, between the actions of the nation-state and the local authority. Frequently, metropolitan-level arrangements are caught between central and local government power struggles. Proposals for metropolitan arrangements launched from one level of government (central or local) are sometimes intended to increase power in favour of those government institutions backing the proposal, rather than following a metropolitan interest. Sharpe (1996, p.22) notes: "The first and perhaps the most obvious problem is that a metro (organizational level) will always tend to be isolated, squeezed as it is between two probably hostile forces."

Central government appears to disrupt and oppose powerful (and less dependent) city government for simple political reasons; metropolitan arrangement could represent unwanted partnership with opposition parties, and in primate urban systems¹ (as in Latin America), strong city governments (in a primate city, at least) represent a threat to the central government and a platform for political promotion. Examples of the first type of opposition are documented in the case of the Greater London Council (Hall, 1996; Sharpe, 1995; Sivaramakrishnan, 1996). These authors interpret the abolition of the Greater London Council in 1986 as a manifestation of the conflict between national and local authorities. These forms of opposition are also apparent in Latin America. Even so, in the Latin American region, central governments have passed and implemented several reform strategies for their sub-national government organization and structure where municipalization and empowerment of sub-national institutions have been foremost (Inter-American Development Bank, 1998). The full implementation of these reforms in the most important cities (capitals, primate cities) has been hindered by the same central governments that proposed the decentralization of government functions.

On the one hand there is a trend towards decentralization of power that has produced an extraordinary growth in the number of municipalities, sometimes promoting redundancy. For instance, in Venezuela the number of municipalities rose from 112 to 340 between 1989 and 1990 (Vallmitjana, 1993). Instead of increasing efficiency, the process was aimed at the redistribution and creation of power locations

On the other hand, capital cities and other important metropolitan areas have been explicitly excluded from this process of reforms, with appointed authorities (mayors

directly appointed by central government) and urban public utilities companies and development agencies under the direct supervision of central or regional government. Cities such as Caracas (Venezuela) or Santiago (Chile) illustrate this situation, with 10 or more elected mayors for the new municipalities, whereas the higher authority (mayor or governor) is appointed by the central government. Some capital cities are run by appointed mayors (as was the case for Buenos Aires and Mexico City until the late 1990s), while the municipal authorities are freely elected in all the other cities in the country. Capital cities are often exceptions to the decentralization process that installs empowered regional and local governments, or these reforms may be implemented with delay.

Local governments object to metropolitan arrangements, because they perceive them as a threat to their independence. For local governments, a metropolitan arrangement has fiscal, political, and personal power consequences. In a metropolitan arrangement, local government has to hand over power and autonomy for higher interest goals (Lefèvre, 1998; Sharpe, 1995a). Metropolitan arrangements tend to affect the tax base, the fiscal structure, and rearrange tax expenditures on urban issues that are sensitive to local interests. Physical planning, for example, is a typical urban function that has to be defined between local and metropolitan level, and it affects policy on property tax. If a local government depends on property tax as an important source of revenue, which is often the case in Latin America, then a coordinated strategy with other actors which could affect property tax would be unattractive.

Often, local governments prefer to rely on functional arrangements of metropolitan collaboration (associations, coalitions, companies, advisory councils, and so forth) to provide certain services without formal administrative structures that take away control of their responsibilities (a metropolitan mayor, and so forth). These ad hoc arrangements are more or less voluntary. They exist now because of central government enforcement. When asked to formalize a metropolitan authority, it is difficult for local government and the related actors to make a political case. In a European context, the latest attempt in Rotterdam, The Netherlands, to organize a metropolitan authority in Rotterdam encountered political and cultural barriers in a referendum for formal metropolitan authorities in 1995/1996; the conflicting visions, unclear perceptions, and failures in the participatory process led to a rejection of the proposed institutional change, in spite of sound functional and economic arguments (Flierman, 1997; Newman, 2000).

The objections and difficulties that central and local governments encounter with metro-level arrangements are mainly related to the distribution of political power and – consequently – with fiscal issues regarding revenue and expenditure decisions. The dispute is simple: which level of government has the decision power to assign resources, and therefore government expenditure. As a government level, metropolitan institutions have little support, political clout, or experience to participate in this

dispute. Institutions at central and local level have comparatively more political resources, stronger legal positions, and extended political experience in competing for power. In summary, the main political constraints on establishing formal metropolitan government institutions are lack of legitimacy, and conflicting sovereignty.

An important aspect of local government legitimacy is the identification the population has with the institution, a feature built up over time on political, psychological, and social elements (Lefèvre, 1998). Larger administrative territories tend to be less readily identifiable and accountable, since their actions spread out over a wider area, and they are therefore less exposed to the scrutiny of their citizens. The legitimacy of metropolitan government is basically functional, not political; creating and sustaining legitimacy for new institutions and policies is therefore an important political problem (Newman, 2000).

Central governments avoid the legitimization of power institutions that represent a threat to their own; in many cases, the urban governments of metropolitan range have autonomous characteristics, such as population size (vote leverage) and economic clutter (lobby power) that could upset nation-state strategies.

2.2.2 Institutional issues

It is not only the political dimension which provides constraints for the development of metropolitan government. The advance of government reform in Latin America has taken place through following two public management principles – subsidiarity and public choice – which are fundamental elements of modern public management theory. These two principles are in conflict with metropolitan governmental arrangements, so that the application of general state reform based (as in many Latin American countries) on subsidiarity and public choice is intrinsically opposed to metropolitan arrangements. It is therefore appropriate to review the relationship of these principles with the metropolitan debate.

Subsidiarity and metropolitan government

In a general sense, functional logic (public services, economies of scale) identifies a metropolitan territory (see section 2.1.1), but this is not the only “space” operating in the city. Local territories associated with communities, neighbourhoods, and physical features (natural or man-made) also have their meaning in the city. Following the concept of *subsidiarity*, some elements in the provision of public services would be better delivered at this smaller scale level. Nell-Breuning (1990, p. 145) defines subsidiarity as: “A principle for public management that restricts the tasks of any particular level of government to those not taken by any (subsidiary) lower levels of government with the appropriate capacity or mandate. The centralization of tasks should take place only when and where they cannot be accomplished as well or better on a lower level. This is as true of regions, provinces, *lander*, communities, and cities as it is of traditional nation-states.” In a simpler definition, Honey (1996, p. 23) writes: “...subsidiarity or proximity, whereby decisions

are taken at the level closest and most accountable to citizens, and only those tasks that local government cannot effectively carry out are referred to higher levels.” This principle should be enforced throughout all levels of government to be effective. In a subsidiary system, the territorial scale of public action is related to the government structure (the number of levels, authority, and so forth) and the actual capacity to provide or deliver public services.

The results of public action carried out in different local areas by local governments (municipalities, counties) in a subsidiary system are perceived, however, at the level of the city. Differences in the quantity and quality of service delivery in different locations provoke inequalities that impact on the city as a whole. For a city operating in a competitive international economic framework, a better quality of life in a limited number of localities is not enough. For example, consolidated prosperous neighbourhoods with adequate provision of urban utilities (water, sewerage, electricity, good accessibility, green areas, and so forth), access to media and technology, integration into global networks (finance, entertainment, information), and with a local government whose acts tend to protect the privileged position of these neighbourhoods, do not change the perceptions or the position of the city in global terms if the city as a whole remains under the effects of such negative externalities as health risks, criminality, poor accessibility, air pollution, illiteracy, and poor water provision. In Latin America, pockets of urban quality are present in most of the major cities: Chacao municipality in Caracas, Miraflores in Lima, El Pedregal in Mexico City, San Pedro municipality in Monterrey, and so forth

In general, equity is part of the philosophy of good government and is ideally built into the institutional framework. Local government public action can then provide guarantees of equal access to services, and stimulate compensation and cross-subsidies where necessary (De la Cruz et al, 1994; Fasci, 1995; Ingram, 1998). Avoiding and reducing inequality are induced through these built-in measures of equity, but if there is no clear metropolitan organization, local governments may abuse these arrangements and promote their own benefits. This non-collaboration of local governments may then lead to a result quite the opposite of the intended equity. For example, central government grants for poverty alleviation programmes may be granted on a project basis; projects are approved following the application of technical criteria to projects presented by municipalities. Large, or affluent municipalities will have better technical capacity to produce good project plans and have them approved, while poor municipalities find that more difficult. Moreover, when the political gains for the local politician are high enough (a mayor with presidential aspirations, such as Fernando Mahuad in Quito, Fernando De la Rúa in Buenos Aires, Cauathemoc Cardenas in Mexico City, Claudio Fermín and Irene Saéz in Caracas, for example), local public actions tend to concentrate on local policy rather than metropolitan coordination.

In the general conception of subsidiarity, a system of metropolitan government is a

fitting arrangement. Thus, government on a metropolitan scale would be at an appropriate level to deliver public services that would otherwise be poorly provided by local governments. However, in Latin America the political issues at the local government level are more important than subsidiarity principles.

Public choice and metropolitan government

Local government has a political logic, because it is supported by principles of political representation, democracy, and public choice (Davey, 1996; McGill, 1998; Tiebout, 1956). However, local governments per se, as part of a bigger urban agglomeration, are unable to avoid inequalities within this bigger agglomeration in an effective way. Local governments are incompetent with respect to metropolitan-area issues. Public choice principles justify the autonomy of local governments, since they compete against each other to attract people and firms to their jurisdiction, introducing a competitive environment in the city that is supposed to improve the quality of public services. A basic idea of public choice is that people vote with their feet, moving from one jurisdiction to another in search of better services. In a competitive environment, all providers (or jurisdictions) would therefore tend to deliver better services and every jurisdiction would be better off in the long run. However, public choice adherents recognize that certain services are provided more efficiently and effectively on a metropolitan-wide basis, although they still reject unified area-wide government (Hamilton, 2000). In the absence of area-wide coordination policies, this competitive environment tends to produce exclusion and inequalities. Batley (1997, p. 338) also observes these developments in Latin America, and recommends governments with adequate territorial range, mainly because of their redistributive function. He writes: “The problem of persistent inequality in Latin American cities is endogenous and not explained away by global processes. If growth is to be inclusive it requires either to be very dynamic or that a government with adequate territorial range, powers, sources of revenues and political support should tap and redistribute resources.”

Public choice would seem, under this analysis, to be an inadequate principle to apply to all urban public functions in large cities. For example, in the case of water supply, the public choice principle would not be very effective, because each local government would promote an independent water company that in the end would not have an effective geographical scale. In this case, a metropolitan arrangement would be more appropriate.

In summary, the equity discussion around the consequences of applying subsidiarity and public choice principles in the organization of urban government (Lefèvre, 1998; Sharpe, 1995), and the resulting shortcomings of applying these principles in the context of Latin America, support the idea that – for certain urban public functions – there is a territory for government or public action that is metropolitan rather than local.

2.3 Metropolitan arrangements in practice

Despite political and institutional obstacles – legitimacy, sovereignty conflicts, subsidiarity, and public choice – some forms of metropolitan arrangements and coordination take place in Latin American cities. Such arrangements apply to specific urban functions, which require management at metropolitan level because of their characteristics (technical, geographical, financial). These arrangements are based on coordination, and take different forms depending on the city. In this section, the typical urban functions subject to metropolitan coordination are described, and the forms of coordination identified in the literature are then presented.

It is pertinent to point out that, in this study, metropolitan coordination, as stated here and below does not represent the final outcome of metropolitan arrangements. They are *ad hoc*, voluntary agreements that are often fragile in a political, institutional, and financial sense. They present different degrees of coordination that indicate their level of achievement with regard to the metropolitan territory (see page 3 below for a further explanation). These coordination efforts are understood here, however, as starting initiatives towards metropolitan government, and as necessary conditions for the emergence of solid institutional proposals for metropolitan government.

2.3.1 Functions that demand a metropolitan strategy: the metropolitan functions

The relevant public services and urban functions that relate to metropolitan areas, the economic development, and refer to equity concerns have been discussed widely in the literature. Sivaramakrishnan (1996) observes that water supply, sanitation, and transport have usually been administered by metropolitan bodies in North America. Davey (1996, p.83) indicates that, at the conurbation level, coordinated or united management for water supply, sewage and waste disposal, transportation and pollution control is “crucial”. He also indicates that a metropolitan scale for land-use planning and infrastructure planning is conducive to sound city-growth strategies. Sharpe (1995) puts forward the following set of functions that require a metropolitan perspective: master planning, arterial highways, traffic management, public transport, general utilities, recreational areas, housing, trunk sewers and main drainage, solid waste disposal, water supply, police, major cultural institutions, fire, and environmental protection, although he excludes the planning function at metropolitan level. According to Ward (1996) metropolitan-wide authority should be exerted on strategic planning, land-use zoning, transport policy, and major infrastructure programmes and services. In addition to suggesting metropolitan functions, Ward (1996) also suggests several basic principles for the administration of metropolitan areas in Latin America: democracy, transparency, and wide-territorial authority. His considerations on democracy and transparency are in line with traditional concerns about political representation and the prevailing corruption in Latin America, which he distinguishes appropriately as key issues for the administration of metropolitan areas. From this and other literature sources (IHS,

1996; Lefèvre, 1998) a set of common urban functions which require coordination at the metropolitan level can be identified. These functions are:

- urban development planning (physical planning)
- urban public transport
- environmental control/regulation
- water supply and sewerage
- local economic development

Urban development planning and *urban public transport* are subjected to analysis in the case studies featured in this dissertation. This methodology, the focus, and the choice of case studies are explained below. The metropolitan functions are first briefly discussed here.

Urban development planning is a typical metropolitan activity related to the productive environment of the city that includes strategic options for urban development such as land use, housing development, and infrastructure provision. Some planning outcomes affect and guide the locational choices of firms and households, influence real estate markets in the city, and are therefore intertwined with the urban economy. On the one hand choices made by the government planning institutions play a part in the locational behaviour of real-estate developers, households, and firms. On the other hand, these strategic decisions on urban development influence the final outcome of government revenues based on land (property tax, construction permits, land disposal, and so forth). However, Priemus (1994, p. 510) comments that: “The importance of physical planning in enhancing the international economic competitive edge of an urban region should not be overestimated,” and adds: “Physical planning can at most play a stimulating and enabling role. Good spatial planning, and above all a well-developed material infrastructure (not only facilities for the transport of persons and goods, but also telecommunication networks for the transport of information) form a necessary but not sufficient condition for a region to play a major role in the international league.” When entitled to metropolitan coverage and authority, urban development planning is an instrument to avoid inequalities and sprawl in the urban agglomeration (Hull, 1998). Decisions to locate facilities and plan infrastructure investments have, in addition to their technical logic, a social-equity impact.

In Latin American countries, the main goal of the most important planning efforts and strategies has been urban deconcentration (the restriction of urban growth and population concentration in the major cities in favour of more balanced national urban systems) and growth-pole creation. This deconcentration is in line with the prevailing paradigm of development based in import substitution, which started during the 1960s and continued until the beginning of the 1980s (Boisier, 1997; Jungemann, 1996; Palacios, 1993). Urban development planning suffered from the debt crisis, the change of paradigm to market economies and increased

decentralization, and provided few effective alternatives for the present planning problems (Jungemann, 1996). Moreover, urban deconcentration was not achieved on the national scale. Besides, growth poles proved to be fragile locations in a liberalized economy. These two outcomes have had severe consequences in land use, infrastructure provision, congestion, and employment. The rigidities of the physical planning institutions, among other distortions, have been exposed (Boisier, 1997).

Urban public transport is considered a metropolitan function, because the effects of accessibility and mobility on the urban economy, the negative externalities on the urban economy and environment if the coordination of urban transport is inadequate, and investments in infrastructure are most effective if they relate to the metropolitan scale. Urban public transport policy (infrastructure planning, traffic management, public transport) therefore fits into the rationale of the metropolitan territory (Davey, 1996; McGill, 1998; Sharpe, 1995).

Congestion and traffic management are related to metropolitan needs for accessibility and mobility. The combination of high concentration, urbanization, suburbanization, poor road infrastructure, and inadequate public transport affects a city's economic performance (Borja, 1996). One of the consequences of these factors is an increase in car-ownership, which becomes both the cause and effect of a deficient urban public-transport system. This research is concentrated on urban public-transport measures: the portion of urban public transport provided (and eventually produced) by the public sector. Car-ownership variables and private transportation are not included in the analysis, since car ownership and its relationship with urban public transport are difficult to categorize or relate to government policy.

In Latin American countries, transport strategies have been implemented by different levels of government. However, infrastructure investment (road infrastructure, rail systems) is commonly a prerogative of central governments, with considerable impact on further strategic decisions about the use and modes of transportation (Boisier, 1997; De la Cruz, 1995). This custom is related to the tendency to keep large government expenditures centralized (Gakenheimer, 1999).

Environmental control and regulation is a function which evidently needs management on a metropolitan basis as a result of spill-over effects (Lefèvre, 1998; Sharpe, 1995). The dynamics of consumption and growth in the city have an impact on the environment of the whole territory of the urban agglomeration and beyond. Keeping control of the environmental impact of the city's activities is only effective at the metropolitan level, because environmental impacts take place in a territory going beyond individual municipalities.

Production of water is a metropolitan or regional function, because of the costly

infrastructure and economies of scale. Besides production, other elements of the delivery of water can be organized into various institutional arrangements, whether municipal companies for water delivery, or private participation which can take care of delivery, metering, charging, administration, and maintenance. Nevertheless, coordination is fundamental at metropolitan level to avoid misuse or loss, to ensure a reliable standard of maintenance, and to coordinate capital investment. The diseconomies resulting from fragmented delivery, poor or non-existent provision of water in parts of the city, and an unreliable distribution network, affect the whole city economy and are a potential health threat to the citizens (Roth, 1987). Reliable water provision is an important component of an improved quality of life, thereby influencing the attractiveness of a city (Bennett, 1995; Roth, 1987). Similarly, sewerage collection and treatment is a metropolitan function, because of the same economies of scale, health dangers, and environmental consequences.

Local economic development

According to some authors (Barnes et al, 1998; Nientied, 1998; Nunn, 1995), if they are to be effective, government initiatives to improve local economic development have to correspond with functional territories such as metropolitan areas. Nevertheless, other authors claim that local government consolidation into one government agency does not influence economic development (Carr et al, 1999). They conclude that, even if the question of scale is important, consolidation into metropolitan government or metropolitan development agencies only reduces the costs of the implementation of strategies (by increasing efficiency and reducing redundancy) and does little to increase economic growth. In any case, the main premise underlying these arguments for a metropolitan scale in economic development plans is that strategies to improve locational attractiveness for firms, to influence the labour market, and to guide the economic growth of the city, are unsuccessful if they fail to recognize the economic interactions within the city, within an extended territory. A local economic development plan implemented by one municipality, or a local authority with a limited territory in the city, is not capable of capturing or creating benefits, because firms and workers are able to move beyond the administrative boundaries of the local economic development plan. Similarly, the negative effects of economic growth could be avoided in one jurisdiction while negative externalities occur in contiguous administrations.

2.3.2 Forms of coordination

The forms of government arrangement at the metropolitan level differ in different cities with regard to institutional organization, legal framework, and political status. These differences are responses to the particularities of each city, such as the current national system (federal, unitary), the stage of government decentralization in the country, the presence of local growth coalitions or civil society organization, and so forth. Some authors attempting to classify these different arrangements pay attention to the following features: the level of collaboration/cooperation within the

arrangements (Lefèvre, 1998), the correspondence with the territorial aspect (Sharpe, 1995), and the institutional forms available from the legal frameworks (councils, metro-government, municipal partnerships, coalitions, and so forth) (Hamilton, 2000). These classifications vary from descriptive lists to rankings evaluating the outcomes of the government arrangements. The latter are less concerned with the formal structures (metropolitan government, metropolitan council, metropolitan governance, two or three-tier government, metropolitan region authorities, development corporations, and so forth) than in public management issues such as effectiveness and efficiency. In other words, these rankings are used to classify the metropolitan arrangements in terms of their outcomes, giving higher ranks to those arrangements that are more effective accomplishing specific public objectives and, most importantly, those that are effective within the whole metropolitan territory (Mitchell-Weaver et al, 2000). Descriptive lists, on the other hand, concentrate on the formal structure, categorizing different metropolitan arrangements by their legal and institutional relationships (Hamilton, 2000). Descriptive lists take into account whether an arrangement fits into the current legal provision (is it formal, or informal), the level of government at which it operates or has most influence (central, regional or local level), whether the organization is unique or a coalition, to what extent it extends or is limited with respect to all metropolitan functions, and the kind of binding which keeps these arrangements together (political interests, fiscal pressure, decrees).

Davies (1996, p. 85) identifies strategies that have been implemented to address problems of scale and metropolitan fragmentation, including municipal amalgamations, municipal boundary extensions, two-tier local government, the creation of joint bodies, the creation of metropolitan planning and development authorities. Ward (1996) observes three types of metropolitan coordination in Latin American cities: an authority much more powerful than the rest of the authorities in the city; consultative bodies functioning as a sort of communication channel with few achievements; large-scale government agencies for specific functions. The IHS (1996) classifies institutional arrangements in a metropolitan area into the following groups: voluntary agreement organizations; special agencies emphasizing functional aspects; arrangements encompassing two levels of government; fusions of existing local authorities; special cases with regard to super-authorities and special governments for capital cities. Mitchell-Weaver and colleagues (2000) classify the different types of intergovernmental coordination, governance and government in three groups: relatively easy; moderately difficult; very difficult. Where a category includes a number of different arrangements, they are ordered by their feasibility (see table 2.2).

For the purposes of this study, Mitchell-Weaver's perspective is preferred. It falls into the category of descriptive lists and, given the choice of this research for metropolitan government above metropolitan governance (see section 2.1.3), this perspective is more appropriate, since it concentrates on formal structures.

Coordination within the formal structures of government is the key element in producing effective outcomes. This coordination is relevant in both urban public transport strategies and urban development planning in the metropolitan area. The level of coordination achieved is considered a good indication of the effectiveness of public action. If government arrangements allow for coordinated decisions and implementation of actions, it is then possible to expect effective outcomes. Coordination among actors is important, not only in the formulations of goals and decisions, but also because the implementation of these decisions can be followed more effectively. Decision-making and implementation are defined as the key actions in coordination in the metropolitan realm.

To establish an evaluation model to use in this research, several models of public policy analysis were reviewed (Hamilton, 2000; Metcalfe, 1994; Mitchell-Weaver et al, 2000; Nunn et al, 1997; Pierre, 1999), and two instruments were chosen for further adaptation: the tabulation of different types of intergovernmental coordination, governance and government developed by Mitchell-Weaver and colleagues (2000) from Walker (1987); and the scale of coordination proposed by Metcalfe (1994) in the context of the intergovernmental cooperation of nation-states. Although Mitchell-Weaver incorporates the word governance in the analysis, the tabulation is based on intergovernmental coordination and not on broader coalitions with social groups, as the term governance would imply in current definitions (see 2.1.3).

This choice is based on the clarity of the evaluation instruments. Mitchell-Weaver and colleagues (2000) specify three levels of political difficulty ordering the different types of intergovernmental co-ordination (see table). This classification is useful for this research study, because data about metropolitan government can be tabulated according to these types of intergovernmental co-ordination, and thereby measured.

The policy coordination scale proposed by Metcalfe (1994) is used as the second instrument of the analysis. The particular data about coordination and metropolitan government of the case studies can be specified according to this scale. This scale assigns a position to each form of coordination, and these positions are arranged in the scale as on the steps of a ladder, with each higher step indicating a more complete form of coordination than the step below. In this sense, level 4 indicates more coordination than level 1, although the progression is neither geometrical nor natural (level 4 does not suggest four times more coordination than level 1). Additionally, it is assumed that higher levels of coordination in the scale could include elements or activities undertaken in the lower levels. For example, level 4 in the scale, Avoiding differences among actors, is less advanced than level 5, Searching for agreement among actors, but subsumes and is more advanced than level 3, Consultation with other actors. In the same way, policy coordination could not achieve higher levels if the levels below had not been accomplished. That is to say,

Table 2.1 - Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

<i>Relatively easy</i>	<i>Present</i>	
1 Informal co-operation		
2 Inter-local service agreements		
3 Joint power agreements		
4 Extraterritorial powers		
5 Regional councils of government (COGs)		
6 Federally encouraged single-purpose districts		
7 State planning and development districts (SPDDs)		
8 Contracting from private vendors		
<i>Moderately difficult</i>		
9 Local special districts		
10 Transfer of functions		
11 Annexation		
12 Regional special districts and authorities		
13 Metropolitan multipurpose districts		
14 Reformed urban county		
<i>Very Difficult</i>		
15 One-tier consolidation: city-county and area-wide consolidation		
16 Two-tier restructuring: federal structures		
17 Three-tier reform: metropolitan-wide structures		

Source: Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 2.2 - Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
	4. Avoiding differences among actors
	3. Consultation with other actors
	2. Information exchange
	1. Independent decision-making

Source: Meltcalfe (1994, p. 281)

level 3, Consultation with other actors, implies that level 2, Information exchange, has already taken place. The different case studies can be positioned in the scale without compromising their intrinsic differences, because according to Melcalfe: “The emphasis is on the management capacities that coordination requires rather than the institutions responsible for deploying them (Melcalfe, 1994, p. 280)”

2.4 Research on the relevance of metropolitan government in Latin America

Some tentative conclusions can be drawn from the discussions above to serve as a starting point for the research. The research questions are elaborated in relation to these observations. The research framework and research implementation are then described. These elements form the basis for the collection of information and data in the case studies.

2.4.1 Conclusions from literature

From the discussion of the literature in this chapter, we can draw a number of conclusions that inform the research in this dissertation.

The first conclusion is that coordination and government at the metropolitan level can be a relevant practice for the delivery of some services in the city, because more gains than losses are generated in economic, social, and political terms, and because the scale distortions in urban government practice are corrected. This conclusion is one guideline for the research undertaken in this dissertation; it is in agreement with contemporary literature (Brenner, 1999; Carr et al, 1999; Hall, 1997; Lefèvre, 1998; Sharpe, 1995), and follows suggestions put forward by Sassen (1994).

The second conclusion is that metropolitan coordination is best practised by urban government on a set of urban utilities on a scale that corresponds with the metropolitan scale (Davey, 1996; Lefèvre, 1998; McGill, 1998). In other words, the principle of subsidiarity plays an important part in the conceptualization of the research study. Urban functions should be administered by agencies at the appropriate geographical scale, and for some functions that is a metropolitan scale. The general consensus is that, for the metropolitan scale, these functions are: urban development planning (physical planning); urban public transport; environmental control/regulation; local economic development; water and sanitation (IHS, 1996; Lefèvre, 1998; Sharpe, 1995; Ward, 1996).

The third conclusion to be taken into account is that the governments of the large metropolises of Latin America (capital cities, secondary cities), are in a complex process of change that includes decentralization and liberalization. Caught between liberalization programmes and decentralization processes, the governments of these cities are burdened with increasing service demand from households and firms, while at the same time they are redefining their spatial mandates, territorial organizations, and interaction with other agencies and governments in the city (Boisier, 1997; De la Cruz, 1995; Garrocho et al, 1995; Iracheta, 1995; Jungemann, 1996; Lungo, 1994; McGill, 1998; Mohan, 1994; Rodriguez et al, 1996; Ward, 1996).

2.4.2 Research questions

The objective of the research, the analysis of the need for urban government structures with a metropolitan reach, is operationalized into four questions:

Are there relevant (existing) institutional arrangements with the ability/capacity to respond to issues at the metropolitan scale?

First, the existence of forms of metropolitan governments and/or coordination is important for this research. An assessment of the context in which they operate and the aims of their policies would clarify how they interact within this context.

Are there new emerging institutional arrangements that respond to the problem at the metropolitan level?

In response to the new processes and problems affecting city development, new forms of arrangements as yet ill defined in the institutional structure, but nonetheless capable of functioning in the city, may be discovered. Identifying and describing these developments (agencies, coalitions, and so forth) is relevant.

What is the performance of these (existing or emerging) arrangements with regard to decision making on processes at the metropolitan scale?

The capability of responding to the economic, political, and spatial transformations described in this chapter suggests that strategic decisions are made with a metropolitan dimension and at least a medium-term perspective. Whether these decisions are made within metropolitan institutions or not, the process of achieving them and their impact on the city are relevant for the research.

What bottlenecks can be observed for these metropolitan arrangements?

In addition to the existence or emergence of relevant metropolitan arrangements, a study of the main bottlenecks affecting their performance is pertinent. An inventory of these bottlenecks is relevant not only to the case studies observed, but also to other cities [in Latin America] which are moving towards metropolitanization, and development institutions operating at the urban level.

2.4.3 Research framework

So far, looking at the schematic research framework figure (figure 2.3), this research has drawn conclusions from metropolitan discussions and observations of institutional processes in Latin American cities (see 2.4.1 and conclusions 1 to 3 in the figure). The research questions have been formulated in relation to these conclusions (see 2.4.2 and research questions in the figure). Until this point, these elaborations have been limited to a theoretical discussion (in the figure, a line has been drawn schematically to establish this limit).

It is however possible from this theoretical discussion to define the main research action as: *assessing the developments and characteristics of the institutional dynamics in*

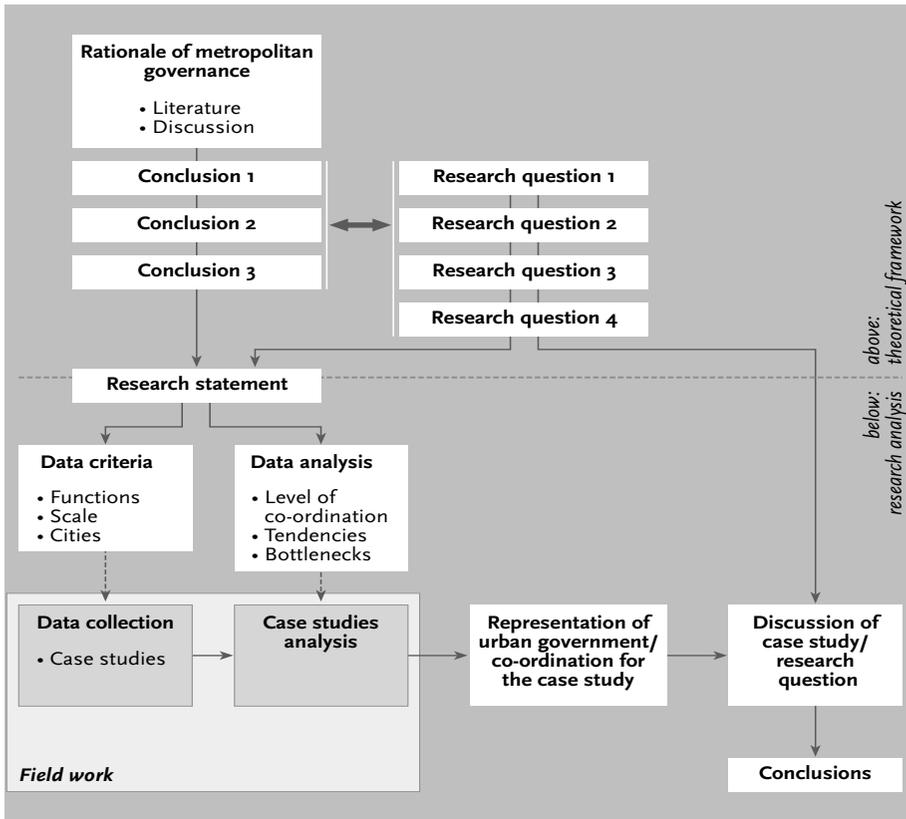


Figure 2.2 - Research Framework.

the selected functions. This statement implies several decisions for research, the sort of data to be collected, the extent and type of the analysis, and the final interpretation of results in the conclusive chapter. The decisions made are elaborated below.

For the selection of data, as mentioned above, selected urban functions would be researched. For practical reasons, not all metropolitan functions were to be analysed, but two were selected from the known set of them (see 2.3.1 above). These two functions (urban public transport, and physical planning) were used as representative functions from the range of functions that can best be delivered at the metropolitan level. The arguments supporting the selection of these functions are presented below in 2.4.4.

The cases for the selected cities are built up in the next chapter (Metropolitan Areas in Latin America and their government).

Finally, elements of the analysis were mentioned in section 2.3.2, where some instruments to identify and classify metropolitan coordination were described.

These instruments formed the core of the analysis and were applied to the data collected (data collected about urban planning for Caracas and Monterrey). The results of this operation (type of inter-governmental arrangements, level of coordination, tendencies, bottlenecks) shape the starting arguments for the particular findings with regard to the research questions.

2.4.4 Research implementation

In this section the case studies, the urban functions and the instruments of analysis are described. An extended discussion about the case studies is provided in the next chapter.

The focus of the research is two metropolitan territories in Latin America: Monterrey in Mexico, and Caracas in Venezuela. The relevance of the case studies is explained by their specific roles in their particular countries: Monterrey as an export city, where effective government is important to support and maintain the economic dynamic; Caracas as a capital city absorbed in power struggles, and representing the most important agglomeration of its country in terms of population and economic development. These two cities exemplify what happens in cities in Latin America. Most Latin American countries have a capital city with characteristics similar to those of Caracas – primacy, power struggles, interlocking and overlapping governments. Monterrey is similar to other cities in the region that are not the capital cities of their countries. Economic development and greater integration with the international economy, taking advantages of the opportunities that the round of liberalization programmes has brought to Latin American countries, are featured. In the next chapter, profiles of Monterrey and Caracas are presented. The selection of these cases and their relevance in representing similar conditions in Latin America is further explained.

For urban functions, urban planning and transport strategies are the focus of this study; they serve as a sample of the institutional developments in the metropolitan areas of the case studies. The arguments for this selection are further explained. in the following paragraphs.

The selection of urban development planning is made on the assumption that physical planning is the main instrument of intervention and control for government in the built environment. It is also a function generally performed by the central government. The urban plan is, therefore, an interpretation of the present and future condition of the city. The question is how this interpretation fits into the functionality of the metropolitan area. An evaluation is required of the content and reach of plans proposed by government institutions in relation to metropolitan areas.

For urban development planning, the decisions relevant in the metropolitan area, and so for this research, are investment, regulation, and enforcement/ implementation.

The analysis assesses who takes the decisions, at what level of authority, what kind of coordination is achieved, where the bottlenecks are, and what the impact is of these decisions on the urban agglomeration.

In addition to the explicit interpretation mentioned, the institutions that implement urban development plans are also interesting for this study, especially identifying the level of government on which they operate, what kind of links they have with each other, and how they deal with the conflicts and bottlenecks of fragmentation.

Urban Public Transport has been selected, because the proposal and implementation of strategies in this service play a part in the economic performance of the city. Transportation involves different levels of government, and coordination is important if an effective outcome is to be obtained. Road infrastructure, trunk roads, urban rail systems (metro, tramways) are frequently under central or regional government control. The provision of bus lines and other modes of public transport, the maintenance of roads, infrastructure, and equipment are assigned in many cases to local authorities. The government strategies that relate infrastructure investment, transport mode administration, maintenance and regulation, are dispersed throughout the different levels of government and different administrations at the same administrative level. The study considers these strategies, or the combined outcome of public action. Attention is also paid to the interrelation and coordination within the current arrangements and the bottlenecks encountered through a lack of metropolitan coordination. The data collected for the case studies was designed to illuminate two points: on the one hand, an institutional map of the urban transport sector in the city; on the other, the performance of this structure with respect to the goals and strategies in the metropolitan realm.

For the urban transport sector, the decisions relevant to this research are investment, pricing, and maintenance. More specifically, it is important to know who takes the decisions, what level of authority is involved, what kind of coordination is achieved, where the bottlenecks are, and what the impact is of these decisions on the urban agglomeration.

For the two case studies and the two urban functions selected, data was collected in the form of documents (laws, agreements, partnerships), statistics, and thematic interviews with key officers involved in the urban functions selected (see appendix). This information was used to assign a value for the government arrangement acting in the selected function, using the table types of intergovernmental coordination (Table 2.1) as described in section 2.3.2 and modified from Mitchell-Weaver's classification (2000). A level in the coordination scale (table 2.2) was assigned in accordance with the interviews and secondary data specifying the co-ordination level achieved for that function with the type of intergovernmental arrangement found. In each case, the metropolitan adequacy (the coverage of the urban function involved in relation to the metropolitan scale) was observed.

From the information collected through interviews and the analysis of the selected functions in the selected cities, a commentary has been given on the state of metropolitan government in these cities, the bottlenecks and the perspectives for institutional development in the direction of metropolitan arrangements.

Note

- 1 A primate urban system is one where a single city concentrates the majority of the population, demographic growth is faster and stronger than in other cities in the country, or a city, which remains in a “primacy” position by concentrating a large amount of population and investments. The system is often referred as unbalanced, because of the territorial imbalances in population distribution, use of natural resources, and provision of service and infrastructure.

3

Metropolitan areas in Latin America and their government

In this chapter, the background against which cities in Latin America are governed is described. This background consists mainly of political issues rather than organizational or management issues. Although the management of all the large Latin American cities (above 1 million inhabitants) faces similar problems, such as congestion, inadequate water supply, and urban sprawl, these cities' institutional background (national political context, economic profile) is considered to be as important as their institutional structure (levels of governments, legitimacy, distribution of functions and responsibilities). These cities may be classified by their main economic activity and political significance in their national urban systems; such a classification can contribute to an understanding of the forces that shape the institutional arrangements in the major Latin American cities. Following this argument, it was decided to analyse cases from two classes of cities: the capital cities, and export cities.

First in this classification come the capital cities, the political and economic centres of their countries, where a subtle, or direct struggle for power is being played out. This type of city is exemplified by Caracas, the capital of Venezuela. Caracas serves as a representative case for our research analysis and the purposes of this dissertation.

In the second part of the chapter, export cities are discussed. These are cities that, while not a political centre in the sense of a capital city, have developed a profile of economic dynamism based on the opportunities of liberal trade that have been open to Latin American countries in the last two decades. This trade has provided the *export cities* with a growth capacity. Institutional demands and local government policies lead them to differ from the capital cities in terms of institutional development and political government. Monterrey, the capital of the State of Nuevo León in Mexico, is the representative case to illustrate this type of city described in this chapter and serve as a case study for this dissertation as reported below.



Figure 3.1 - Situation Map

3.1 Caracas: Capital City

Capital cities in Latin America are usually the largest cities in their countries. The concentration of political and economic power comes together with a concentration of people and resources. These cities are frequently part of a national urban system characterized by primacy and continuous urban growth.

These capital cities share a position as important representatives of their countries in an international context. This position is based on historical developments; in early colonial times (1500-1840) these cities functioned as the seat of colonial governments with strong relations with the European colonial power (Spain, or in the case of Brazil, Portugal). Most of the exchange with the colonial power took place through these cities, which meant that other cities in the colonial province or territory were dependent on the capital city for trade, travel and power. Later on, after these provinces gained their independence and new countries were created in Latin America in the first half of the nineteenth century (1800-1840), the capital cities of the colonial provinces became the capital cities of the new countries, keeping the urban hierarchy within the new nations unchanged.

During the twentieth century, most Latin American countries experienced sustained growth in population and trade. Their role in international trade reflects a transformation in the economies of the region. This transformation proceeded from predominantly agricultural economies at the beginning of the century to more industrialized and service oriented economies at the end of the century. However, some Latin American economies are not sufficiently diversified and continue to depend on one or two products, typically natural resources (oil, minerals, timber) or agricultural products. In any case, these developments have occurred in a region where governments were centralized, and policy defined at only a few locations. A centre of power has always been present, and its location has tended to be the capital city. This location derives from hierarchies and structures inherited from colonial times with regard to urban systems, or as a consequence of the centralized and hierarchical structures of governments (military regimes, centralized democracies).

In general, capital cities in Latin America developed their primacy from a combination of historical developments, the centralization of power, and their role as economic centres. However, as noted earlier (see chapter 1), although its rate of population growth might be slowing down, Latin America is becoming increasingly urban and metropolitan. That is to say, the concentration of people in the major cities is increasing. This concentration puts pressure on the capital cities, where populations were already large, and this pressure translates into an increasing demand to sustain or improve the quality of life in the city (public utilities, infrastructure, and so forth). Accordingly, governments and institutions responsible for providing public utilities and infrastructure in the capital cities are under pressure. The array of institutional arrangements found in the various capital cities

of Latin American to deliver public transport, water and sanitation, urban planning, control sprawl, ensure police security, organize major infrastructure investments, and fulfil other public responsibilities indicates the efforts that city governments have had to make to respond to these challenges. At this point, a first tentative conclusion can be drawn that the governments of the capital cities in Latin America have the obligation to organize themselves to deal properly with the tasks arising from urban growth, metropolitanization, and the role of these cities as key locations. Undoubtedly, the extent of this range of responsibilities has an impact on the institutional structure governing these cities.

Another issue affecting the way government is institutionalized in capital cities in Latin American is the political weight and power inherent in governing primate cities. With the largest numbers of inhabitants, these cities are also the largest electoral constituencies in their countries, and the vote in the city will often have a considerable political impact in major elections, regardless of the level of government (central, regional, or local). This characteristic makes government institutions in capital cities prone to all kind of disputes and reshuffling.

On the one hand, those elected to the central government could foresee potential political threats from elected or acting public servants operating at regional or local city levels. An example would be a mayor building a political platform strong enough to support a candidacy in a presidential election, as has been the case in Buenos Aires, Quito, Caracas, and Mexico City. Such a situation tends to be curbed by actions from central government to limit the regional or local government power, which is perceived as threatening. These actions range from limiting revenue transfers, delaying the functional and financial transfer implied in decentralization, centralizing public utilities, breaking the constituency into smaller sub-divisions, and avoiding intergovernmental collaboration.

On the other hand, the regional or local governments of these capital cities react to these curtailing actions from central government and form coalitions or partnerships with decentralized agencies (agencies in charge of specific functions, such as investment in and management of metro systems, water supply, solid waste management), and challenge central government in court to gain authority and power. In the long run, these conflicts leave their mark on the institutional arrangements and governments of capital cities: double-checks for investments, loops in legislation to get things done, damage to legitimacy, distortion of responsibilities, *ad hoc* coalitions with no continuity, and so forth. Consequently, a second tentative conclusion drawn about governing capital cities in Latin America is that the organization of government institutions not only serves the functional needs of the city or the constitutional mandates of the country, but is also characterized by political struggle and intersecting national, regional, and local ambitions. All in all, the institutional framework is complicated and unstable. Caracas serves as a good example of such developments.

Table 3.1 - Caracas's territory, population and working force

	Km²	% of Urban population	Inhabitants	Working force
Federal District	1,930	99.0%	2,267,991	1,389,284
Miranda State	7,950	93.5%	2,262,016	1,133,568
Rest of the country	902,170	90.8%	16,646,993	5,699,598
Country's total	912,050	92.0%	21,177,000	8,222,450

Source: OCEI, 1993

Caracas is the primate city of Venezuela, concentrating political and economic power. Functionally, it has a territorial core of about 2000 km² with almost 4 million inhabitants (see Table 3.1), which is close to 20% of the total population of the country. In a typical metropolitan paradox, this functional urban region has a fragmented and contradictory institutional arrangement; that is to say, operating in the city are all three levels of government (central, regional, local). The local government is subdivided into several districts within the city, and these governmental units divide up the typical urban functions (transport coordination, planning, and so forth). The politics in and around the government of the city follow a logic that is not functional-economic.

3.1.1 Institutional framework

Three elements are discussed here to illustrate the functioning of the institutional framework in Caracas: first, the geographical and functional characteristics of the metropolitan realm or metropolitan. The economic position of the city is then briefly elaborated, and finally the structure of urban government (the sum of government, agencies, and institutions acting within the metropolitan area) is reviewed.

Metropolitan realm

Geographically, Caracas has a confined territory, located in a valley whose natural boundaries provide the boundaries to the conurbation. The Avila mountain range, forming part of Cordillera de la Costa, provides an impressive northern limit, standing between the city and the Caribbean Sea. To the south, more accessible hills define the natural end of the valley, which runs from west to east with the Guaire River. Further south, a system of valleys runs eastwards along the Tuy River. These secondary valleys became the first natural hinterlands and later the expansion territory for the city.

Caracas is accessible by air and sea through the infrastructure facilities that lie on the Caribbean side of the Avila. These mainports are the International Airport in

Maiquetia, and the Port of La Guaira. The road infrastructure of the country also serves the city, providing good connections to the east, west, and south.

Caracas became the capital of the Province of Venezuela in 1577, ten years after the foundation of the city in 1567 by Diego de Losada. The possibility of controlled access and good defence against attacks from the sea made Caracas the natural choice as the main city of the province, replacing the earlier capital of Coro, which had suffered frequent attacks from sea during the first years of the colony. This strategic choice of the city to be the capital of the province added to the favourable conditions for agricultural production in the valley of Caracas. This agricultural metropolis capitalized quickly on the advantages of its administrative pre-eminence and developed into the military, religious, commercial and cultural centre of the province. It became the thriving community where the independence movement was initiated (1811). After gaining independence from Spanish colonial rule (1821) and during the remaining years of the nineteenth century, Caracas remained the capital of the Republic and continued to be the centre of power. At that time, Caracas became the ultimate destination for the various regional political and military factions in their attempts to attain national authority.

The conurbation in the major valley of Caracas corresponds to a functional urban region. Within the geographical boundaries of the valley, the urban agglomeration is constituted politically by different administrative entities, and constituted economically to act as a functional urban region. Apart from the sets of statistics that fit the administrative boundaries (states, municipalities), for practical purposes the official publications from the Central Statistical Office (OCEI) include two additional field boundary definitions: Caracas Metropolitan Area (AMC) defined in 1971, including core municipalities of the city; and the Capital Region, including two federal entities (Miranda State, and the Federal District).

The AMC definition is widely used by the Central Bank for consumer-price indicators; AMC data are used to calculate the official urban inflation rate. The Capital Region definition is used by central government for planning needs. Central Government goals and actions in planning, environment, transport, and to a lesser degree in housing provision, use regions as their work field. This preference provokes some tension between political administrative subdivisions (states and municipalities), which adds to the political pressures on the institutions governing the city.

These two statistical realms, the AMC and the Capital Region, are based on economic and geographical conditions (the economic realm, the continuous urban sprawl) rather than on political-administrative delineations. A functional urban region (FUR) as defined by van den Berg (1986) would contain the AMC, where employment in the area is strongly related to the core of the region. To identify the

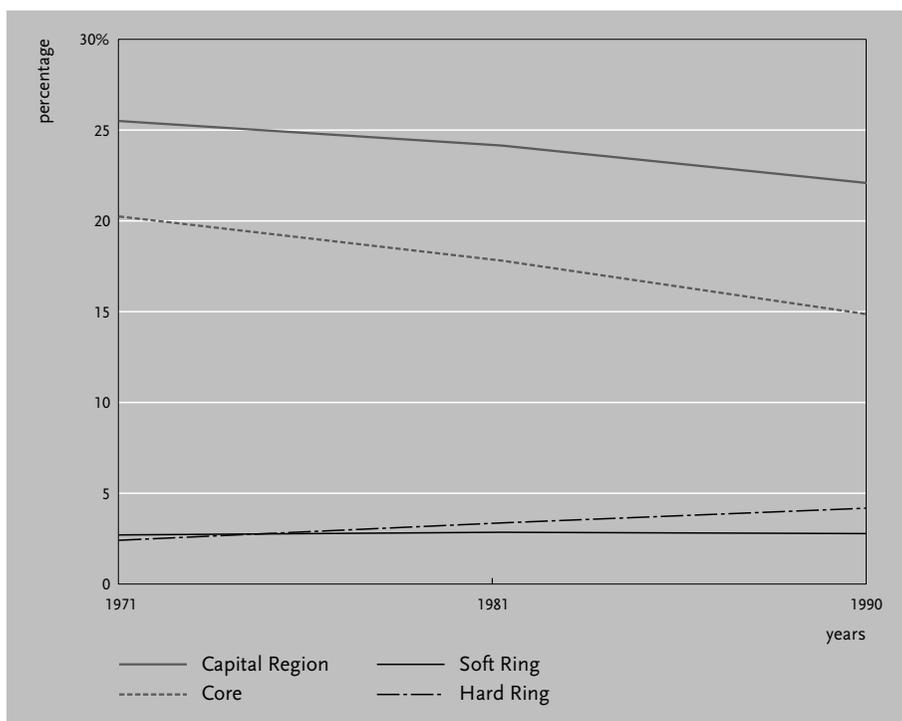


Figure 3.2 - AMC population (% of change 1971-1990). Source: OCEI, 1993. Own calculations

Capital Region (Federal District+Miranda State) with such an integrated model would be difficult, since employment for the population in the east part of Miranda State, the barlovento area, is related to the core less strongly. In Barlovento, the tourist sector along the coast and the remains of an agricultural sector provide employment in the non-urban areas. Nevertheless, the urban areas in Miranda State have been intensively related to the core in employment and economic activities. The functional urban region of Caracas rests on the totality of the Federal District and the continuous urbanized areas of Miranda state, where employment and economic activities are strongly related to the city. The core and the hard ring (where at least 20% of the population are employed) of this functional urban region are included in the AMC. The soft ring consists of the rest of the urban areas in Miranda State.

As in most countries in Latin America, population growth in Venezuela is slowing down (Gilbert, 1994), although the pressures on urban infrastructure remain. In fact, the AMC is deurbanizing, and growth in the core of the functional urban region is declining, while the opposite is occurring in the hard ring (See Figure 3.2). However, the AMC is expected to keep its lead as the main urban agglomeration in the country, with at least 12% of the population by the year 2000 (Vallmitjana, 1994).

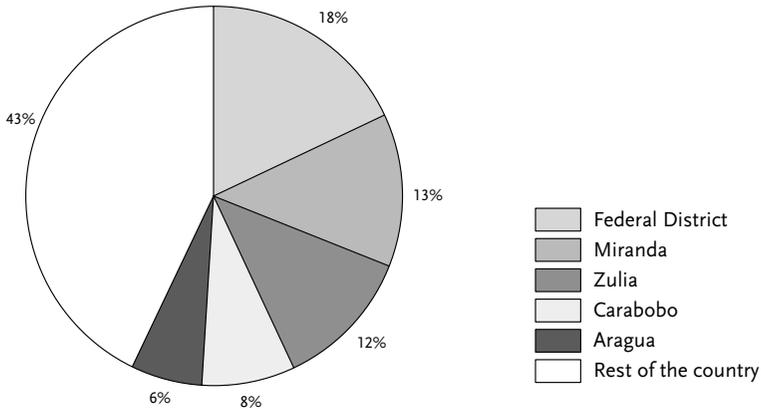


Figure 3.3 - Government Sector's Employment by Federal Entity. Source: OCEI, 1993

For a capital city, the choice of location of one important actor has already been made. Through historical circumstances and decisions made at constitutional level, the national (central) government, with many of its branches, is associated with a capital city at an early stage. Other actors in the urban economy follow, in a logical set of interdependencies. Firms directly concerned with the provision of services to the bureaucracy and the political class also choose the primate city. In Latin American capitals, the concentration of power and, until recently, a heavily centralized government, have been important factors for the location of other agents of the national economy within the core of the national capital. Firms seek locations close to the centre where political decisions are made. The commanding levels of business sector management gravitate towards the place where, in size and power, the public sector concentrates.

Caracas, a capital city, has a big government sector. In comparison with other urban agglomerations in Venezuela, employment related to state functions is high. Most agencies of the Central Government are located in Caracas. The executive, legislative, and judicial arms of the state are in Caracas. In the last decades (from 1986 onwards), state reform strategies have pressed for a reduction in the size of the state, but it remains a big employer in the country and in the city (see Figure 3.3).

Employment in the manufacturing sector is more evenly distributed over the major urban agglomerations in Venezuela (see Figure 3.4), while employment at the top of the service sector is concentrated in Caracas (see Figure 3.5). The main branches of the financial sector, both national and international institutions, are concentrated in Caracas (see Figure 3.6). Control activities, high-end transactions, and international transactions take place in the city. Of the two stock exchanges in Venezuela (Maracaibo and Caracas), the Caracas Stock Exchange is by far the larger in terms of volume and value of transactions. Corporate headquarters in Caracas greatly

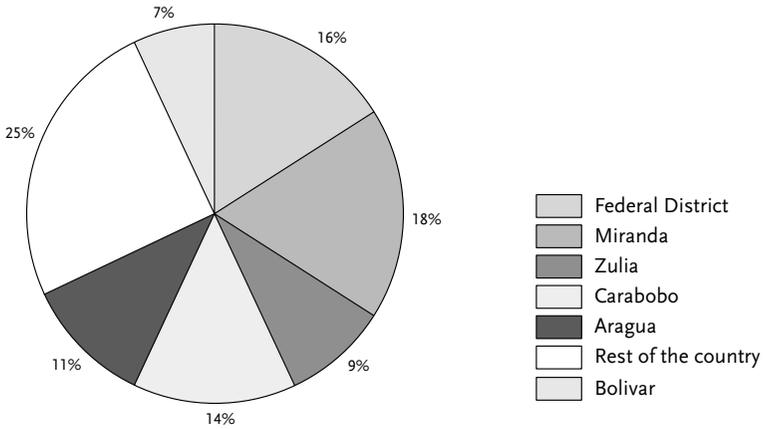
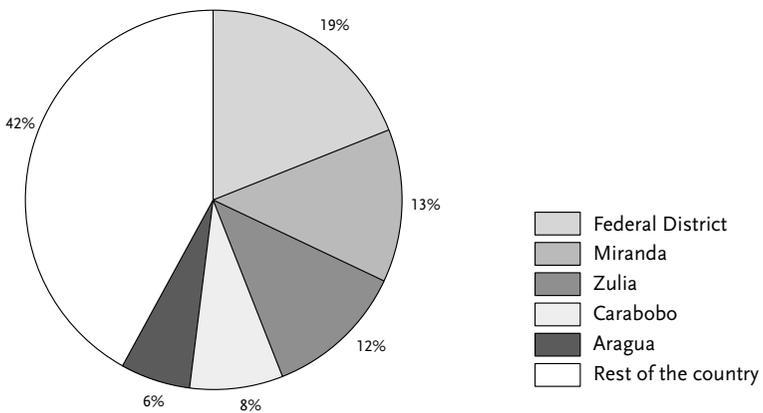


Figure 3.4 - *Manufacture Sector's Employment by Federal Entity*. Source: OCEI, 1993

outnumber those in any other city of the country. The headquarters of the most important enterprises remain in Caracas. *Petróleos de Venezuela, S. A. (PDVSA)*, the largest single fiscal contributor, is a state-owned oil company with its head office in the capital. In addition to the corporate command functions, the coordination and procurement functions and the service divisions of the oil giant are also located in Caracas. In fact, the national dominance of Caracas in the corporate, financial, and banking spheres is in line with the second thesis of the World City hypothesis of Friedmann (1986), in which he includes Caracas as a secondary city within the semi-peripheral countries of his world-city hierarchy, indicating the role of these cities as an articulation of their national economies to the international capital. Further studies by Taylor (1997, 1999, 2000) and Beaverstock (1999) based on Friedmann's hypothesis

Figure 3.5 - *Service Sector's Employment by Federal Entity*. Source: OCEI, 1993. Services include: finance, insurance, commerce, government, social services, transport, communications, service to firms



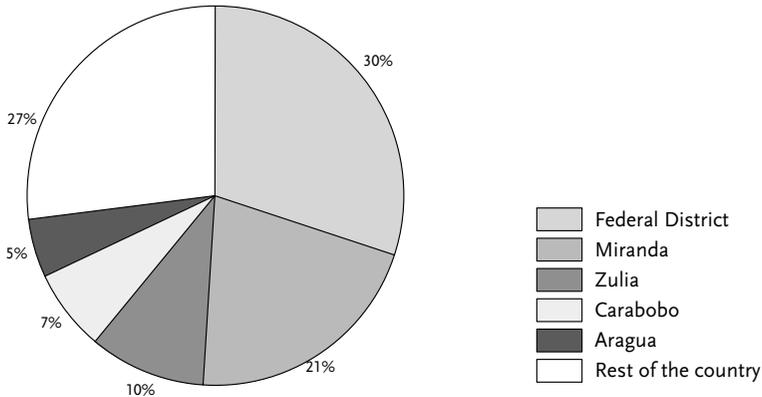


Figure 3.6 - Finance Sector's Employment by Federal Entity. Source: OCEI, 1993

and Sassen's ideas (1991) have provided a "roster of world cities" in which the capitals of Latin American countries are set in a hierarchy, and, in the case of Caracas, in a rank referred to as *gamma*,¹ the third rank of the world cities hierarchy.

The economic position of Caracas within the national economy is strong, and the restructuring of the economy has further strengthened its interrelationship with global markets. The city functions as the global node for capital, information, and decision-making. The city represents the point of convergence of the international flows and the national economy. The locational advantages of an extended infrastructure, good accessibility, a concentration of human resources, amenities, and the implications of its population size (consumer market, labour availability), have been attractive enough to sustain the principal role of the city in the national urban system, although reform and liberalization would introduce competition from other cities, which should have locational advantages for production, export-zones, and innovative environments.

Caracas is a step ahead of the other cities in the country. First, the capital has been the main recipient of the benefits of the oil revenues, since the redistributive policies are based more on formulas ruled by population size than by rules of origin of taxes. The government's fiscal strength is therefore unrelated to the economy of the city. Second, the city's size and growth have followed a natural development path that has provided incentives for urban growth, despite planning policies and rural development policies explicitly aimed at the deconcentration of the largest cities (Vallmitjana, 1993). Third, centralized power in Venezuela favoured a State where the top executive had wide authority and means. This state of affairs translates, by way of populist policies, into extra attention being paid to Caracas (larger electorate) in infrastructure investment, and service development. Self-reinforcement ensues as powerful middle and upper class groups, living largely in the capital, exert pressure for better delivery of services.

The *urban government* of Caracas is characterized by complexity and fragmentation: complexity, because of the overlapping administrative and legal provisions; fragmentation, because of the extended number of actors and administrative territories. From its constitution (1961, 1999), Venezuela is a Federal Republic. Twenty-two states joined in a federation to form a Republic; they remain equal to each other in political terms. As is the case in many federate countries, such as the United States of America, or the United States of Mexico, the capital city of the federation is not located in one of the participant states. This arrangement prevents any form of advantage or inequality. The administrative solution has been to establish an administrative entity (a special district, a federal district) that covers the territory of the capital of the federation and which, by way of its special status and territorial limitations, prevents the concentration of power affecting any particular state. The federal district is neither a state, nor the capital of a state. It is an administrative entity hosting the functions of government of the country.

The branches of federal government – executive, legislative and judicial – are located in the federal district. The executive is consequently granted extended authority over the district. Logically, the federal district would be expected to include only the territory where these government functions operate, but in Caracas it covers a larger territory. A Government quadrangle including only the federal government installations and buildings would extend to several hectares, but the Federal District defined by the constitution in 1961 (confirmed in the 1999s constitution) covers 1930 Km². This is a considerable territory for a non-state district; it is densely populated and, with the considerable political leverage this concentration of votes brings, it has a substantial impact on the composition of legislative and executive powers.

Until 1999, the authority of Central Government in the Federal District consisted of the appointment of a Governor for the district, with basic responsibilities for law and order (police) and some duties related to land management, schools, and health provision. After 1999, the figure of a mayor for the Federal District was introduced, this time an elected officer, but still carrying the same attributes of authority and duties as the former Governor.

Below the special provision for the Federal District are two other administrative tiers in the metropolitan area: first, (regional level), the government of the federal entities, or the State Government that is present in the AMC through Miranda State; second, (local level) the municipal governments. Both regional and local levels have elected officers in the executive and legislative branches, and both levels are entitled to make fiscal decisions. In the case of the Federal District, a provision in the law of municipal government allows the district to have municipal governments as any other federal entity, with equal rights and obligations. Table 3.2 shows the levels of government in Venezuela and the associated distribution of power; Table 3.3 lists the government tiers present at the AMC.

The administrative subdivisions in the AMC are settled mainly by political

Table 3.2 - Levels of government and distribution of powers

Level of government	Executive functions	Legislative functions	Justice functions
Central	President	National congress	Courts
Regional (FD)	Governor	National congress	Courts
Regional (states)	Governors	State assemblies	Courts
Local	Mayors	Municipal councils	Courts

Source: LORM, LODF, Constitution.

Table 3.3 - Government Tiers in AMC

Federal entity	Regional Authority	Local authority (all elected)
Federal District	Governor (Appointed)	Libertador Vargas
Miranda State	Governor (Elected)	Petare
		Chacao
		Hatillo
		Baruta
		Salias
		Carrizal
		Other municipalities

Source: LORM, LODF, Constitution.

considerations rather than geographic, or economic justifications. This situation is the consequence of institutional developments associated with centralization (the prevailing system for a long period of republican life following the 1961 constitution), political interests at play in the capital (to capture votes, define constituencies, divide opposition strongholds, and so forth), and the way the decentralization process has evolved since its inception in 1989, when the Municipal Act (*Ley Orgánica de Régimen Municipal*, LORM), and decentralization act were first sanctioned.

At the *regional level*, the administrative subdivision of the city into two different territories (Federal District, Miranda State) is a natural problem for coordination. These territories have different status, which has political and fiscal implications, and adds to the problems of joint public action. The seaside municipality of Vargas (part of the Federal District), the location of both air and sea ports, successfully lobbied for secession from the Federal District and has recently obtained the right to become the country's 23rd State. The situation at the regional tier of government in the city is complicated.

At *local level*, new municipalities have proliferated in Caracas and in the larger metropolitan areas in the country as a reaction to decades of centralization, and as a result of the political and fiscal incentives give for a new municipality to be established. A certain weight in population, public support (expressed in endorsement signatures from a threshold number of inhabitants) and a strong lobby in the legislature are sufficient to mobilize the creation of a municipality. Less attention and leverage is given to physical-geographical elements, socio-cultural implications, or economic conditions. Besides, the nature of the fiscal transfer system is a strong incentive to create recipient administrations (since sub-national governments are automatic recipients of fiscal transfers through formulas based on population). This goal is an attractive one for political groups and community coalitions.

Vallmitjana (1994) recognized these developments in a study of the new scenarios for local government in Caracas and concluded as early as 1994 that a moratorium for the creation of new municipalities in the AMC was needed as the first step for improved government and better-coordinated actions.

The tiers of government (central, regional, local) present at the AMC have a legal framework in the Constitution (1961) (1999), the Territorial Ordering Act (1989), the Organic Act for Municipal Government (1989), and the Federal District Act (1970). Taken together, these Acts provide ample legal support for the case for the institutionalization of these levels of government. However, the same legislation has provided little support to metropolitan governments, urban consortia or extended coordination for the whole metropolitan area. Within this framework, metropolitan arrangements are frequently included in the legislation as an optional arrangement.

In Caracas, forms of coordination are emerging in the different government institutions and agencies related to the government of the city. Aside from the institutional complexity and fragmentation, these forms of coordination seek to introduce a wider perspective in the management of urban services and build a territorial coverage fitting the metropolitan needs.

First of all, decentralization has only been partial, consisting mainly of an incomplete devolution of functions and responsibilities from central government to sub-national levels. This partial devolution has protected the scale of some service providers remaining under central government control, giving these agencies (such as the metro company, or the city water company) the advantage of scale, although putting them in conflict with the new governing institutions of the city. Infrastructure providers, the metro transport system, public utilities such as water and sanitation, and electricity provision, have followed a different logic of decentralization than that of the political institutions, and have therefore been immune to fragmentation and closely related in financial terms to central

government. The difference is that, on the one hand, governments and government representation has been decentralized at a rapid pace, providing the country with elected officers at all levels of government, and giving the city an array of local level governments (municipalities) with elected mayors and councils. On the other hand, public utilities have not been decentralized or handed out to the new authorities at the same pace. Ultimately, they should be decentralized or transferred to lower levels of governments, but this process has been slower than that of the political institutions, and often subject to negotiation between central government and sub national governments (regional or local). These public functions have been transformed from institutions on a national scale to regional, decentralized organizations aiming at optimal functional scale.

These two decentralization logics translate into differences in financial procedures, accountability, and goal setting. For finance, agencies working independently of regional or local government, but still attached to central government, have direct access to budgetary discussions or might lobby the central government directly. The level of accountability that elected officers, state governors and municipal mayors have towards their public differs from that of the assigned executives of public agencies, such as the metro company or the water company. Finally, a decentralized agency can afford to set its goals in accordance with its technical view of the issues; these may include accessibility, sanitation, infrastructure and investment. These goals and responses differ from those of an elected government, which has to balance technical views with the political issues inherent to an elected post.

Local governments in Caracas have moved to interact with these public service organizations, ultimately to respond to their obligations as legal providers of urban services. These organizations have gradually developed a tendency to assume control of local government urban functions. The first step is the acceleration of the transfers of functions from central government, or the independent agency involved. A second step is negotiating arrangements (contracts, partnerships) with the provider (the decentralized agency or central government) to guarantee that they meet the goals of the local government. A third step in this process is the consolidation of the arrangements and coalitions between different local governments to interact as a whole with the service agency. With this last mechanism, the local governments add bargaining power and create room for coordination and consultation.

Another choice for local government is to remain inactive in dealing with the services still provided by metropolitan or regional agencies. While such inaction might bring some risk to the officers in charge, it has been a conscious choice for many local governments, because services might be difficult to manage and political losses might be incurred.

The reasons leading to this kind of avoidance include financial constraints,

management capacity, personnel, or the possibility of political confrontation. This inaction occurs in Caracas in the following urban functions: water provision, transportation, electricity, and environmental control. This option generates an interesting picture of metropolitan action by omission. Sometimes conflicting issues about metropolitan functions are only discussed by the actors willing to participate, and not by all those legally involved, since some of them would prefer not to participate. That is the case for the manner in which decisions have been made concerning transport fares, tariffs, and concessions. The decision-making involved the transport unions, the Ministry of Transport and Communications, and just one municipality (Libertador). The decisions they took on fares, tariffs, and concessions were later followed throughout the city, but the political losses were associated exclusively with the actors primarily involved. The political losses associated with an increase in fares accrued to the mayor of the municipality of Libertador, although all the other municipalities, and therefore their mayors, also imposed the fare increase after a few weeks, but without suffering any political damage.

Decentralization implemented partially or unevenly across politics and functions has made room for *ad hoc* government arrangements that cross the bridge between government institutions and agencies providing metro services. Sometimes these arrangements are on a metropolitan scale on both agency and government sides, but a metro agency is more likely than an urban government to operate on the metropolitan scale. In Caracas, these conditions bring about a multitude of arrangements and contracts within urban authorities, public utilities, central government agencies, and private providers. An agency is likely to make separate arrangements with various municipalities. More ambitious options to attempt coordination at metropolitan level in Caracas are limited to *municipal partnerships* and a *council of mayors*, regardless of the fact that Municipal Act refers to the option of a formal structure as a metropolitan district.

Partnerships among municipalities have become the arrangements closest to metropolitan co-ordination. They consist of inter-municipal agreements to establish wide-area authorities or agencies for particular services. In the Municipal Act *Ley Orgánica de Regimen Municipal* LORM (1989), many features of such agencies, such as accountability to the participant municipalities, duties, financing, composition, staffing, pricing, and so forth, are left to be determined with great flexibility by the partners involved. This flexibility is an advantage over the metropolitan district arrangement, which is designed more rigidly in the Municipal Act(LORM). Nevertheless, the main failure of municipal partnerships acting in a metropolitan area such as Caracas is the lack of scale adequacy. These arrangements are voluntary, so that scale issues are not adequately met if some municipalities in the metropolitan area are unwilling to participate. The lack of scale adequacy is a shortcoming in these partnerships for externalities related to environmentally sensitive services, urban development, or infrastructure planning, which could lead

to positive or negative spill over effects. A typical case in Caracas is the partnership of the five municipalities in the valley (Libertador, Sucre, Baruta, El Hatillo, Chacao) to contract out solid waste management and disposal. The dumpsite, or landfill lies in a municipality in the direct proximity of the conurbation, a municipality that is not part of the partnership. The external municipality is left to deal with the environmental consequences (land contamination, health risks, water pollution, and so forth) of hosting the landfill, or to negotiate with the contractor. The resolution of these issues is, however, of interest for the whole conurbation or metropolitan area, including the municipalities in the partnership.

The *council of mayors* is a consultative, non-binding group of mayors at the level of the metropolitan area. The council includes the representatives of Libertador, Chacao, Hatillo, Baruta, and Petare. Participation consists of attending the consultation meetings and exchanges between senior technical staff. The council produces statements on urban and metropolitan issues and tries to enforce some coordination on their members in the form of agreements at technical levels (standardization of procedures, documentation, and so forth). The council is less effective in producing and enforcing these agreements than in producing general political statements. Two reasons for the poor organizing capacity of the council are: a lack of fiscal power, since the council is not a structure fitted into any legislation, so it lacks any entitlement to revenue transfers or taxation powers; and that it is a voluntary organization, with territorial coverage or scale adequacy secondary to the political convenience of participation among mayors. Continuity is also affected by this fact and erodes any chance of enhancing organizing capacity.

The council of mayors plays a part in the political debate in the city, and thus in the national debate. Raising metropolitan issues such as environmental control, waste disposal, transport problems, water shortages, has been important. A combative stance has been used to support the demands of the local governments to central government, making the Council a good lobby for municipal demands. In the context of weak financial capacity and voluntary participation, the lobby seems the most appropriate role for this institution.

A *metropolitan district* is a meso-level government proposed in the Municipal Act (LORM, 1989). The rights and obligations of this form of government intrude on local government duties and finance. For this reason, the debate to activate this structure encounters the opposition of local governments, especially the politically strong counties of Caracas. Nevertheless, the problems of fragmentation and lack of scale in urban management have fuelled the debate around the Metropolitan District. Before the change in the national constitution in 1999, under the 1961 constitution there were at least three reforms proposed around this theme: two from central government; one from the national Congress. After 1999, the new constitutional framework overcame the early bottlenecks to establish a metropolitan

government in Caracas, and changed the designation of the Federal District to a Metropolitan District, while keeping the same combination of responsibilities as before. In addition to the change of name, the Metropolitan District was assigned a *coordinating role* for the municipalities in the metropolitan area. But, as in other reshuffling and decentralization processes, the legal arguments defining authority, mandates, transfers, and functions have lagged behind the initial political and institutional change. It has been argued elsewhere (Paiva, 2001) that these changes, although in the right direction when they explicitly recognize metropolitan coordination, have brought little change or improvement in the institutional framework of Caracas. Without legal support or sufficient authority, coordination at metropolitan level is doomed. Moreover, a new actor (an elected mayor for the Metropolitan District) is likely to have less capacity to continue, or bring depth to, ongoing processes such as the municipal partnerships or council of mayors referred to above.

3.1.2 Conclusion

The institutional framework of Caracas illustrates how difficult it is to obtain metropolitan coordination in capital cities. Although geographical or economic rationales define a metropolitan area with some precision, the governments of capital cities are dispersed, fragmented, and in many cases redundant in their competencies. Dispersion, fragmentation and redundancy are to some extent consequences of the specific path of institutional development in Latin American, with its tradition of centralized government and the changes introduced by the decentralization process. This has turned out to be more susceptible to political interference than to the argument of the adequate provision of metropolitan services. As Rojas (1999, p.9) explains: “The moving train of decentralization had to make – and still has to make – frequent stops and take long detours to bring national political parties and finance and sector ministries on board.” The result of these stops and detours is that capital cities such as Caracas find themselves in a difficult position with respect to the organization of effective government or dependable institutional arrangements capable of serving the demands of the metropolitan agglomeration at the appropriate geographical scale.

The existence of metropolitan regions is evident from many geographical and economic features. Examples of the physical-geographical case include Santiago, Bogotá (both located in valleys), and Mexico City (settled on the bed of a lake). Supporting the role of capitals as economic articulations in the global economy, researchers on world city development (Beaverstock, 1999; Taylor, 1997) have shown that capitals in Latin America are better represented as case studies than secondary cities in the region². In the view of the Inter-American Development Bank (2000, p. 141), as primate cities these metropolises are crucial for the economic development of their countries, and are seen as “the focal points of any strategy to spur economic growth.”

Here the stage is set for Caracas as a case study for this research. As a capital, and with the kind of institutional framework that has just been outlined, it serves to exemplify the developments taking place in Latin American capitals. Caracas epitomizes the case study in which to apply the research analysis to fulfil the objective of this research, namely to *assess the critical need for urban government structures with a metropolitan reach* (see paragraph 2.4.2, chapter 2). We return to this matter in chapters 4 and 5.

3.2 Monterrey: Export City

Secondary cities in Latin America are facing economic, social, and institutional challenges that show a metropolitan character previously found only in capital cities. These secondary cities are often capitals of regional administrations (regions, states, provinces); most of them were important locations for implementing the past development policies of import substitution (1950-1970) realized by many countries in the Latin American region. In recent years, these cities have evolved into important agglomerations in their nations, pulling the urban growth from the traditional metropolises (capital cities or primate cities), and sometimes reproducing the problems associated with metropolitan growth and an inadequate institutional framework on metropolitan scales. Moreover, while capital cities – through their primacy, resilience, and concentration of power – have access to resources of many kinds (financial, political, cultural), allowing them to undergo institutional change and metropolitan arrangements, secondary cities must often rely on their own endogenous resources to get through.

As mentioned earlier, Latin American countries experienced sustained growth in population and trade during the twentieth century, although these transformation occurred within economies of little or no diversification (Gilbert 1996; Ward 1996). The dependency of Latin American countries on a limited number of products had an impact in the definition of urban systems. On the one hand capital cities became the centres of power and articulation with world systems (Hall 2000; Frey and Dietz 1990), while on the other hand they were the production centres of the relevant products for their country (mining, agriculture, and so forth) and became the next important urban agglomerations in the country.

Similarly, the development policies of industrialization and import substitution implemented between 1950 and the early 1980s stressed the creation of growth poles, which soon became secondary cities in their urban systems. The development of these locations – often existing cities (Guadalajara in Mexico, for example), but sometimes completely new towns (Ciudad Guayana in Venezuela) – was accompanied by trade protection, incentives for industries to establish themselves in these centres, infrastructure development, extensive planning, and incentives for households to move in. In both cases (traditional production centres and new growth poles) these secondary cities functioned within clear centralized hierarchies.

Within these hierarchies, the role of the capital city remained unchanged as a centre of power and control. Although the location of political and economic power was unchallenged, population growth and the metropolitanization of the primate cities was perceived to be inconvenient and a sign of unbalanced urban development, so “growth pole” policies were also targeted to deconcentrate primate cities and obtain a balanced urban system with less primacy.

In the context of state reform, these state-guided policies of centralized planning were quickly abandoned during the 1980s, setting the stage for a process of liberalization of the economy, reduction in the size of the state, and political decentralization. The secondary cities were suddenly open to competition through trade liberalization, with less central government support through state reforms, and operating with new political powers through decentralization (Hoshino 1994).

These changes in institutional and economic background brought positive hope together with immediate difficulties. Hope came in the form of an opportunity for cities and regions to have more autonomy in the design and implementation of their development policies or development visions. Dependency on central government planning declined. Difficulties appeared in the rapid withdrawal of central government support and capacity as part of the decentralization strategy. An array of unprepared regional and local governments arose, with unclear assignments of revenue and expenditure decisions (Salas, 2000). This state of affairs came about despite all the defects of the previous centralized system, and also despite the fact that decentralization policies implied processes of devolution and deconcentration of power that could build capacity into regional governments in the short term.

Many cities moved from the primate city towards a less dependent role, looking for a strong position in global markets for themselves. Traditional export centres, whether the product of genuine industrial and technological capacity or years of artificial protectionism (growth poles), now had the opportunity to interact with the expanded markets (trade groups, global markets) more directly than before. For example, Sao Paulo in Brazil, already a large and important city at national level, has evolved into a global city (Beaverstock and others 2000; Sassen 1991) with business activities involving advanced industrial production and specialized services. Another example is Valencia, in Venezuela, which developed into a modern industrial and export city after decentralization. In this case, the use of the new political room for manoeuvre and independence has meant that the regional government and the city have each taken responsibility for their development direction. The resulting performance has surpassed that of the traditional secondary cities in Venezuela such as Maracaibo (involved in oil export), and Puerto Ordaz (a typical growth pole established in the 1960s).

In short, these Latin American cities face interesting institutional challenges that

characterize them as dynamic, politically uncomplicated, ambitious, and metropolitan. First, they have recently been empowered to govern themselves. Second, central government support is receding, making room for the innovation and creation of new management capacity. Third, opportunities are emerging to participate more directly in extended markets. These qualities require an effective urban management prepared to grasp these opportunities. Fourth, in contrast with the capital cities, the political impasse at different levels of government and the number of power stakeholders is less complicated. And fifth, the metropolitan scale of the institutional challenges is becoming more relevant, to such an extent that the bottlenecks and diseconomies associated with a large metropolitan agglomerations are appearing more frequently in these cities.

Monterrey, the capital of the State of Nuevo León in Mexico, is a city of this type (Garza 1996a). It is facing economic, social, and institutional challenges of a metropolitan character. While the capital of the country (Mexico City) has to cope with political bottlenecks and metropolitan problems similar to those encountered in many other capital cities in Latin America, Monterrey has had to develop its own solutions to institutional organization and metropolitan problems with fewer resources and less attention. Mexico City is one of the largest metropolises in the world and has the benefits and deficiencies of concentration and metropolitanization on a large scale, ranging from extensive cultural opportunities at the positive end to environmental problems and administrative fragmentation at the other (Gormsen 1997; Ward 1998). Mexico City, as a capital and primate city, hosts a concentration of government agencies and is the centre of power. Nevertheless, the urban problems of Mexico City receive considerable attention from many parties, through its size, its importance, and its particular appeal. Urban management in Monterrey is confronted by the typical metropolitan problems arising from urban growth and economic transformation (urban transportation, comprehensive and feasible physical planning, environmental control, economic development, water supply management), without having the advantages or leverage of being the capital city. And at the same time, the blemishes and imperfections of a barely manageable metropolis are only too evident. As Garcia Ortega (1998, p. 4) points out: "If actions are not taken, the Metropolitan Area of Monterrey is at risk of collapsing in the near future with unsolvable problems such as those of Mexico City – without the Federal resources on which the capital survives"

In addition, the current fragmentation of the urban government and the projections of growth make the question about the need of a metropolitan government relevant. (Garza 1996b).

Monterrey is representative of Latin American cities, featuring increased interaction with the world economy and redefining their interaction with the centres of power (political and economic) of their own national systems. Interaction with the world

economy accompanies the liberalization of national economies. Additionally, the restructuring of the national systems is a consequence of the processes of decentralization and political reform introduced during the last decade (Kresl 1998; Richardson and Rowland 1994; Weiss 1999).

3.2.1 Institutional framework

The elements discussed in the following pages are illustrative of the institutional framework functioning in Monterrey. These elements are the *metropolitan realm*, the *economic position*, and the structure of *urban government*. The *metropolitan realm* concerns the geographical characteristics of Monterrey. Important features of the urban economy are discussed in the section on the *economic position* of the city. Finally, under *urban government* in Monterrey, the combination of government, agencies, and institutions acting within the metropolitan government are reviewed. Some general conclusions about *export cities* drawn from these comments are presented.

Metropolitan realm

Monterrey is the capital of the State of Nuevo León (see figure 3.7), one of the 31 federal states forming the United States of Mexico. With 2.6 million inhabitants, it is the largest city in the state, concentrating 85% of the state's total population (García Ortega 1998). Monterrey has a strong primacy role within the federal entity. Mexico has 74% of its total population living in urban environments (World Bank 1998); one fifth of the country's total population lives in the megalopolis of Mexico City.

Monterrey has experienced demographic growth, urban expansion and urban sprawl for the last 50 years; it became one of the earliest extended metropolitan areas of Mexico. These metropolises have been the most important agglomerations for the

Table 3.4 - Urban population. Selected metropolitan areas

Cities	Population 1980	Population 1990	Growth rate	Federal Entity
Country's total	66,846,833	81,249,645	2.02	-
Cities' total	31,946,773	41,827,179	2.80	-
MA Mexico City	12,968,029	14,866,240	1.41	D.F., Mexico State
MA Guadalajara	2,210,293	2,809,132	2.48	Jalisco
MA Monterrey	1,929,196	2,526,092	2.80	Nuevo León
MA Puebla	862,453	1,209,986	3.53	Puebla
MA León	633,945	810,570	2.55	Guanajuato

Source: Sobrino, 1994



Figure 3.7 - State of Nuevo León

country in terms of population and economic development. This centre-periphery national urban system has a top level of cities – Mexico City, Guadalajara, Monterrey and Puebla – each with more than one million inhabitants. These cities acted as centres of economic growth during the import-substitution era (1960-1980), and are now restructuring their economic base to accommodate a new situation. Half the population in the country is concentrated in these cities (see Table 3.4); they remain dominant in a country which is shifting from increased urbanization to metropolitanization (Richardson and Rowland 1994).

Monterrey is the most important city in the northeast of Mexico and benefits from intensive trade with the United States of America, as a result of historical development and the proximity of the USA/Mexico border. In fact, Monterrey is one of the Mexican cities where new economic tendencies (liberalization, North American Free Trade Agreement-NAFTA) can be seen to have a direct impact as measured by trade flows, restructuring of the manufacturing base, employment composition, consumption patterns, and territorial occupation by households and firms (Hiernaux 1995; Vellinga 2000).

Monterrey has long had a private sector that has been involved in policy issues, with strong lobbies in the state and central governments, and direct participation in politics. The economic elite of Monterrey has been actively involved in shaping a city and region that mirrors their interests. This aspect of the institutional framework

remains a relevant feature of Monterrey with regard to its position in the national urban system, the national economy, and its own trade and international relations. The urban management of Monterrey and the regional government of the state of Nuevo León have therefore an active counterpart in the private sector: a counterpart experienced in policy discussion and accustomed to direct debate and actions fostering its own interests. Moreover, this private sector actor has a thorough understanding of its territory of action, whether metropolitan or regional, and a vision about territory that is more clearly defined than that of its counterparts in the different levels of government.

Monterrey is located in the centre of the State of Nuevo León, on a plateau with a dry climate in the northeast of Mexico. Having been a city of continuous growth throughout the last 100 years, with times of prosperity and industrial expansion, the functional territory of the city has expanded. Indications of this development are the constant enlargement of the administrative definition for the metropolitan area used (or proposed) by the management institutions and planning agencies of the metropolis. In 1950, the Regulatory Plan of the City of Monterrey included the municipalities of Guadalupe, San Nicolás de los Garza, and San Pedro García in the Metropolitan Area of Monterrey or AMM (Garza et al., 1995). Later, in 1967, a new planning institution came into force, which included the original municipalities and added Garza García to the metropolitan denomination. In the 1980s, there were already 8 municipalities forming the AMM as a consequence of conurbanations, and early in the 1990s the AMM received its current administrative definition including 9 urban municipalities (Fasci 1995; Garza 1995).

Monterrey is a mature metropolis; it is in the process of desurbanization, an advanced stage of the urban dynamic cycle described by Van den Berg (1987) and identified by Richardson (1994) in several Mexican cities, with Monterrey showing the largest rate of desurbanization. In this desurbanization stage, households and firms tend to move out of the city centre, favouring locations in the near and far periphery of the city. This phenomenon produced an erosion of the fiscal base of the municipalities in the centre of the city, so that this in turn began to lose appeal and fell into a pattern of urban decline. In desurbanization, increasing inequality has a spatial consequence; some municipalities and locations enjoy relative prosperity and attempt to isolate themselves and defend their advantageous position from the problems of the metropolis (Aguilar 1997). It is at this stage that metropolitan coordination and the search for wide territorial government arrangements are critical.

The metropolitan realm does not only manifest itself in government arrangements and demographic trends; it is also evident in public service bottlenecks and coordination failures. For instance, water has been in short supply and inadequately provided in the city during the last few decades, with peak moments of chronic

shortages and social unrest (Bennett 1995). Her studies of water supply in Monterrey were conducted to identify the characteristics of urban infrastructure politics and the problems hindering the interactions of the federal government, the private sector, and the social actors (Bennett 1995). However, the underlying spatial dimension of the water service remains metropolitan or regional. The allocation of this dimension corresponds with the assignment of water supply management as a typical metropolitan urban utility in the literature (Barlow 1997; Bauroth 2000; Berg and others 1993; Lefevre 1998).

Economic position

Monterrey has a wide manufacturing base, producing glass, cement, chemicals, beer, and related goods. In addition, Monterrey has developed a number of specialized services related to these industries and firms. These captains of industry comprise a clearly defined elite, native to Monterrey and present in some debates as Grupo Monterrey. This elite has developed during the various processes and phases of the industrialization of Monterrey during the last 100 years. It embodies a tight family-related structure (Vellinga 1989) which influences the economy and social relations in the city. Although some corporate structures still carry family members on their executive boards, the corporate and transnational aspirations of the main industrial groups have permeated to the professionalization of the management level. Their aspirations have somehow been realized, since some of these groups have been transformed into important players operating beyond the confines of Monterrey, Nuevo León, or even Mexico. In this regard, economic groups in Monterrey work at the international level (Pozas 1995).

Monterrey ranks as one of the most productive agglomerations in the country. GDP figures for the federal states show that Nuevo León is pre-eminent in manufacturing and services, maintaining stable developments in these indicators, and with a relative contribution to the national product that ranks high among the states; 6.47% in 1993 (INEGI, 1998) falls just behind the states for Mexico City (D.F. and Mexico state) and Guadalajara (Jalisco). Moreover, while Mexico City is experiencing a decline in the manufacturing sector coupled with an expansion of the service sector, Monterrey is maintaining a high profile as a manufacturing centre (see Figure 3.8 and Figure 3.9). This contrast could be accounted for by the different conditions found in these two cities: while the central metropolises (Mexico and Guadalajara) expanded and benefited during the import substitution years (1960-1980), Monterrey also worked throughout that paradigm, but the ambitions and independence of the private sector made a difference in terms of industrial integration, flexibility, trade strategies, and so forth. In this way, Monterrey became less dependent on protectionism and subsidies authorized by central government as part of the national development policies (Aguilar-Barajas 1990; Garza 1999; Vellinga 2000). The economic elite of Monterrey had a parallel agenda in addition to that of the government in power: an agenda that profited from the development

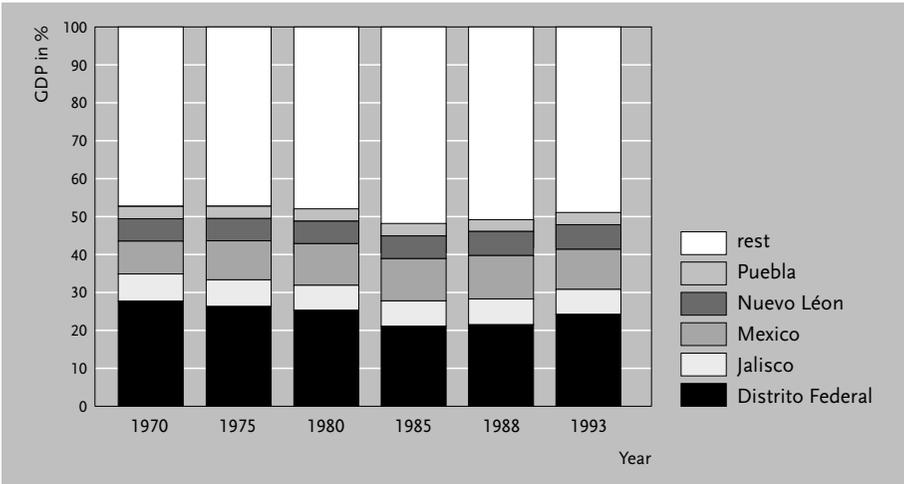


Figure 3.8 - Mexico. GDP by Selected Federal States. Source: INEGI, 1998a

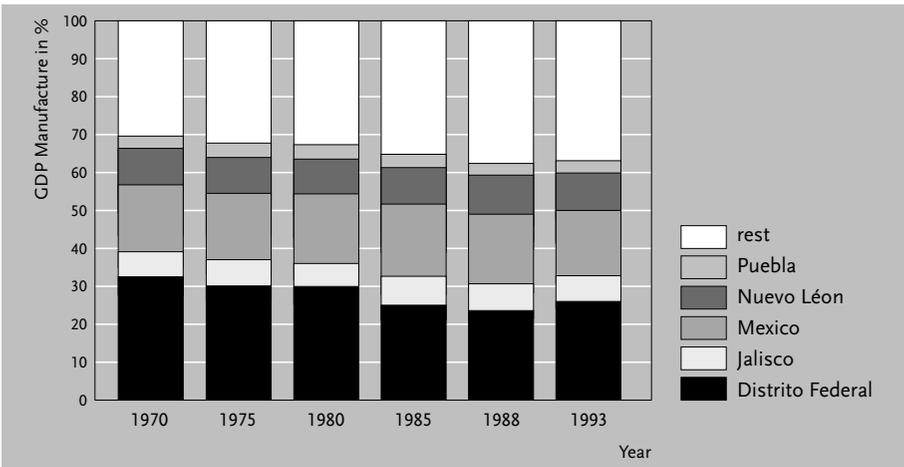


Figure 3.9 - Mexico. GDP Manufacture. Selected Federal States. Source: INEGI, 1998a

paradigm in operation, while at the same time establishing a solid position for Monterrey and its industrial conglomerates (or the prominent families of the Monterrey Group) in the economy.

Nevertheless, the changing of the paradigm during the 1980s, the dramatic debt crisis in those years, and the *Peso* crisis in 1995 had an impact on the national economy from which Monterrey was not spared. The level of employment in the city is very sensitive to economic shocks, and Monterrey's urban unemployment has moved above the national rate in recent difficult periods.

In the context of liberalization and financial crisis, the recovery of the manufacturing

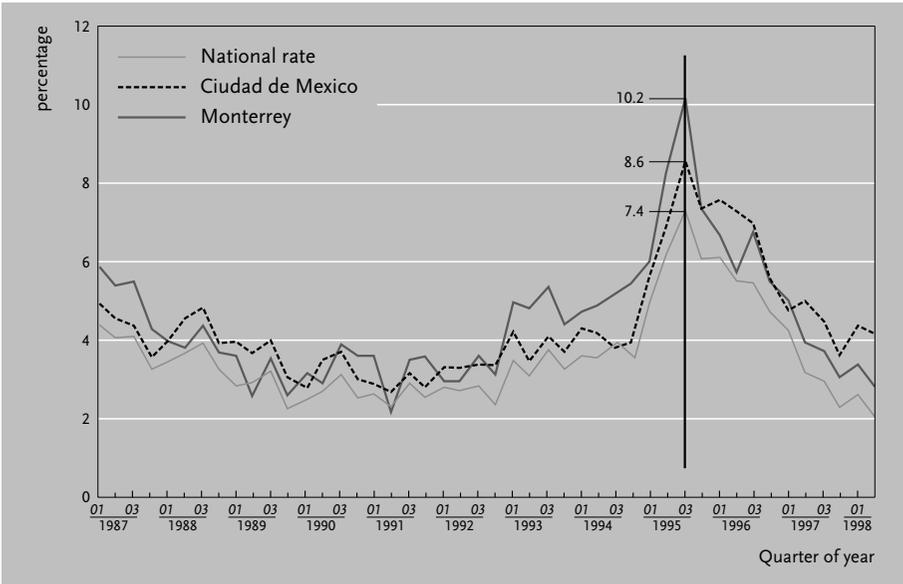


Figure 3.10 - Mexico. Unemployment by Quarter. Selected Cities. Source: INEGI, 1998b

potential of the city is significant. According to Garza (1996, p. 168): “Monterrey should consolidate its traditional manufacturing specialization by stimulating the development of advanced technology firms while stimulating the development of services to the producer, which are essential to the efficient realization of modern productive processes.” The implication is that, rather than a tertiary revolution, the transformation of the manufacturing base is the key issue in the economic development of Monterrey. Garza also recognizes that this commitment represents a challenge for urban development, and “a need for the appropriate modernization and technical upgrading of the administrative bodies in the metropolitan areas (Garza, 1996, p 168).”

When we consider the impact of the North American Free Trade Agreement (NAFTA), we see that Monterrey is included within the traditional metropolises of the Mexican urban system (Mexico City, Guadalajara, Puebla) rather than being classified as a border city. This is increasingly the classification for the group of cities with dynamic growth and high-level trade relations through maquila operations with firms from the United States. These border cities have been described as the clear winners in the NAFTA, but further analysis has revealed that non-border cities also have a stake in the benefits of NAFTA through the activation of the installed industrial base and traditional clustering practices. Monterrey, being a non-border city (it is located further than 200 kilometres from the border) with a manufacturing base and an established entrepreneurial character, has maintained its position as one of the most dynamic urban economies in Mexico. Analysis of the impacts of NAFTA on the Mexican urban system reveals that Monterrey is the non-border city which

should benefit most, ranking well above León and Puebla, the immediate followers (Richardson, 1994).

Urban government

The urban government of Monterrey is highly hierarchic, and has a tendency to fragment. The hierarchical feature is a response to the traditional ways of exercising political power, which in Mexico have been centralized, presidential, and unipolar (Ward and Rodríguez, 1999). The fragmentary feature is a result of the processes of political decentralization and increased representativity at local and regional levels (by way of direct elections). These processes have brought the desired accountability and flexibility to lower levels of government, in line with the objective to modernize the State. However, the processes have also brought a desire to increase decision power (over revenues and expenditures), and have therefore produced a constellation of political groups, interest groups, local authorities, mayors and council members all laying claim to this decision power. These claims include the creation of new municipalities, new state laws for the devolution of functions, and extended taxation powers for local authorities. Since these claims are uncoordinated within the metropolitan area, with different characteristics and reach from one municipality to the next, or from regional government to municipalities, the result is a divergent, fragmented implementation of policy.

Mexico is a federal country which three levels of government: federal government (national level); state government (31 states); municipal government (see Table 3.5). The forms of metropolitan government are not described in the constitution, but planning regulations and infrastructure provision is often coordinated or produced at the metro-level. Traditionally, state and municipal authorities have been fiscally dependent on the federal government, which is typical of a centralized government. (Rojas 2000; Ward and Rodriguez 1999). Until recently, State Governors were appointed by the President, an indication of the line of accountability of the post, directed towards central government rather than to local or regional electorates.

In Nuevo León, municipalities are created by the state legislature through a procedure that does not establish any functional criteria based on area, population, or existing utilities (Pineda Pablos 1994). The local government is formed by an elected assembly, which serves for three years. In law, local government is responsible for the provision of several urban public services, although the limited fiscal power of municipalities gives room for the direct intervention of central and state government in infrastructure investment, fiscal support, direct subsidies, and so forth. Local government in Mexico is defined as a public organization accountable to the community it represents, but also as an agent of central and state government action (Ward and Rodríguez 1999).

Table 3.5 - Levels of government and distribution of powers

Level of government	Executive functions	Legislative functions	Justice functions
Central	President	National congress	Courts
Regional (states)	Governors	State assemblies	Courts
Local	Mayors	Municipal councils	Courts

Source: Garza, 1995

In Monterrey, there are nine municipalities constituting the Monterrey Metropolitan Area (AMM); they are independent of each other, as is any municipal authority in the country, with its own assemblies and regulations. Despite this independence, the importance and size of the city provides opportunities for coordinated action. On the one hand, there is a demand for metropolitan coordination in the implementation of projects of infrastructure and social programmes, since federal funds and transfers are earmarked by sector and targeted to relevant urban areas. Furthermore, as the capital of the state of Nuevo León, the regional government has an active role in metropolitan issues, since state priorities are often equivalent to urban priorities and so they concern the metropolitan territory of Monterrey.

Monterrey remains within one state. In contrast with such capital cities as Caracas, Mexico City, Washington, or Buenos Aires, there are no conflicting federal entities governing one urban agglomeration. Nevertheless, as mentioned above, the capital of Nuevo León is a metropolis covering at least nine municipalities which differ in size, number of inhabitants, and geographic and socio-economic conditions. These municipalities are: *Apodaca, García, General Escobedo, Guadalupe, Juárez, Monterrey, San Nicolás, San Pedro Garza García, and Santa Catarina*. In population terms, the most important are *Monterrey, Guadalupe* and *San Nicolás*. These local government authorities are entitled by constitutional mandates to provide urban public services, but they provide very little themselves; these responsibilities are largely taken over by the regional (state) and federal (central) governments.

Recently, the decentralization process has given hope and encouragement to the local authorities, to strengthen their fiscal autonomy and take on the complete assumption of their responsibilities. Even so, sensitive elements of local government action, such as land use regulation, building permits, and strategic planning, are still in the hands of the higher tiers of governments, notably the state government (García Ortega 1998).

As in any primate city, the political administrative subdivisions relate to power balances. Land use regulation, physical planning, and infrastructure provision give substantial political leverage to the government authority in charge of the relevant

decisions by way of political clientelism and populism. García Ortega (1998) detected in his study of Monterrey that the legal-administrative framework places decision-making at state and central government level. Local participation and local management is limited in scope, while private urban developers declare themselves satisfied with the regulations and plans made at the levels of government that are accessible to them, and so remain less accountable to the electorate. An indication of the lack of representativeness of the local authorities is that, at between 50% to 70%, the rate of abstentions in local elections has been high since the elections of 1982 (Cervantes Galván 1995) Even if this tendency for abstentions is a result of other political processes taking place in Mexico and Monterrey, it has to be noted that local authorities lack effective control over their designated responsibilities. These have been taken over by other levels of government, mostly central government (Ward and Rodriguez, 1999), so that the political value of municipal posts is low.

All nine of the AMM mayors (*intendentes*) are obliged to work in coordination under the authority of the governor. Government arrangements in the AMM covering the functional territory are rare, however. There are several institutional arrangements in the planning area that seek coordination: a) a coordination arrangement between the SEDUOP and the municipalities; b) bilateral consultative arrangements between *Santa Catarina* and *San Pedro*; c) technical support from SEDUOP to municipal planning agencies. Despite their inclusion, these institutional arrangements remain consultative in nature and lack effective authority on and through the various government agencies they seek to coordinate. Similarly, the scope of functions on which these arrangements operate is often reduced to one element or function (that is, urban public transport coordination, water provision, land use regulations), a situation that makes it difficult to coordinate horizontally to resolve the problems and demands of the metropolitan territory. Basically, the history of metropolitan management in Monterrey tells us that management has been carried out with different goals and through different structures – technical, consultative, or executive – and through particular and ad hoc legal arrangements at different moments in time (Garza et al., 1995).

Councils, mandates. Currently, there are two institutions dealing with metropolitan management in Monterrey, both part of a system described in the Act of Urban Development of the State of Nuevo León of 1991. These institutions are: a) the Commission of Urban Development; b) the Consultative Council of Urban Development. An amendment to this Act in 1993 confirmed these institutions and added a technical institution in the form of the Institute of Urban Studies of Nuevo León (INSEUR-NL), which provided the structure with support and systematic knowledge (Garza et al. 1995). These institutions are mainly political bodies, including members of different levels of government or advisory agencies with little mandatory power, although the subject of their attention is urban management (Davey, 1996). In a broader sense, the centre of their attention is planning issues

regarding land-use regulation, physical planning, building regulations, and so forth. The Commission of Urban Development is responsible for the supervision of city plans, but not for their formulation. If the local authorities do not draw up plans, the commission outlines land use, infrastructure locations, and plot subdivisions, and has a say in the construction of public buildings. The territorial dimensions of the commission are those of the state of Nuevo León, not a metropolitan authority in itself, even though it accumulates a set of responsibilities of strategic value and metropolitan interest. The members of this commission include representatives of the state government, central government, the federal delegation of *Petróleos Mexicanos*, and the electric power company. It is an open institution by law, since it is expected to invite representatives of relevant social groups, and also other public institutions (Garza et al., 1995).

The Consultative Council of Urban Development is responsible for the formulation of the urban development plan for the state, and also for the regional and city levels of this plan. The Council is also an advisory body associated with the governor's office. Participants of this council for the AMM are representatives of universities, the commissions of the State Legislature that are related to human settlements and urban development, private sector bodies (industrial sector and urban developers), and trade unions. Commissions convened in other cities in Nuevo León consist of participants selected by the state government.

3.2.2 Conclusion: Institutional issues at Export Cities

The institutional framework of Monterrey makes it clear that, even without the complexity of a capital city, export cities also experience difficulties in coming to governmental arrangements that achieve metropolitan coordination. A combination of new economic opportunities, new government structures, the distribution of power, and shifts in national urban systems has brought about an institutional profile with governments who are uncooperative and whose responsibilities overlap. They are uncooperative, because they need to maximize the devolution of decision making from the upper levels of government. Sharing hard-earned decision power to design revenue and expenditure programmes with other municipalities, or yielding this decision power to shared strategies is difficult to bring about, since local governments tend to see this power they have obtained as their sole prerogative, looking after metropolitan interests in the long run. Through this same mechanism, public services tend to be duplicated and – in the medium term – to overlap each other. Urban government actors (municipalities, one-purpose agencies, regional offices) all have legitimate claims to provide public services to the city, but again, the scale element is understated and there are no strong initiatives to coordinate the provision of services on the metropolitan scale. However, urban governments in cities such as Monterrey are creative and learning-oriented in their institutional development, since these secondary cities are more exposed to a context of change. Such change has been a strong feature in Latin American in the last twenty years,

determined by processes of economic liberalization, decentralization of the State, and increased political participation.

Economic and geographical features reveal that the metropolitan scale is emerging as a tangible component of urban management challenges (Garza, 1999). That is to say, the demands confronting local and regional governments and specialized agencies active in the city's government are on a metropolitan scale. These demands include adequate public transport to guarantee accessibility, water supply for the whole conurbation to guarantee public health levels, sound urban development to constrain sprawl and land speculation, and the avoidance of urban inequity. These challenges are related to the need for export cities such as Monterrey to acquire and secure their position as important agglomerations within the urban system of their countries, where they are expected to find a position for themselves within the more open and general development strategies. In fact, while capital cities seem to be less affected by the paradigm change reform in Latin America implies, secondary cities need to establish or consolidate their integration with global markets, since they operate with less protection and interference from the capital and central government (Barnes and Lebedur, 1998). Finally, these external factors call for a coordinated form of government within export cities, since the issues of accessibility and living quality add to the performance of these cities in a liberalized context (Hamilton, 2000).

Monterrey is, therefore, a representative case of an export city in Latin America. Monterrey was the second case study of this research; while Caracas represents the capital cities, Monterrey is the counterpart export city. The institutional structure of Monterrey shows interesting developments and changes, and this configuration has provided the opportunity to assess the critical need for urban government structures with a metropolitan need, as the objective of this research states. The analysis of the research is reported when the account returns to Monterrey in chapters 6 and 7.

Notes

- 1 According to Beaverstock and colleagues (1999, p. 455) the definition of Gamma world cities consists of cities that have global service centres for at least two sectors (the sectors being accounting, advertisement, banking and law) and at least one of those must be a major service provision centre.
- 2 Taylor (1997) considers for his research the following Latin-American cities: Mexico City, Sao Paolo, Santiago, Caracas, Bogotá, Buenos Aires, Montevideo, Rio de Janeiro, Lima, and Brasilia. With the exception of Sao Paolo and Rio de Janeiro (which together with the capital Brasilia are the most important Brazilian cities) all these cities are capitals of their countries.

4

Caracas: Physical planning

Physical planning is a key function of urban government. In bigger urban agglomerations, selecting the appropriate **scale** of actions is very important in supporting urban development, avoiding inequalities, and preventing negative spillover effects. In addition, the **locus of decision-making** in the institutional framework of physical planning is important in dealing effectively with key issues of strategic relevance.

In the first part of this section, the structure and features of urban planning are presented as the *background* against which the analysis has been performed. The second part shows the *territorial scales* that are operative in the city; this is the spatial focus. The analysis is discussed more fully in the third part – *decisions* – when selected elements of urban planning structure are evaluated with respect to the way decisions impact on the territorial scales. This performance evaluation reveals who takes decisions, how decisions correspond with territorial scales, and what kind of designs are drawn up to make these decisions correspond with the appropriate scales. The focus of the fourth and last part of the section – *metropolitan arrangements* – is the result of the previous analysis in the scale (metropolitan) that is relevant for this research, summarizing the main findings.

4.1 Background

The analysis reported in the following sections was carried out within a specific framework first explained in this background section. Since this research makes observations on the practice of urban planning, it is necessary to specify the context of this practice in Venezuela and Caracas.

This section is divided into four parts, each correspond to one of the background issues that are important for this research: a) elements of urban planning; b) levels of government that intervene in urban planning; c) the decentralization context; d) the role of planning in the urban system. In each of these parts the issues are presented and briefly discussed.

The reason for presenting these background issues is that they are considered structural to the sector. The first two issues (elements of urban planning, level of government) are derived from the country's legal structure. It would seem reasonable to look briefly at this structure and relate it to the form that urban planning has taken from the vicissitudes of urban government practice, and also from the implementation of planning policies in the course of time. Decentralization is discussed because it is a process that influences the relationships between governments, agencies, and actors, since decentralization aims to provoke

change. Decentralization is an ongoing process in Venezuela with evident influence on current urban planning practice. Finally, Caracas' role in the urban system is a feature that corresponds to the simultaneous active presence of different levels of government in the capital city; it is a feature strong enough to exert influence in the ways in which the institutional framework constitutes itself.

4.1 Overview

The development of the physical environment in Caracas has been marked by explosive growth (both formal and informal), and the progressive occupation of the major valley, with development spilling over to contiguous valleys and hills.

As in other Latin American cities, physical planning represents an attempt to regulate and give direction to this growth. Additionally, acting through all the available agencies (ministries, development corporations, sub-national governments, purpose specific agencies, and so forth), state action in physical planning balances a programmatic vision of what the city should be and the fulfilment of circumstantial demand. The state can provide a visionary plan, or master plan, of urban development and at the same time act to resolve the immediate problems of urban infrastructure, housing, and congestion.

Within the framework of the physical plans outlined by government authorities (central, regional, or local), real estate developers can provide land with urban infrastructure (roads, services) and develop their properties accordingly. This process is relatively flexible; a government's authority is binding to a certain extent, but is not obligatory. Urban landowners are often private parties.

On land owned by the state, whether owned nationally through the Instituto Agrario Nacional (National Agriculture Institute) or locally in the form of municipal land banks or ejidos, the authority of planning is less disputed. Nevertheless, vacant land of this type in the urban area of Caracas – within the major valley and other conurbations – can be informally occupied settlements, or barrios. Such settlements are frequently encountered on land declared unsuitable for housing, because of steep slopes, watercourses, or unstable subsoil. This part of the urban fabric was largely ignored in urban planning practice until 15 years ago, when strategies and programmes underwent changes. These were introduced in the practice of empowering settlers and enabling them to acquire participation, self-help, access to services (water, solid waste disposal), land entitlement, and access to credit facilities.

4.1.2 Elements of urban planning

Physical planning in Venezuela and Caracas is a public good delivered by the government under the following terms: 1) physical planning is a component of national development policy; 2) physical planning is focused in territorial development; 3) the main objective of physical planning is to give direction and balance to land use, whether in rural or urban growth, in accordance with desirable

Box 4.1 Major guidelines corresponding to the National Plan of Territorial Ordering (according to the organic law):

- Land use
- Localize economic activities (industries, agriculture, mining, services, etc)
- General guidelines of the urbanization process, and to the system of cities.
- Define special protected areas
- Define special (military defense) strategic areas
- Policies for management of natural resources
- Signal and localize major infrastructure projects in energy, communication (land, sea, air), hydraulic resources, decontamination of big areas, and other projects
- General guidelines of road and transport infrastructure
- Harmonize land uses in agricultural and leisure (tourist) areas
- Define incentive policy accompanying ordering plans.

Source: Territorial Ordering Act, 1983.

social objectives (Rodriguez Vazquez, 1995). An interesting definition of urban planning put forward by the planning department of Universidad Simón Bolívar (USB) in Caracas states: ‘Urban planning is an interdisciplinary activity whose goal is to put forward strategies and influence decision-making processes, with the objective of improving the quality of urban life through improvements in the coexistence of human activities in urban spaces’ (Rodriguez Vasquez, 1995 p. 44). Rodriguez Vasquez (1995) develops his definitions further by identifying two main interrelated activities within the concept of urban planning. These are: a) urban design, and b) urban management. The former is concerned with proposals of a physical-spatial character to order activities on territories; the latter deals with processes to validate and make feasible the decisions taken within a chosen strategy. Urban planning has several competencies, or important sub-elements, in both urban design and urban management. In order to simplify the distribution of these competencies within the state, three major groups of competencies are used: planning, execution or implementation, and control.

Planning refers to the processes of the formulation of plans, documents, and instruments to implement spatial transformations. In Venezuela, plans are predominantly concerned with defining land use. Infrastructure investments, management processes, action plans, and regulations are all subservient to land use proposals incorporated into plans. The relevance of land use definitions is made clear in the structure of the Act, in which the top legal instrument, the Territorial Ordering Act (LOOT), uses several general national guidelines to define urban areas, rural areas, natural reserves, national parks, and geographic-economic regions. The spatial dimensions of these general definitions of territorial use are not necessarily tied to the political-administrative territories, indicating that spatial ordering is

Box 4.2 Major guidelines corresponding to the Regional Plan of Territorial Ordering:

- Land use
- Localize economic activities (industries, agriculture, mining, services, etc)
- General guidelines of the urbanization process, and to the regional system of cities.
- Define special protected areas
- Define special (military defense) strategic areas
- Set policies for management of natural resources
- Define incentive policy accompanying ordering plans
- Identify and set regime for energy and mining resources
- Localize regional and state infrastructure projects
- General guidelines of regional road and transport infrastructure

Source: Organic Territorial Ordering Act, 1983.

understood as different and independent from political-administrative ordering. This situation seems to conflict with the administrative structure: on one side are the states and local government authorities defined in the Constitution , and on other is the legal structure of planning which supersedes these subdivisions. Conflicts arise when both structures – political and technical – have consequences for fiscal decisions, thereby affecting the financial capacity of either administrative entities or planning agencies.

The preferred instruments for ordering are physical plans. Through its various agencies, central government produces plans (PNOT) that prefigure territorial and land use (see National Plans of Territorial Ordering, or PNOT textbox). These plans are the spatial components of larger government plans in which the development goals of the administration are worked out. Judging from their continuous inclusion in the policy debate during the last twenty-five years, the most important objectives of territorial ordering have been the concentration of development efforts (investments, plans, incentives) in geographic-economic regions, the creation and management of natural reserves, and a resilient policy of urban deconcentration.

PNOTs have long time horizons – from ten to twenty years – whereas under the 1961 Constitution the time period for central government administration was five years, and is now six years under the new 1998 Constitution. PNOTs are included, adapted, or reoriented within the more general National Development Plans proposed by each administration for their period; PNOTs then have the same medium-term time-horizon of five years, or even less if one subtracts the preparation time of the plan and the final months of administration. The current outcome of national and regional plans has been limited, producing at the most

zoning regulations that define expansion areas, structural elements such as road infrastructure, land use, special areas, and urban area limits (Vallmitjana, 1994). Nevertheless, the objective of the deconcentration of urban areas – a consequence of the urban crisis debate prevailing in the 1970s (Palacios, 1993) – in favour of a more even distribution of the population across the country has not been achieved.

The current physical pattern – a highly concentrated urbanized area along the north coast mountain range of the country – has not been affected by the implementation of the PNOTs; the physical pattern has rather been consolidated in demographic and land use terms.

Below the PNOT the system of plans is vertical and includes the following: a) the Regional plan of Territorial Ordering (PROT); b) national plans for the use of natural resources and other sector plans; c) urban ordering plans; d) plans for areas under special administration (parks, national territories, and so forth). The levels in the system relevant for this research, bearing in mind its urban character, are the Regional Plan of Territorial Ordering, and the Urban Ordering Plan.

The regional plans (PROT) follow objectives and incorporate elements similar to those in the National Plan (PNOT). These objectives are in line with goals formulated in the PNOT; these statutory terms of reference ensure the agent role of regional and state governments in the fulfilment of national plan objectives, leaving little room for manoeuvre for regions or states deciding about their development and urban direction (see PROT textbox).

The Urban Ordering Plans (POU) are specific instruments for urban agglomerations. According to the Territorial Ordering Act (1983) these plans are the urban spatial concretization of the National Plan of Territorial Ordering, and the related Regional Plan of Territorial Ordering (art.18). These plans are designed to organize urban agglomeration within the urban perimeters (art. 52), defined by the Ministries of the Environment and Urban Development together with the local government authorities involved. The urban ordering plans correspond with urban agglomerations (cities) and are not limited to one local authority.

A subset of the POU is the more specific Local Urban Plan (PLU). This is produced by the local authorities according to their development goals, but nevertheless framed within the general plan system of the nation. These PLU are mentioned in the Municipal Act (art. 36, clause 3) as a municipal responsibility in these terms: formulated according to technical norms and procedures established by the national executive. At the same time it should be noted that it complies with the PNOT, PROT and Urban Ordering Plans affecting the local realm.

It is important to note that these different plans have not been presented or

Box 4.3 Mandatory guidelines included in the Urban Ordering Plans:

- Delimit cities' expansion areas within their urban realm
- Determine Land use and density
- Determine environmental aspects: green zones, open spaces, areas of protection and conservation, and parameters of environmental quality
- Locate of public buildings and services, especially those related to good supply, education, sport facilities, public health, leisure, etc.
- Determine the system of urban roads, and the public transport system and its principal routes
- Determine the basic sewerage system
- Determine the precision of the areas or minimum housing units
- Determine the normal and minimal amounts for cultural services, educational services, sport facilities, and leisure.

Source: Organic Territorial Ordering Act, 1983.

delivered simultaneously at all the levels involved. The Act allows any plan at sub-national or municipal level to be put into effect, even though corresponding plans at higher levels have not been sanctioned. The legislators anticipated the discontinuity and heterogeneity of public administration, as well as the dispersion in the elaboration of these documents at different levels and branches of government. The Act therefore foresees that when a plan on a higher step of the ladder is approved, all plans below that are already in force should be adapted accordingly. At the same time the Act asks for coordination and the reduction of friction, proposing that, wherever possible, new plans should include and confirm practices and goals already established.

The intermediate level in the system between the national and municipal scales includes the Regional Plan (PROT) and the Urban Ordering Plan (POU); their scope of intervention does not necessarily coincide with the administrative subdivisions of the country. While National Plans and Local Urban plans coincide with administration levels (the national government and the local government), the two intermediate scales (region and metropolis) do not (see Table 4.1). This anomaly plays a part in the further analysis of the specific situation of Caracas.

The *Execution and implementation* of urban planning strategies are follow-up activities with respect to the ordering stage. In principle, in Venezuela, not only is the state entitled by the Constitution to be the dominant actor in physical planning; the state assumes that role in any case as the *provider* of urban facilities. The Territorial Ordering Act (LOOT) is not comprehensive with respect to the articles specifying the implementation of plans. The Act calls for intergovernmental, inter-institutional cooperation, leaving room for the direct and indirect participation of the

Table 4.1 - Physical plans and their spatial realms

Plan	Spatial realm	Governments	Legitimization
National Plan of Territorial Ordering	National	National Government	Territorial Ordering Act (1983)
Regional Plan of Territorial Ordering	Regional	Several states	Territorial Ordering Act (1983)
Urban Ordering Plan	Urban agglomerations	Several authorities	Territorial Ordering Act (1983)
Local Urban Plan	Local authority	Municipal government	Municipal Administration Act (1989)

Source: Sobrino, 1994

government in planning implementation, and also leaving open the opportunity to create specific public bodies for the purposes of such cooperation. In addition to these declarations, the Act acknowledges the authority of territorial ordering plans as blueprints for implementation and investment. Central government can bypass restrictions embedded in the system of plans by setting up investment agencies to provide the infrastructure and other physical elements included in ordering plans. Through these practices, the central government could operate in parallel with those departments or agencies at sub-national levels of government. These *ad hoc* agencies appear at the will of the central government, and they have considerable impact in the urban domain.

The Venezuelan Government provides urban infrastructure according to the guidelines expressed in plans, whether national or municipal, and government agencies assume a facilitating role in urban development. The plans and land use regulation are the blueprints, but the items prefigured in plans are implemented according to the political priorities at the level of government involved, the availability of finance, and management capacity. It might be the case that land assigned to urban uses in the regulations is not occupied or developed because of these dynamics. In contrast, urban infrastructure might be provided with excess funding for certain areas, and land uses might be contested in the absence of political will or executive orders from an authoritative level of government. By selecting its priorities for urban infrastructure investment, the government sends clear signals indicating where urban development might take place, and becomes an important actor affecting the land and real estate market.

This infrastructure approach, together with land use regulations, form the core of central and regional government participation in the implementation of physical plans. Local government authorities are less active as urban infrastructure providers,

because of their limited financial capacity. This infrastructure approach would seem sufficient to provide a steering role for government (at any level) in urban development growth; however, government intervention in urban development does not stop here. Central government intervenes directly in housing provision, investing not only in urban infrastructure, but also in housing production. This approach has been criticized for being inconsistent, but it is a remainder from the past central government role in the national economy.

Agencies in charge of housing production are still active, even when they are in the process of reform, fusion, reorientation, or closure. They continue to function as facilitators, or channels for investment in housing, or they assume coordinating roles, working in a system whose terms of reference are housing goals, infrastructure investment, and private development. These agencies have worked under the direct control of their parent executive officers (president, governor, or mayor) who exempt them from following the guidelines set down in the ordering plans (see Table 4.2). This remarkable shift from housing producer to housing provider experienced by these agencies has not changed their detached nature with respect to spatial plans. The government side of housing provision, with its objectives, policies and implementation strategies, forms part of the plans of particular administrations (central, regional, or local) rather than of plans with a territorial, spatial, or geographic orientation. Some political aspects play a part here. It has frequently been noted that incumbent administrations see the provision of housing, opening housing complexes and the allocation of dwellings as political opportunities to show obras, that work has been done. Also, the contracts for these works provide an opportunity for irregular practices such as collusion, corruption, overpricing, and so forth. All these practices are embedded at the core of the political system.

Control and monitoring is understood as government action supervising the transformation of urban areas (new buildings and settlements, changes in land use, demographic changes, road infrastructure), and the efforts to keep such transformation in line with current plans. The government exercises its authority to steer the action of third parties (other public agencies and the private sector) within the parameters of the plans. Monitoring could be inter-governmental; that is to say, a branch of government verifies the observance of the guidelines by other government institutions. Monitoring could be carried out on firms, citizens, or any institution active in the building process; regulation comprises such measures as issuing building permits, assigning density levels, applying sanctions to illegal developments, promoting or demoting urban development, and so forth. These tasks require supporting documents that establish the legal authority of the agency responsible for the regulation, including type of use, transformations, allowances, procedures, and sanctions. In the case of intergovernmental regulation, these documents are organisational. Acts that establish the relationships between regional and local

Table 4.2 - Government Agencies involved in urban infrastructure and housing

Agency	Function	Rank	Level of Government
Ministry of Infrastructure	Infrastructure	Ministry	Central Government
Ministry of Urban Development MINDUR	Planning and Housing Provision	Ministry	Central Government
National Institute for Housing INAVI	Housing provision	Autonomous agency	Central Government
Squatters foundation FUNDABARRIOS	Housing rehabilitation, squatters regularization	Autonomous agency	Central Government
Regional Development Corporation	Infrastructure, Housing, Industrial parks	Autonomous agency	Related to Central and State Governments, regional scope
State Public Works	Infrastructure	State level agency	State Government
State Public Housing	Housing	State level agency	State Government
Municipal Public Works	Infrastructure	Municipal agency	Municipal Government

Source: Territorial Ordering Act, 1983; Law of Housing policy, 1993; Organic Law of Municipal Regime, 1989.

governments), and physical plans on a regional scale (defining the parameters for local government action).

The Territorial Ordering Act (LOOT) assigns powers of control to the Ministry of the Environment in the case of National Plans (PNOT) and appoints the state governments as supervisory agents for the implementation of PNOTs. (Art. 43). State administration is also responsible for supervising the implementation of the regional plans with the regional planning authorities, such as a development corporation, or a regional office of the Ministry of Urban Development.

In the case of the control and regulation of the building environment, the legal framework is sustained by urban plans, largely by land use ordinances and building regulation measures.

4.1.3 Levels of government

There are three levels of political-territorial organization for government in Venezuela: central government, state government, and municipal government. The Constitution of the country and the organization of the state distribute urban planning competencies (ordering, execution, and control) among these levels of government (see Table 4.3). At the national or central level, the Constitution (1961), the Central Administration Act, and the Territorial Ordering Act (LOOT) assign

Table 4.3 - Urban planning responsibilities of public administration

Type	National administration	
	Concentrated	Deconcentrate
Level	National	State
Institutions	Ministries of Infrastructure and Environment	State Offices of ministries of Inf. And Environment
Urban ordering	policies, guidelines and strategies in accordance with the Economic and social plan of the nation producing PNOTs, coordinated with urban regions, and interested institutions; Coordination, control, and advisory tasks for urban regions; Research and regulations	PROTs coordinated with state government and agencies; POU's coordinated with local government authorities and other local agencies
Management of implementation of urban ordering	Produce urban action programmes UAP) of PNOT; Coordination and control of implementation of UAPs; Development of the National System of Urban Information	Produce urban action programmes corresponding to urban regions; Control of implementation of action programmes
Public works	Project and execution of public works of national scale, those that extend over several states, and those works that by nature, scale and costs should be done by national institutions	Support central administration or public works Support local state and municipal administrations or public works that exceed their technical and financial capacity

Source: Ministry of Urban Development, 1992

execution and control as complementary responsibilities. Ordering is not specifically assigned to central government, although some analysts see that this competence is implicitly attached to central government in their interpretation of some passages from the Act (Geigel Lopez-Bello, 1993).

The participation of state government in urban planning is limited. The government has few responsibilities in the ordering or control of urban planning, although it is entitled to invest in the execution of plans and infrastructure projects. The Territorial Ordering Act (LOOT) erodes the position of states as planning entities by declaring regions – an amalgamation of several states corresponding to a geographical and economical continuity – to be the operating units for national investment and planning policy. The Act of Urban Ordering (LOOU) excludes the regional level from urban management, but it also defines its role in urban planning as complementary and subordinated to national and municipal policy in ordering

Sub-national administration			
Functional	Functional	Territorial	Territorial
National and State	Regional	State	Municipal
Autonomous agencies and State-Owned Companies	Agencies of Regional Planning	State Governments	Local government authorities
Produce research studies about their sector to be used as input for ordering plans	Economic and social guidelines to be used as input for ordering plans, economic and social development plans	Coordination of ordering plans of all the urban systems present in the states, with Ministries, Local government authorities, and other agencies	POUs and PDULs and other plans outside urban areas (industry, leisure, cemetery, and so forth.)
Produce studies about their sector, to be used as input for action programmes for all levels	Economic and social guidelines to be used as inputs for action programmes at regional level	Coordination of urban action programmes	Produce urban action programmes corresponding to POUs of cities and other urban areas of local government authorities
Support state and municipal governments for public works in their sector that exceed their technical and financial capacity	Project and execution of public works of regional scale, those that extend over several states, and those works that by nature, scale and costs should be done by regional institutions	Project and execution of public works of state scale, and those that exceed the technical and financial capacity of local government authorities	Projects and execution of public work of municipal scale

functions. Again, in certain other Acts, responsibilities are specified more vaguely, enabling state governments to demand more comprehensive responsibilities in urban planning.

At the level of local government, local government authorities have adequate legal entitlement to undertake the work of the planning, execution, and supervision of urban planning. It is at this level of government where these functions are specifically defined, and where there is more room for independent policy decisions. It could be said that planning authority rests at the municipal level without major restraints from other levels of government (central or regional). Urban planning is defined as being independent, comprehensive, and municipal in nature.

4.1.4 Decentralization context

In considering the characteristics of urban planning in Venezuela, decentralization

must be taken into account. After almost fifteen years (starting in 1986), the political-administrative process has changed the traditional centralized structure of government into a structure where responsibilities, resources, decisions and participation are dispersed through different levels of government. It is important to note that the administrative sub-divisions that have been essential to decentralization – states and local government authorities – were present in Venezuela before decentralization. The federal (state) and local (municipal) entities were instrumental in the exercise of government as branches of a centralized power ruling over many aspects of the sub-national governments.

Before 1986, urban utilities such as the national water company, the planning institutions, power companies, and transport services were also centralized functions, often in the form of state monopolies. The organizers of these public services in the country followed their particular understanding of geographical regions, technical scales, and sub-national administrations, finally organizing these functions as independent structures with parallel state and municipal subdivisions, but in all cases in vertical and centralized organizations.

The process of decentralization has been political and technical, with a bias towards the political side. State governors, mayors, state legislatures, and municipal councils have been elected since 1989, when the Decentralization Act came into force. As expected, this Act has legitimized the political structure, which found itself in crisis at the end of the 1980s (Rojas, 2000), even in the light of recent debates on constitutional reform (in 1999 a new Constitution was passed). The decentralization of responsibilities and resources has not occurred in step with the political process. Fiscal decentralization has lagged behind political decentralization – that is, the tax authority has not been deployed at decentralized levels of government at the same time as they have been created or improved in the extent to which they are representative. Functional decentralization – the transfer of responsibilities and resources – occurred much later than the appearance of the empowered sub national levels of government.

4.1.5 Role of Caracas in the urban system

Caracas is the biggest city in the country and the most urbanized, with an adequate level of services in most of legal settlements (such as water, sanitation, electricity, and solid waste disposal) and with relatively good accessibility of urban services in squatter or illegal settlements. Urban planning in these settings differs from that in other urban agglomerations in the country. The problems of Caracas, the guidelines proposed in urban planning documents, and the bottlenecks in the process are more similar to capital cities in other Latin-American countries than to other cities in Venezuela. The main problems of urban planning in the city are suburbanization, metropolitanization, the regularization and consolidation of illegal settlements, the maintenance of physical and social cohesion in the city, the high demand for

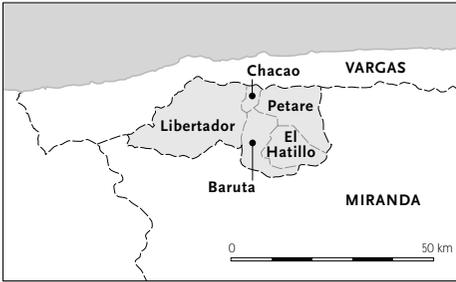


Figure 4.1 - Caracas, local government authorities in the valley

housing, environmental control, and coordination of the infrastructure provision. An important feature influencing all relationships in urban planning in Caracas, particularly in the assignment of responsibilities and distribution of functions is that, as a capital city, all levels of government intervene in urban planning. Not only does the convergence of three levels of government in the territory of the city make urban planning difficult in Caracas; the way in which they operate concurrently and overlap in functions also adds to the complexity.

4.2 Territorial scales

There are various administrative and operational territorial definitions for physical planning in Caracas. In this section, the different territories operational in the city are discussed in the section on territories, considering the definitions, extensions, and description of the different spatial concepts in use. A discussion follows on how these definitions and administrative subdivisions are used or overruled in the practice of physical planning in the section territorial concepts and practice: mismatch. Finally, in the section on expectations, the territories and definitions that are becoming standard approaches in urban physical planning in Caracas, and their potential as formal definitions (administrative, institutional, abstract) for the metropolis, are identified from this situation of mismatch.

4.2.1 Territories

In Caracas, government intervention in physical planning is not based on a metropolitan scale, either formally or informally. For this research study, the metropolitan scale is understood as any of the possible definitions of Greater Caracas that includes at least the five local government authorities of the valley, and at most the valley plus the Miranda heights local government authorities and the coastal areas that include the air and sea ports. Concepts such as Capital Region, Caracas Metropolitan Area, and Greater Caracas comply with this condition of metropolitan scale (see Table 4.4). These concepts and administrative areas sometimes overlap the geographic areas of the city that are identified as Caracas Valley, the Central Coast, Miranda Heights, the Tuy Valleys, and the Leeward Coast (see Table 4.5).

The Capital Region concept is used by the central government for infrastructure

Table 4.4 - Metropolitan concepts in use in urban planning in Caracas

Concept	Document/agency	Administrations included	
		State	Municipal
Capital Region	LOOT / Ministry of Urban Development and other central government agencies	Vargas State Miranda State Federal District	All local government authorities of the Miranda State and Federal District (23 local government authorities)
Caracas Metropolitan Area AMC (statistics)	Statistics Office, Central Bank (for price indexes)	Federal District + part of Miranda State (valley local government authorities)	Libertador Sucre Baruta Chacao El Hatillo
AMC (planning)	Plan of Urban Ordering (not sanctioned)/MINDUR	Not specified	Not specified
AMC (planning)	Metropolitan Office of Urban Planning (closed in 1989)	Federal District (Included Vargas State as local authority) Part of Miranda State	Libertador (DF) Vargas Sucre Baruta Chacao El Hatillo
Greater Caracas	Strategic Plan/ Foundation for the Strategic Plan of Caracas	Federal District + part of Miranda State (valley local government authorities)	Libertador (DF) Sucre Baruta Chacao El Hatillo
Metropolitan Council	Metropolitan Council of Governments	Valley local government authorities	Libertador (DF) Sucre Baruta Chacao El Hatillo

plans, guidelines, strategies and investment. In the field of urban planning, the capital region is limited to the provision of definitions of urban development goals (that is, what is or should be urban or rural in the region), through general policies of land use and housing provision goals. The territory of the Capital Region definition covers more than the Caracas valley, including different geographical areas and three different state level administrations. The effect of the Capital region definition on physical planning is not perceived directly by the planning authorities

Table 4.5 - Geographical areas and political sub-divisions in the Capital Region

Geographical realm	State	Municipalities
Caracas Valley	Federal District Miranda State	Libertador Sucre Baruta Chacao El Hatillo
Central Coast	Vargas State	Vargas
Miranda Heights	Miranda State	Carrizal Los Salias
Tuy Valleys	Miranda State	Guaicaipuro Urdaneta Lander Cristobal Rojas Plaza Zamora Paz Castillo Independencia Simón Bolívar
Leeward Coast	Miranda State	Andrés Bello Acevedo Brión Buroz Páez Pedro Gual

at local level: it comprises a numeric reference (on housing provision goals, inhabitants, density), and a framework of operation (guidelines for land use, intergovernmental transfer procedures) rather than a steering effect on physical planning. Local agencies can Act independently in the planning, implementation, and monitoring of physical planning without interference from guidelines set by the central government concerning the capital region. Nevertheless, this non-interference transforms quickly into non-coordination, since the framework of regional plans proposed for the Capital Region is in many cases omitted, or ignored by local planning agencies. The difficulties of central government agencies such as the Ministries of the Environment, Infrastructure, and Urban Development in supervising these guidelines in the resulting policies of sub-national authorities arise from poor communication, unwarranted confidence in sub-national agencies' compliance with regional regulations, and conflicting interests.

The Central Bank and the National Office for Statistics use the Caracas Metropolitan Area *AMC statistics* mainly to determine indexes. AMC statistics are relevant, because they recognize and define the territory of an economic market, which is an implicit acknowledgement of the AMC as a single economic space. Although the consumer price index is aggregated to cover the AMC, other indexes related to the economic structure of the city remain defined in state terms and are not aggregated into AMC form, as are those on employment, commuting, housing conditions, and so forth. In any case, the statistical definition of the territory that the AMC covers is not used explicitly by any agency related to physical planning in the city.

The Caracas Metropolitan Area (AMC) concept that should come from the Plan of Urban Ordering (POU) of Caracas, drawn up under the coordination of the Ministry of Urban Development (MINDUR), is not relevant, since it has not been defined. From 1989, MINDUR has delayed drawing up the POU for Caracas through a) their own restructuring as a ministry; b) the shift in role from overarching planning authority to coordinator; c) the development of local plans with particular visions away from a coordinated POU. In the last ten years, no POU for Caracas has been sanctioned, the number of local government authorities has expanded from three to seven in the valley alone, and the previous metropolitan reference – the AMC used by the Metropolitan Office of Urban Planning (OMPU) – has been abandoned.

The OMPU is then the remaining link with the past; prior to 1989, OMPU worked as an advisory board for the local government authorities of that time, Libertador, Vargas, and Sucre (now divided into Sucre, Baruta, Chacao, and El Hatillo). The local government authorities acting in cooperation supported the advisory board financially. It gave advice to local government authorities on urban planning issues, maintained cartographic, cadastral and planning information for the whole metropolis; on several occasions, OMPU proposed a metropolitan master plan. Although its advice was not binding on the participating local government authorities, OMPU provided the only form of a relationship with a metropolitan plan, because the proposed metropolitan master plan never succeeded in gaining the approval of the local government authorities in the city.

The OMPU was no longer attractive to local government authorities after 1989, when the new Municipal Act gave them more powers on planning issues. Consequently, the OMPU fragmented into several Local Urban Planning Offices (OLPUs), each inheriting a portion of the OMPUs archives and pool of personnel. The AMC concept that was implicit in advice and plans from the Metropolitan Office (OMPU) permeated in the first years of municipal administration after 1989 into the new OLPUs, because the concept was embedded in most of the plans and documents used by the new administrations as their starting point. At the time of the interviews undertaken for this research, few traces of those concepts remained, since all the local government authorities in the valley have developed their Local



Figure 4.2 - Capital Region (Federal District+Miranda State+Vargas State)

Urban Development Plans (PDULs) and have put into motion their development goals, land use perspectives, and urban design visions.

Greater Caracas is a definition proposed by The Foundation for the Strategic Plan of Caracas (FPEC, 1995). The FPEC is a private institution that states as its mission: “to promote and coordinate the process of strategic planning in metropolitan Caracas” (FPEC, p. 2, 1999). Its membership includes 17 agencies operating in Caracas. The *Great Caracas* definition is the result of diagnoses and studies undertaken by the FPEC to determine its territory and other key elements of their plans. The concept includes their analysis and also their expectations, since it has been recognized as one of the best territorial definitions for the strategic plan. It is, again, of little importance to current planning policies in the cities, because there is still no Strategic Plan and no direct connection of such a plan with agencies exercising planning authority in the city, nor has consensus on the strategic plan been reached within all the levels. A positive element of the Great Caracas definition is that it resembles territories that are operational in the development and planning of many public utilities such as water and sanitation, the power company, the Metro company, and some companies of solid waste management.

The *Metropolitan Council* is a forum of the mayors of the local government authorities in the valley. This council has little influence over the actions of planning agencies in the city. There is an agreement to communicate and share information among the local government authorities participating in the council, and also in urban planning decisions, but this agreement is not followed consistently.

4.2.2 Territorial concepts and practice: mismatch

Some of the concepts used in urban planning in the city cover the same territory, while others extend beyond the geographical areas, or match the conurbation of the

Table 4.6 - Metropolitan definitions and their use in planning

Metropolitan definition	Influence and use in planning agencies	
	Central government	Local government
Capital Region	Used by MINDUR, Central Planning Office; Earmarking infrastructure financing by region; Development of guidelines for 5 year plan	reference for applying to infrastructure fund of Central Government; lip service in local plans
AMC statistics	Parallel definition useful as common ground for exchange of data between agencies sometimes confirms/replaces planning AMC	referential concept for planning, not binding
AMC Planning	Used by MINDUR in the POU of Caracas. Not sanctioned, therefore no influence in lower plans	Binding guidelines for PDULs, as it is not sanctioned, tension for future effects in PDULs.
AMC Planning Old OMPU	Not used	Remain in planning documents, ordinances, cadastres, and cartographic information. Diminishing influence
Greater Caracas	Used by autonomous agencies <ul style="list-style-type: none"> • Metro Company • Water and Sanitation Agency • Power supplier • Telecom company (extended to Central Coast and Tuy Valley) • Solid Waste management companies 	Not used
Metropolitan Council (Caracas Valley)	Not used	Not used in planning

Sources: Ministry of Urban Development, 1992;
Strategic Plan of Caracas Foundation, 1999; Vallmitjana, 1994

valley. Between the local government authorities and the Ministry of Urban Development there is a fuzzy terrain of unknown approaches. Municipal planning offices have developed their Local Urban Development Plans (PDULs) with their own resources and capacities, and with guidelines originating from previous documents and plans from the Metropolitan Office of Urban Development (OMPU). Thus the PDULs conception of the greater scale of the city has not been revised or updated since 1989 (AMC planning OMPU). The Ministry of Urban Development (MINDUR) is late in fulfilling its duty to produce a Plan of Urban Ordering for Caracas (POU), so an operative territory for its plan has not been defined. This failure has caused great impatience at lower levels, because a POU would have consequences for all PDULs, since it would imply changes to PDULs that are policy

instruments of local authorities. The Ministry of Urban Development (MINDUR) has been unable to complete its system of plans, while the local authorities have already produced theirs. This situation at the Ministry is a consequence of decentralization which has led to a decrease in professional capacity, tight budgets, and changes in the task description of the ministry (from producer of plans to coordination agency). This decline in capacity is not surprising when it is remembered that MINDUR officials recognized as late as 1997, eight years after decentralization, that the ministry was changing from its *supplier* role in urban development, mainly as a housing producer, to an active role at coordination levels, facilitator, and technical advisor to lower government levels. The Centre for Development Studies (CENDES), a research institution attached to the *Universidad Central de Venezuela* (UCV), has levelled strong criticism against this delay, mainly because the set of actions to be coordinated had already been defined in the various PDULs. For CENDES, the logical step for the MINDUR is to collect all the PDULs, use them as input and put together a Plan of Urban Ordering (POU) for Caracas that should bring about coordination.

The Strategic Plan of Caracas does not opt for a specific territorial definition, although it considers that the *Great Caracas* definition should be the starting point of any of the possible operating concepts for planning in the city. It is important to note that many actors find it incontrovertible that the Caracas valley should have some kind of consistent planning policy in geographical and socio-economic terms. The work of the Foundation for the Strategic Plan of Caracas (FPEC) seeks coordination that includes all the administrative entities in the valley through a system of plans, or by setting up consulting boards.

If anything could be considered to resemble a consulting board, or an information exchange agency, that was the council of mayors (1992-1998). The territory of the participating administrations resembled that of the Caracas Valley. Nevertheless, the council had a disjointed performance with regard to urban planning; its main achievements were in solid waste management and urban public transport coordination (Research interviews, 1999). Even more interesting to note is that the cohesion of the council was stronger between valley local government authorities than between these local government authorities and other peripheral administrations such as those in the Tuy Valley or on the Central Coast.

4.2.3 Expectations

So far, the territorial definitions and their mismatch with the current practice of physical planning in Caracas have been discussed, with the conclusion that the metropolitan scale emerges as a frequent reference in the attempts to implement physical planning. Is the metropolitan scale also reflected in the expectations of the actors involved in the sector?

During the research interviews conducted in 1999 with senior public servants in physical planning in all the local government authorities of the city, the office of the Strategic Plan, the ministries, and several research institutions (CENDES, IESA, USB), mentioning the metropolitan scale always raises interest. For institutions at central and state government levels this is logical, because their mandate is directly related to broader territorial scales. For planning institutions at local government level there is increasing interest in finding ways of improving local plans by incorporating them into metropolitan guidelines.

Officers in all local planning institutions in the valley aspire to a metropolitan framework which to which the decisions included in their corresponding PDULs – essentially about land use and building volume – could relate, justify, expand, and be reinforced as policy. In any case, the local planning institutions anticipate a POU (Urban Ordering Plan) in which their PDULs could be inserted, and as the POU is the matching document from central government, they expect this to become the authorization of their policies of urban development on a local scale. They hope to gain a partner, whoever that might be – a central government organization, or a metropolitan government that supports their local plans – instead of the current situation where a matching POU document is lacking. This lack is the cause of much unrest and the argument for obstruction from Central Government. As an officer of the Baruta local authority expressed it: “We would like a return to the Office of Urban and Metropolitan Planning OMPU (see page 17), but differing with respect to our input” (Research interview, 1999). Such a remark does not however imply a preference for a metropolitan scale; it is rather an expression of the need to have corresponding plans in the different levels of government, thereby facilitating intergovernmental relationships; it is clear that the demand for a POU by the local government authorities in the city is referred to as city scale or metropolitan scale. This is because the POU is by definition a document that correspond to a ‘city’ or a ‘conurbation’ (LOOT, 1983). At the Chacao local authority offices, the manager interviewed said that she was confident that MINDUR would finally deliver the POU, and added: “We need ‘something’, we need an instrument to which we could refer” (Research interview, 1999).

Local planning offices look forward to the introduction of a broader territorial scale in the current planning spectrum, through plans or coordination frameworks. Such a scale would enable the clarification of position and intergovernmental relationships with the upper echelons of government, thereby eliminating the gaps and uncertainties that characterize the present situation. A broader scale would give local planning offices, with their enormous powers in urban planning afforded by the Act, an improved position enabling them to exercise their planning qualities. In short, they expect central and regional government authorities to limit their intervention in planning issues of local interest once a framework of metropolitan action is enacted.

Looking deeper into the motives of these expectations at high management levels,

the research interviews (1999) revealed that these motives are fairly homogeneous at the local level, and include the validation of current practices within a broader framework, gaining cooperation from upper levels of government, homogenous planning practices, conflict avoidance, and the consolidation of local government powers. However, these motives appear to be different, and sometimes contradictory, on analysis of the information collected at state and central government.

On the side of central government, some officers at MINDUR expect to regain or take control of the planning system with a POU warranted by a metropolitan rationale, and therefore officially authorized to influence and change PDULs drawn up at local planning offices. This control would damage or limit the independence in which these plans were made.

Obviously, these differences point to political issues at the core of the impasse to obtaining a metropolitan arrangement; basically, an implementing authority at the metropolitan scale would be caught between local government and central government disputes. Such a situation has in fact been found in urban physical planning in Caracas. For the moment, it is useful to note that the implicit territorial scale of the missing layer of planning is an intermediate scale between local and regional levels: a metropolitan scale. Later in the chapter we discuss this implicit territorial scale – the expected solution found in the statements of those interviewed, and the hindering political impasse.

4.3 Decisions

In this section, two aspects of government involvement in urban planning are analysed. These are the investment aspect – understood as the public *investment* within the framework of plans; and private sector *regulation*, understood as the way in which plans are used to steer or influence the capacity of the private sector to change the built environment.

In each of these components (investment and regulation), the analysis is structured as follows: First, the *locus* of decision-making is presented: who takes the strategic decisions, at what level of government, and within which institutional framework. Second, the kind of *coordination* that has emerged or is visible beyond these *loci* is examined, together with whether these coordination efforts correspond with broader territorial scales. When dealing with coordination, the analysis is broken down into the following themes: a) the level of coordination (information level, communication level, agreements, and so forth); b) the background powers; c) the impacts of the current power-decision arrangement on urban growth (this refers to the basic statement to choose urban planning); d) the identification or description of the coordination practices that have a metropolitan scale.

This structure of analysis is first presented for the *investment* component, and then for the regulation aspects.

4.3.1 Investments

The production of plans and their implementation is restricted by the capacity of the institutions to invest in their urban development plans as important developers. The main investments are made through housing projects (including social housing programmes and housing infrastructure), through development corporations, and through investment in urban infrastructure. The system of plans represents the framework within which these investments are made. The implementation of projects within these areas of action represents the physical outcome of government policy. The analysis that follows considers the locus of decision making in these three branches of action (housing infrastructure/social housing, development corporation, and urban infrastructure), and later on whether wide territorial scales are evident in current practice.

Investment: Locus of decision making

The structure of decision-making processes in the implementation of urban planning is not restricted to one agency or one level of government. The structure is a network of relationships and procedures covering many layers of government. According to the legal framework, the main actors are at the local level. The most important outcomes are the provision of *urbanismo* (infrastructure for housing: land plots, roads, utilities), the provision of housing, and the provision or coordination of public urban infrastructure such as roads, public spaces, and so forth. Key decisions in these areas are the amount of public goods to be delivered, and the location of these goods. For the case of physical planning in Caracas, these decisions translate into the amount of land destined for housing, the housing target for any particular plan, and the location of housing developments.

The three main contours delineating the branches of government policy are housing infrastructure/social housing; the actions of an urban Development Corporation; and the provision of urban infrastructure.

The system remains under the heavy sponsorship of the central government (see Table 0.7), which controls and concentrates almost all financial and fiscal powers in the system. The financial strength of central government carries more weight in the decision-making process than in any responsibilities that may be assigned.

Social Housing/Housing Infrastructure. Who decides the amount and location of social housing/housing infrastructure? In the case of Caracas, local authorities have little to say on the matter. These decisions relevant to urban planning, the housing sector, and infrastructure investment are all taken at upper levels of government.

For social housing and the rehabilitation of squatters, the most important agencies are INAVI (National Institute for Housing) and FUNDABARRIOS (Foundation for

Table 4.7 - Government agencies involved in physical planning execution

Agency	Rank	Level of government	Function/tasks	Source of finance
Ministry of Infrastructure	Ministry	Central Government	Infrastructure provision	National Budget (taxes, levies, etc.)
Ministry of Urban Development	Ministry	Central Government	Housing provision; Housing infrastructure	National budget
National Institute for Housing (INAVI)	Autonomous Agency	Central Government	Housing provision; Housing infrastructure	National budget Own revenues (rent payments)
FUNDABARRIOS Caracas Chapter	Autonomous Agency	Central Government	Housing rehabilitation; quatters regularizations	National budget Development aid
Centro Simón Bolívar (CSB)	Autonomous Agency	Central Government; Federal District	Real Estate Management Housing provision	National budget Federal District assignments Own revenues (real estate)
Miranda State Public Works	State level agency	State Government	Housing provision; Housing infrastructure	State budget: limited taxation power Intergovernmental transfers Decentralization funds (by project)
Federal District public works	State level agency	Federal District Government	Housing infrastructure	Federal District budget Central government transfers
Public Works Libertador	Municipal agency	Municipal Government	Housing infrastructure	Own revenues (mun. taxes, transfers) Decentralization funds (by project)
Public Works Chacao	Municipal agency	Municipal Government	Housing infrastructure	Own revenues (mun. taxes, transfers) Decentralization funds (by project)
Public Works Sucre	Municipal agency	Municipal Government	Housing infrastructure	Own revenues (mun. taxes, transfers) Decentralization funds (by project)
Public Works Baruta	Municipal agency	Municipal Government	Housing infrastructure	Own revenues (mun. taxes, transfers) Decentralization funds (by project)
Public Works El Hatillo	Municipal agency	Municipal Government	Housing infrastructure	Own revenues (mun. taxes, transfers) Decentralization funds (by project)

settlement rehabilitation). These autonomous institutions participate in the National Housing Council (CONAVI), a coordinating agency that sets the housing targets and monitors all developments in the social housing for the country.

INAVI (National Institute for Housing) proposes housing developments on land available in their city, and then assigns construction rights to the developers deemed most suitable in public competition. FUNDABARRIOS works mainly on existing illegal settlements (in the Caracas Valley some estimates indicate that 50% of the population live in these areas; Fadda and Calonge, 1994), and their activities include projects of land entitlement, legitimization, rehabilitation, and the provision or

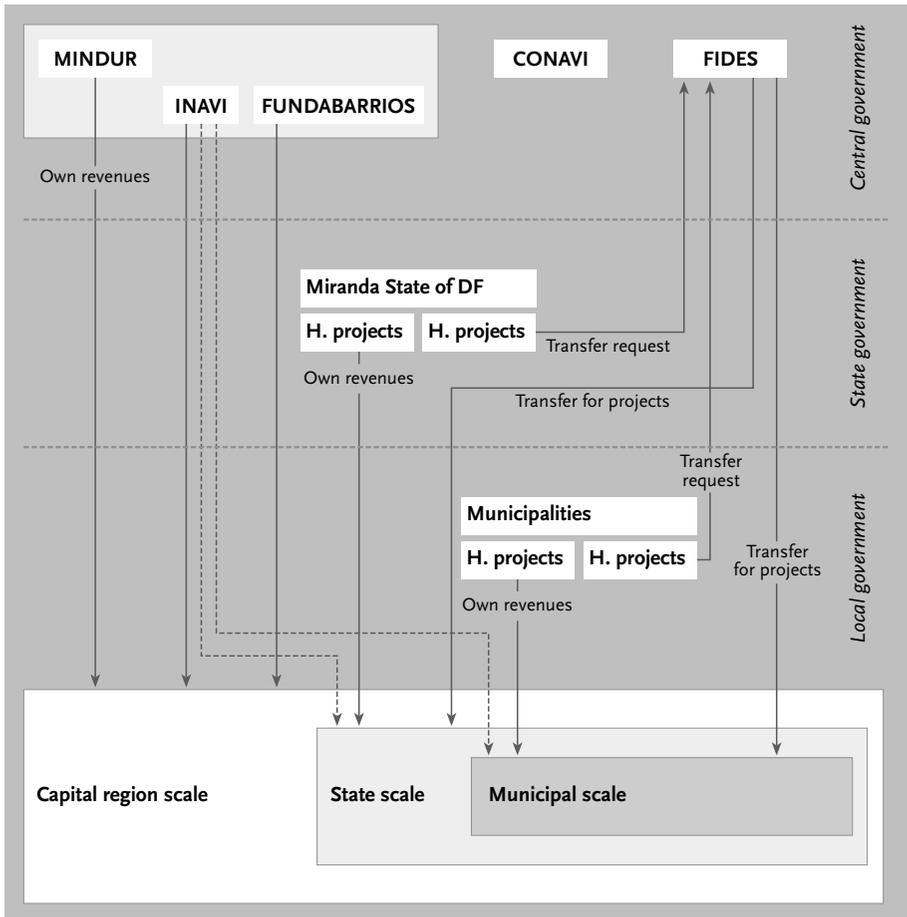


Figure 4.3- Scale impact of decisions on Social Housing in Caracas

improvement of urban infrastructure. INAVI follows a traditional housing provision approach, with a role similar to that of a promoter; FUNDABARRIOS follows a contemporary approach in building up on the current structure of the settlements, promoting self-help, and providing technical support. These activities, and the decisions about land use and number of housing units, are confronted with plans such as the various PDULs (Local Urban Plans) now in force at the city. Nevertheless, the research interviews (1999) revealed that, at the level of the local government authorities, most often a compromise is reached and the plans are amended to include FUNDABARRIOS and INAVI development. Since the Ministry of Urban Development (MINDUR) also participates in CONAVI, it is expected (mainly by local governments) that this Ministry could serve as a mediator linking the PDULs (local urban plans) and the projects of the housing agencies.

In addition to the decision power these agencies have on investment, the

independence of this power is reinforced by the fact that an important part of the financial resources of FUNDABARRIOS and INAVI come from specific poverty alleviation programmes funded by international agencies such as the Inter-American Development Bank (IADB), the Andean Development Corporation (CAF), and the World Bank. These national institutions tend to become less sensitive to the urban systems in which they operate through being directly accountable to international agencies. These agencies strive to reach the targets they have agreed upon with the international agencies, and to be on schedule with their disbursements. These priorities seem more important than tailoring their pace with the local authorities.

Regional and Local governments participation in the provision of housing infrastructure or social housing is slight.

Development Corporation. The development corporation of Caracas, Centro Simón Bolívar (CSB) also has decision power with respect to the real estate development projects, a decision process that shortcuts the system of plans. The CSB is a central government agency operating on a metropolitan scale. As with social housing, since it is a strong partner in the process (backed and funded by central government), it is possible for the CSB to bend the PDUL's regulations and obtain amendments to plans. It is less practicable for CSB to follow this profile in a context of empowered local government authorities, but before 1989 CSB was a super-developer, with enormous backing from the presidential office.

Before decentralization (1989), government land development in Caracas was carried out by several agencies: the National Institute of Housing (INAVI) mentioned above, the Federal District Government (GDF), and the urban development company Centro Simón Bolívar (CSB). The CSB acted as the administrator of public property, and as the developer of real estate and infrastructure. The CSB's position in the institutional hierarchy sets the CSB close to central government and above the municipal authorities. The power and independence of the CSB arose from its connection with the presidential office and the city officer, the Governor of Caracas. The CSB acted as city developer with a public agenda, although it had no representation as a local or city government authority. The CSB channelled public investment into the city as the preferred and sometimes technically superior agency, operating as the executive agency of urban development regardless of institutional hierarchies or government levels. In short, before decentralization, capital investment in the city was a matter of central government and the CSB was the executive agency, equivalent to the regional development corporations fulfilling similar roles in various regions in the country¹.

The CSB has survived ten years of cutbacks, either from diminished power or reduced scope of activities through the devolution of its functions to local governments, or from budget reductions. Nevertheless, the CSB remains an important actor in the city. Its imminent close has been forecast on several occasions, through its evident legal vulnerability under the current institutional

framework (with its emphasis in political decentralization and subsidiarity); and also through its financial troubles. However, the authority the CSB now has to enable it to proceed with urban development or urban plans is less than it had several years ago. Nowadays, the decisions of the CSB on land use and the profits from real estate have to be considered by local government authorities and not by its parent (central government); these local government authorities are equally entitled to reject CSB plans.

Urban Infrastructure. The decisions on the location and type of interventions in urban infrastructure are taken by agencies located in the upper levels of the system. These agencies are the Ministries of Infrastructure and Urban Development and various public works departments in the state government of Miranda and the government of the Federal District.

Local government authorities propose projects involving urban infrastructure; their public works departments define the intervention they favour and relate it to urban development plans. The opening that has made such opportunities possible is the implementation in 1992 of the Intergovernmental Fund for Decentralization (FIDES), a central government transfer designed to help sub-national governments manage capital investment. FIDES is dedicated to investment projects, and is therefore not available for overhead costs.

All local government authorities in Caracas propose investing in their urban plans from two sources of finance: their own resources, and an important component from FIDES. The transfers from FIDES are regulated by the central government, which carries out strict controls. These controls are partly based on existing plans operating in the city; the Local Urban plans made at municipal level (PDULs) and the National and Regional Territorial Planning (PNOTs and PROTs). This monitoring is only a formality and is not legally enforceable. Central government control restricts the capacity of local government to have more effective decision power in matters of urban infrastructure. In all these local government authorities, difficulties in the transfer of funds were perceived as major sources of dissatisfaction; the cause was often attributed to central government intervention and unclear evaluation procedures for projects.

In summary, the locus of decision-making on the investment issues of urban infrastructure in Caracas remains at central government level. Central government controls decisions by direct intervention through its ministries and agencies, and indirectly through restricting the funds available to local and regional governments for investment.

Investment: Coordination

Coordination in the implementation of physical planning is not formalized. There are no directions in the legal framework to implement the coordination explicitly

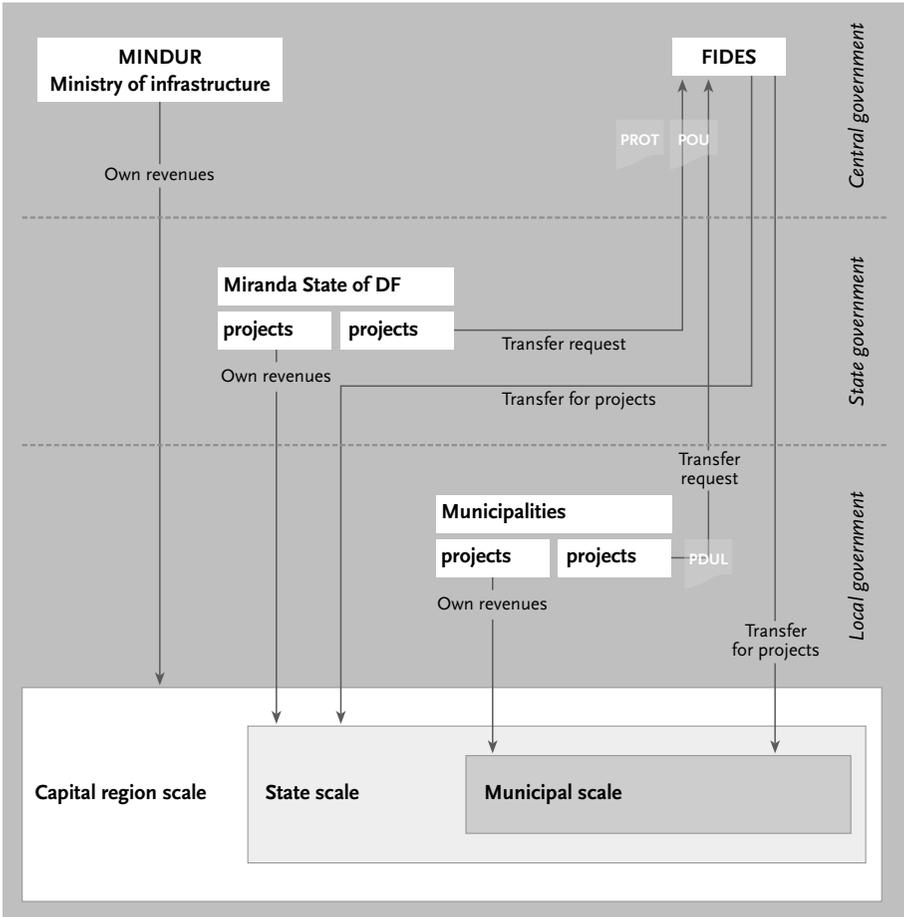


Figure 4.4 - Scale impact of decisions on Urban Infrastructure

called for in the Territorial Ordering Act (LOOT). Clearly, decision-making is dispersed, but the institutions that have decision power still need to relate their decisions to other public offices. These institutions need to persuade other actors in the city to back their decisions, collaborate, and recruit various participants to help fulfil their objectives and to make the actions resulting from their decisions really effective. This informal capacity to coordinate is discussed below.

Level of coordination. Considering that central government intervenes directly in matters of social housing/housing infrastructure, urban infrastructure, and through the development corporation CSB, coordination – following Mitchell-Weaver *et al.* (2000) – at the metropolitan scale is typified as *relatively easy*, since the CSB or central government agencies operate at the appropriate scale (see Table 4.8). However, applying the coordination scale (Metcalf, 1994) to the same activities yields a low score, so that one concludes that there is mainly *independent decision-*

Table 4.8 - Physical planning. Investment: Level of co-ordination

Types of intergovernmental coordination, governance, and government

	<i>Present</i>
<i>Relatively easy</i>	
1 Informal co-operation	
2 Inter-local service agreements	
3 Joint power agreements	
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	X
7 State planning and development districts (SPDDs)	X
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 4.9 - Physical planning. Investment: Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
	4. Avoiding differences among actors
	3. Consultation with other actors
	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Adapted from Meltcalfe (1994, p. 281)

making by these agencies (see Table 4.9). There is barely any coordination between the different agencies, either vertically (central, regional, local) or horizontally (between agencies at the same level of government, that is local government authorities). At the *Instituto de Altos Estudios Administrativos* (IESA), a research and education institution, the researcher consulted stated: “with regard to physical planning and housing programmes related to it, there is little disposition among the local government authorities to collaborate with each other. Although they sometimes enter into agreements with central government agencies for this kind of investment, they believe that to coordinate is to lose autonomy” (Research interviews, 1999).

Almost all institutions involved in the implementation of planning are independent in the way they carry out their decisions. Two observations were made when applying evaluations and scales to the level of coordination reached in the city. First, the exchange of information among agencies is poor and not structured (Research interviews, 1999). Second, in the cases where attempts for coordination can be seen, the metropolitan scale – that of the great Caracas valley – is not the referential scale for coordination.

The first observation – *the exchange of information among agencies is poor and not structured* – is based on interviews with officers in the planning departments of the five local government authorities of the valley (Libertador, Sucre, Baruta, Hatillo and Chacao). Although they were dealing with the same issues and problems, communication between these offices was not structured. They do not meet at regular intervals, and they do not know what developments there are in other local government authorities. The participation of central government agencies in the city does not guarantee that these local level officers are better informed about each other, since many of the projects of central agencies (ministries, housing agencies, development corporation) are implemented in collaboration with local government authorities on an individual basis.

The second observation – *inadequate scale in the event of coordination* – is based on the failure to find any arrangement to channel or coordinate investment. The territory of action resembled a broad territorial scale. The investments of local government authorities in urban infrastructure were coordinated with one neighbouring local authority at the most. The incompatibility of the framework for investment (that is, the local urban plans) of each local administration prevents them from carrying out programmes together. At the same time, the impression at the Foundation for the Strategic Plan of Caracas, which maintains that the issue of scale as fundamental is that the commitment of the various actors (local government authorities, public utilities providers, central government agencies) is most irregular. To summarize, it is clear that the decision making process regarding investment in social housing/housing infrastructure and urban infrastructure does not show any

strong form of coordination. The fact that decision power is located at the higher levels of government does not ensure that either investment or implementation are carried out following a framework (of plans) that takes a broader territorial scale into consideration.

The underlying powers. What are the forces that sustain this situation of poor coordination on the metropolitan scale? Apart from the legal and formal limitations (Constitution, Acts, organization of the state, and so forth), this question became relevant during the research interviews. The fact that all levels of government have a share in the decision-making power, or rather that they can coexist without interfering with each other (and at the same time they do not share resources), led the interviewer to search for comments and explanations beyond the technical sphere. It was found many times that officers at planning institutions recognized the political playacting of their mayors; they also saw that plan implementation was left to other departments in the municipal government (public works or housing departments). Other remarks frequently referred to the hostility perceived from central government agencies such as MINDUR (Ministry of Urban Development), INAVI (National Institute for Housing), or FUNDABARRIOS (Foundation for Settlements Rehabilitation). The solid presence of central government agencies specific to Caracas, such as the Federal District Government and Centro Simón Bolívar (CSB) was also seen as an indication of the implicit shareholder interest of the national administration in the city.

Prior to investment, defining the framework of action (plans) is critical. All local urban plans (PDULs) of the different local government authorities in the valley are approved, or were about to be legitimized by the councils. These plans have an impact on the value of land and so they are relevant for the political actors, namely the mayors. The pressures to assign certain uses to certain portions of land come from landowners in the city, developers, and political figures at any level (grassroots, municipal councils, congressmen, political parties, and so forth). These pressures vary from the expected lobby pressures to benefit private land with the development of public infrastructure around it, to the recognition of squatter settlements (which could imply a follow-up of basic infrastructure provision) that bind communities (voters) to politicians. Those in charge of drawing up these plans have difficulties in dealing with these pressures and producing an appropriate response. All PDULs in the city have deep technical rationality; they have been produced in close consultation with academic institutions, while at the same time mechanisms incorporating the needs and wishes of communities and groups are considered less important for these plans and are not often included.

Our interpretation at this point is that urban infrastructure and public housing also produce a value change in the affected areas (land price, real estate improvement, and so forth). This is a change from which those same interest groups of owners,

developers, and associate politicians would like to obtain profits. In addition, the fragmented assignment of public works for urban infrastructure and public housing by different public institutions guarantees that the client groups (developers, construction companies, and so forth) particular to the political colour of the administration have the opportunity to receive commissions.

So far, the powers behind the maintenance of the present decision arrangements have been described as: a) Central Government – specifically the executive branch; b) favour-dispensing politicians in collusion with private elements. The former grouping can be noted in the coordination diagrams where the central government agencies still have to decide about the amount and location of investments (see figures). The latter grouping is difficult to place with certainty, but can be derived from the acknowledgement by local officers of pressures to approve or alter implementation programmes (research interviews, 1999), and from the recurrence in the media of disclosures of irregular practices regarding investments in housing urban infrastructure by local authorities. Local government authorities have to be added to this list, since they also have an interest in keeping coordination low, or rather maintaining the current fragmented arrangement. Any attempt to limit autonomy in the expenditure of municipal governments is contested, and any arrangement that could assign portions of the expenditure to other government authorities or coalitions is assumed to limit this autonomy. Mayors want to establish their character, profile, and a legacy of public works in the city that could facilitate future operations. Avoiding metropolitan coordination gives the mayors of Caracas the opportunity to maximize their resources for the task of building their profile.

This behaviour of the municipal executives runs parallel to that of the political parties. In fact, the correspondence is complete, since municipal power in Caracas seems to be understood as a step towards national power rather than a valid political end in itself. Several political analysts consulted during the research expressed their amazement that there were no political projects in any party to consolidate a citywide hegemony of any form.

Impacts. The major impact of these settings in the delivery of public urban planning is that there is no effective policy for the medium or long term. The fragmentation of decision-making makes the formulation and implementation of policy guidelines difficult. Continuity of the administration goals, whether individual or coordinated, is difficult to sustain when the agreements are sensitive to political changes in executive offices, and have poor safety measures to protect these agreements against change.

In the lack of long and medium term policy, planning at the local level is excluded from its steering function in urban development. Planning offices manoeuvre to produce short-term plans and prepare supporting studies for public works investments.

Metropolitan arrangements Metropolitan agreements in physical planning are at the moment not operational in the city. Broader territorial scales are not used to structure plans, investments, or coordination. Investment in the city is channelled through several different levels of government (profiting from scale fragmentation) and this situation seems to satisfy the interests of the ruling politicians and contractors.

4.3.2 Regulation

Regulation in physical planning refers to *control and regulations* as presented earlier in this chapter (see page 10): it is the way in which governments ensure that the different parties in the city follow the guidelines and uses prefigured in the plans. Regulation includes the different means and activities available to governments to sanction their plans and ensure that other parties follow their guidelines; these basically are the specific ordinances, their issue of permits, inspection of buildings and urban developments, and the settlement of disputes regarding land use, building specifications, densities, and so forth. Regulation in Caracas is ineffective, because of the dispersion of this function in the different levels of government in the city and the heterogeneous capacity to perform this task shared among different agencies. As with investment, the analysis described below first considers *the locus of decision-making*, and then searches for forms of *coordination* within the institutional framework.

Regulation: Locus of decision making

Key decisions on the regulation of the development of the urban fabric are defined in the questions that deal with a) which elements of the urban fabric should be regulated; b) to what extent regulation should be done. These decisions are imbedded in the responsibilities assigned to local governments in the legal framework in operation in Caracas. Who takes decisions, at what level, and with what consequences, are the questions which pinpoint the *loci* where these decisions are made in the institutional framework.

The set of elements susceptible to regulation is defined in the legislation; the set is very broad. In the tradition of Venezuelan legislation, the text of the Act is detailed and extremely regulatory, going beyond fundamental principles. This description also applies to the legislation that defines the planning framework. Basically, almost every agency related to urban planning at any level of government is entitled to set codes and regulations. Terms of reference setting out what to regulate are present at both central and local government level, and the use of this authority is not always homogeneous. The resulting urban planning regulation code is a patchwork.

Three features of this patchwork code are: a) not all the legislation provisions to draw up regulations are used, so there are blanks in the code; b) regulations are not homogeneous throughout the various municipal authorities in Caracas; c) plans

Table 4.10 - Government agencies involved in physical planning regulation

Agency	Rank	Level of Government	Functions/ task
Ministry of Urban Development	Ministry	Central Government	Sets major regulations/ Building code
Ministry of Environment	Ministry	Central Government	Sets and enforces environmental regulation
Ministry of Health	Ministry	Central Government	Building code
Cadastre Offices	Municipal agency	Municipal Government	Sets and enforces regulation

produce automatic restrictions on land use in the form of reserve areas and environmental protection areas.

The question of ‘what to regulate?’ lands us in a spot where everything seems to be subject to regulation; that is the main assumption in planning. Nevertheless, institutions do not cover all the ground, because operational acts, the fine-tuning of their terms of reference, and the translation of planning intentions into regulations (land use, building codes) take up scarce time and resources. In the institutions involved, the central government establishes the general restrictions to land use in Caracas through the different ministries that have a say in urban planning. Moreover, central government agencies pre-determine spatial uses in the city, such as national parks, a military zone, height restrictions in the proximity of the airport, and nature reservation land. Local government enforces land use regulations in accordance with the aforementioned guidelines and the planning instruments made at local level, such as the PDULs (local urban plans), or specific ordinances to rule over special areas.

In Caracas, the decisions on what to regulate are derived from the planning document. The physical plans supposedly have, therefore, a direct monitoring consequence. But the planning document is not the only source of regulation. Control on the physical aspect of the city is also the object of direct policy intervention, producing procedures that cannot be traced back to the plans. Examples of this are the declaration of *special areas* with *ad hoc* regulations, dwelling tolerance in environmental protection areas, and decisions made by municipal councils after a special petition from landowners to overlook regulations, which turn into legal precedents.

The answers to the question ‘to what extent should regulation be imposed?’ are provided at the municipal level, since this level of government is the locus of decision. The application of the building code is strictly a municipal matter and the

control of land use ordinances is a responsibility laid totally on local government. That is not to say that planning offices have a strong grip in this area. Approximately half of Caracas is built in an unregulated, informal way (Barrios, 1998; Fadda and Calonge, 1994) . In addition to this, the best monitoring capacity of the municipal offices is located in their cadastral offices (resources, personnel); their links with the planning departments are not strong. The cadastre is one of the most important instruments for a local authority to generate its own resources at municipal level through the issue of building permit and the collection of property tax. Within the municipal authority, the extent and the strength of the regulation of the building environment is more closely related to the executive branch (the mayor) and the financial department than to the planning departments. This state of affairs is deeply deplored by the planning executives in the Valley.

Regulation: Coordination

Coordination in the regulation of the built environment is not formalized. The levels of coordination and the power struggle behind current practice are presented below. A discussion follows on the impact of the practice of regulation in the current institutional form, and whether there are any wide area coordination arrangements emerging from this practice.

Level of coordination. Among the institutions monitoring urban development in the city, the type of coordination remain *relatively easy* (see Table 4.11) arrangement, without much visible improvement in the system. Accordingly, the level of coordination is ranked low on the coordination scale (see Table 4.12). The type of coordination reached according to the classification adapted from Mitchell-Weaver et al. (2000) is, optimistically, that of an informal cooperation among local government authorities in Caracas, since a minimum agreement in the basic regulation code has been inherited from previous administrations. Despite this homogeneity in bureaucratic procedures, there are two features that are both a symptom and a cause of poor coordination. One is the independence in which the different monitoring agencies define their regulation base (territory, variables, and so forth), and the other is the unrelated patchwork that the regulation code has become.

On the bureaucratic side, there is a positive feature in the common ground of procedures emanating from the original municipal codes of the local government authorities of Libertador and Sucre. These local government authorities existed before 1989, when the process of decentralization started. This common ground makes the building code and municipal codes in the valley more or less homogenous. Moreover, the staff in the new local government authorities came from similar functions in these *original* local government authorities, making the transition less disorganized.

The local government authorities in the valley do not show a homogenous pattern

Table 4.11 - Physical planning. Regulation: Level of coordination

Types of intergovernmental coordination, governance, and government

<i>Relatively easy</i>	<i>Present</i>
1 Informal co-operation	X
2 Inter-local service agreements	
3 Joint power agreements	
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Own analysis. Criteria addapted from Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 4.12 - Physical planning. Regulation: Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
	4. Avoiding differences among actors
	3. Consultation with other actors
X	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Addapted from Meltcalfe (1994, p. 281)

on the aspects they regulate. Small local government authorities such as El Hatillo and Baruta are devoted to property tax, keeping strict records of mutations in real estate and activities in urban development. Larger local government authorities such as Libertador and Sucre are less effective in these areas, but their size allows them to relax as long as the revenue function associated with the application of codes is compensated by greater central government transfers (the formulas depend on population size). In the same way, responsibilities delegated by higher-level agencies (ministries) to local government authorities to monitor urban development or environmental regulations are not carried out with the same capacity or energy throughout all the local government authorities of Caracas. In *El Hatillo*, *Baruta* and *Sucre* the terms of reference regulating the protected of Caracas is followed strictly, but that is not the case in *Chacao* or *Libertador*. Moreover, the prohibition to build in or near to water sources, streams and basins is rarely enforced in the city.

It is evident that under these circumstances of low coordination and a heterogeneous code, achievements at the metropolitan scale are difficult to attain. The way the government monitors and exerts control has a local scale, which is closely related to the municipal authorities, and it does not scale up to wider territorial areas by way of coordination efforts or special arrangements.

Underlying Power. Monitoring the physical planning and the urban development of Caracas in the usual way allows each municipal office to control and tax its own jurisdiction according to its particular interests and revenue potentials. The fact that the municipal administrations are highly dependent on central government transfers influences their need to improve their efforts to expand their own revenue sources. Since building regulations, physical planning control, and the cadastre have together become a complicated, unaccountable patchwork, there are plenty of opportunities to adapt the application of codes to the most remunerative setting.

From the research point of view, private developers also gain from the current setting, because there are many loopholes allowing projects to obtain approval even when they exceed the quantitative limits (height, volume, number of houses/units, infrastructure capacity, and so forth) of the general regulations. Meanwhile, these actions have the negative effect of undermining the existing regulations, since they become norms through jurisprudence.

Politicians with populist tendencies have also furtively supported illegal settlements; council members can frequently be found defending squatters (or the votes they represent) against the application of the Act. The lack of homogeneity in the regulations provides a cover for this kind of practice.

Impacts. The major impacts of the way the regulation of physical planning is carried out in Caracas are: 1) the impossibility of preventing negative externalities in the city;

2) a further undermining of monitoring practice; 3) unexpected changes in infrastructure demand.

Inappropriate development of land produces negative externalities: on the one hand, there are environmental consequences; on the other, inappropriate development sets basic urban infrastructure under stress. Illegal settlements are frequently sited on unstable ground, with difficult, or even no access to clean water, poor accessibility, and precarious public transport facilities. The *ad hoc* solutions that inhabitants of these areas depend on to get basic utilities such as electricity or water affect the effectiveness of the public utility networks.

The public institutions in the city suffer from the mutual political antagonism between them and their leaders; the regulation of the built environment is a battleground for this antagonism. The local authority of Libertador has a difficult relationship with the Governor of Caracas with respect to the tolerance of illegal settlements, street vendors, or the developments carried out by the *Centro Simón Bolívar* (CSB); the fuzzy state of the building code leads to never-ending disputes.

Finally, the uncoordinated way in which the various local government authorities in Caracas exert control on the development of the built environment, with different levels of coherence to higher scale plans, is an added burden on infrastructure provision. Since urban growth is unrelated to the expectations formalized in the plans, the mismatch of demand for urban infrastructure with its provision increases.

Metropolitan arrangements? Among the entangled set of directives, plans, agencies and codes affecting the physical development of the city there are no clear metropolitan agreements seeking to give the city a homogeneous set of regulations. There is a lack of metropolitan policy and it seems that none of the different public agencies dealing with the subject is filling the gap, or looking for forms of coordination. There is no compulsory coordination where broader territorial scales are concerned. Even though major guidelines from national Acts are in force, the authorization they give is not deep enough to provide cohesion in a city like Caracas, where the various local government authorities interpret these guidelines differently, so they compete with each other. A serious impediment to metropolitan arrangements is this tendency to view regulation as an independent topic of urban management, unrelated to planning, unattached to any metropolitan understanding, independent of the policies of neighbouring local government authorities, and as instrument for their own revenue policy of particular local government authorities (and therefore off-limits to anybody else).

4.4 Metropolitan arrangements

In this section, the bottlenecks constraining wider territorial arrangements in urban planning are specified. In the last part, the possibility is discussed of formal

metropolitan arrangements within urban planning, and the most important conditions for that to be feasible. These *bottlenecks* and *feasibility* observations are reconsidered in the final chapters.

4.4.1 Bottlenecks

The consolidation of the organizations on a metropolitan scale in Caracas has several difficulties. Within the scope of this research, urban physical planning in the city is undertaken in a context of unclear definitions of the territorial extent for public action, poor coordination between the agencies, the fragmentation of local government, and the mutual political antagonism of the various actors. These bottlenecks affect the coordination (within a metropolitan territory) of decision making in the implementation and regulation of physical planning in Caracas.

Different scale definitions. There is no definitive scale definition that effectively covers or incorporates the territory of the city. Political-administrative subdivisions are inconsistent with respect to the scale of the tasks needed to support urban development, avoid inequalities, and prevent negative spillover effects. At CENDES (Centre for Development Studies, a research institution attached to the Central University), the researcher interviewed stated categorically that the main problem regarding the government of the city was the failure of the different actors to agree on what the metropolitan area comprised (research interview, 1999). This failure presents a fundamental problem to the constitution of metropolitan government, or the improvement of metropolitan coordination.

Poor coordination. Communication between the authorities is poor and their common ground is minimal; their conceptions of territories, duties, and responsibilities differ. This analysis of poor coordination is confirmed by the scores on the policy coordination scale (see Table 4.11 and Table 4.12); these are remarkably low, even for government activities that tend to be homogenous, such as the application of building codes in the regulation of the built environment.

Fragmentation. There are incentives to territorial fragmentation and the independent actions of authorities. These incentives are embedded in the legislation, where there are no financial or institutional provisions for the coordination of policy. The costs of coordination for local government authorities are higher than those of keeping the current arrangement, or those implied in further fragmentation.

Antagonism between agencies. The political antagonism between the chief executive officers at the different levels of government (mayor versus governor) undermines the ad hoc agreements between planning officers. This antagonism, together with the fragmentation of local government, affects coordination. There are many actors, and they tend to join into opposing groups.

The first two bottlenecks can be identified as technical issues. Finding the incentives to apply an adequate or inclusive definition of the metropolitan area, and the instruments (legal, financial) to stimulate coordination, may be capable of addressing these issues. On the other hand, *fragmentation* and *antagonism* seem more related to political elements, and probably to the intense dynamics of the politics in the capital city. The present situation gives opportunities to several political elements which have gained a portion of power in the city – a governorship, a local authority, a central government agency – to exert power in the main city of the country, regardless of the limited impact of this exercise of power, or its futility, when considering metropolitan issues. Under these circumstances, the political context impedes coordination.

4.4.2 Feasibility

The feasibility of a coordinated system for urban physical planning is low. The dynamics of urban development, added to those of the ongoing political process of decentralization, disturb coordinated action. Furthermore, improving coordination in urban planning has consequences and is perceived as a threat by the interest groups attached to the present arrangement of decision-making. Fiscal decentralization as an instrument to stimulate and accelerate coordination, and the consensus on a coordinating body for physical planning, are the visible features of a metropolitan arrangement in this function.

Fiscal decentralization. A feasible metropolitan arrangement has to be strongly backed by central government, since this is the only government level with sufficient fiscal power. This power is fundamental in the provision of the metropolitan authority with financial support. Despite attempts at fiscal decentralization and improved transfer mechanisms (*Situado Constitucional*, FIDES), in most of the decision processes analysed the central government has the last word. A metropolitan authority without the support of the central government could not therefore be expected to fulfil its responsibilities, even with the total support of all the local government authorities in the metropolitan area. An area of tension between the two levels of government would remain.

Central government can ring-fence transfers that are related to urban infrastructure – for which central government is already an important provider – and make these funds conditional on metropolitan coordination. In this way, a step can be taken towards channelling the involvement of central government in urban physical planning through metropolitan arrangements.

A coordinating body. The metropolitan arrangement of urban planning could be better positioned as the responsibility of a metropolitan government rather than of a collaborative board, or corporation of local government authorities. This suggestion is made in view of the poor coordination capacity of the various planning public

agencies in the city. There is little capacity to follow through the implementation of plans in the city and a metropolitan office could improve this situation. The disposition of officers at municipal planning agencies to tackle metropolitan problems is noted as a strong indication of the feasibility of a formal forum for exchange, follow-up and coordination.

Obviously, a metropolitan arrangement would disrupt the precarious balance between local and central government in Caracas. The issues of handing over decision power and responsibilities to another level of government are sensitive. In the physical planning function, implementation gives the authorities prestige as well as spending opportunities; regulation, perceived as the legitimate taxation area of local administrations, is an important source of revenue for local government authorities. A decision-making arrangement that seeks to produce homogenous policy in the metropolitan area is only feasible if these political bottlenecks can be resolved. That is to say, the distribution of responsibilities has to facilitate metropolitan effectiveness while avoiding (or compensating for) damage to the current urban planning stakeholders (local government authorities, ministries, state governments, Federal District).

Note

- 1 It must be noted that these development agencies overlapped administrative boundaries, and sometimes participated not only in housing and urban development but also in industrial development, such as the *Corporación Venezolana de Guayana* (CVG) in the southeast industrial pole of Venezuela. It had interests in: urban development, hidroelectric/hydroelectric power plants, steel and alluminium/aluminum mills, mining, farming and tourism in the areas around the conurbanation/conurbation of Puerto Ordáz/San Félix (also known as Ciudad Guayana), Ciudad Bolívar and wide portions of Bolívar State. Similar agencies were also active in other relevant regions in the country, such as *Corporación para el desarrollo de la región oriente* (CORPORIENTE), *Corporación para el desarrollo de la región del Lago* (CORPOLAGO), and so forth.

5

Caracas: Urban Public Transport

Urban transport, like spatial planning, is an important function of urban government (see chapter 2). Where bigger urban agglomerations are concerned, the selection of the appropriate **scale** of actions is important in supporting urban development, providing accessibility, avoiding inequalities, and preventing negative spillover effects. In addition, the **locus of decision-making** in the institutional framework of urban transport is important in achieving effectiveness on key issues of strategic relevance.

In the first part of the section below entitled *Background*, the structure and features of urban transport are presented as the background against which the analysis has been performed. The second part documents the *Territorial scales* operative in the city: this is the spatial focus. Under *Decisions*, the third part, the analysis is discussed more fully; selected elements of urban transport structure are evaluated according to the way in which decisions have impacted on the territorial scales. This evaluation identifies the people who take decisions, how these correspond to territorial scales, and what kind of institutional layouts have been set up to have these decisions correspond with appropriate scales. The fourth and last part of the section, *Metropolitan arrangements*, is devoted to the results of the previous analysis in the scale (metropolitan) that is relevant for this research; there is a summary of the main findings.

5.1 Background

The analysis documented in the following sections was carried out within the specific framework described below. Since this research is based on observations of the practice of the provision and management of urban transport, it is necessary to specify the context of the practice in Venezuela and Caracas.

This section provides a general overview of the urban transport sector and then four important constituent parts corresponding to background issues pertaining to this research: a) elements of urban transport; b) levels of government that intervene on urban transport; c) decentralization context; d) the role of Caracas in the national urban system. For each of these parts the issues are presented and briefly discussed.

These background issues are presented, because they are considered determinant to the sector. The two first issues (elements of urban transport, level of government) are given from the perspective of the country's legislative structure. It seems logical to look briefly at this structure and set it against the form that urban transport has taken under the vicissitudes of urban government practice and from the implementation of urban transport policies in the course of time. *Decentralization* is

presented, because it is a process that influences the relationships between governments, agencies and actors, since decentralization aims to provoke change. Decentralization is an ongoing process in Venezuela, with evident influence on the practice of urban management and therefore of urban transport. Finally, Caracas' role in the urban system is a feature that corresponds with the simultaneous active presence of different levels of government in the capital city; this feature is strong enough to influence the way in which the institutional framework works out.

5.1.1 Overview

An estimated 5.7 million people travel in Caracas each day. Of all these trips, 47% are made in private cars; the rest are distributed unequally over six other modes of public transport, namely: metro; metro bus; private, and public buses; *por puesto* (minibus) jeep (operating mainly in squatters' settlements with steep topography). The urban extension of Caracas is strongly related to the development of roads. Since the end of the 1930s, oil industry revenues had allowed the state to develop a road infrastructure that favoured car ownership. This policy responded to the increasing displacement distances produced by urban growth, which at that time was characterized by isolated urban developments in the valley.

In 1945, a road network was proposed for Caracas following the principles of the Rotival Plan of 1939. The grid of roads developed during the 1950s facilitated the urban expansion of the city to the east, displacing land use from agricultural purposes. In fact, road infrastructure policy became an important component of state intervention in urban development. The intention of this intervention is evident in the *F. Fajardo* highway. It differs from the existing traditional grid of streets and extends to the east on the east-west axis of the valley, dissecting the valley longitudinally. The highway was laid out on its optimal route with regard to the development visions for the city.

The second set of motorways was built during the 1960s to connect the great valley with other secondary valleys and urban centres in the capital region. In this period, the west-east axis was reinforced with the construction of the *Cota Mil* (Level Thousand) highway on the outskirts of Avila's mountain range in the north limit of the valley.

From the first studies in the 1950s, the absence of a serious project of mass public transport was considered remarkable. At the end of the 1960s an 'origin-destination' study showed the impossibility of dealing with circulation and atmospheric pollution without a reliable system of urban public transport. The construction of a Metro system was proposed as early as 1968. The objectives included the reunification of urban space, accessibility to and from employment and housing locations, and provision to meet increased demand. The restricting of car use was also on the agenda, as was the coordination of the various transport systems into an efficient

network. Work began on the Metro in 1975 and the first line was opened in 1983. This first line also follows the central axis of the city (west-east), serving the areas of higher population density. The two secondary lines serve secondary valleys and are at right angles to the first line.

The construction of the metro system had an important impact in the city; it was contended that the metro saved the city from collapse through reducing road congestion, increasing public transport efficiency, and improving accessibility. Unfortunately, this initial impact has not been sustained and road congestion and urban public transport performance have deteriorated, partly through the poor integration of the metro system with other modes of transport. The introduction of this new mode of public transportation did not in itself lead to the restructuring of the comprehensive transport system in Caracas. Basically, the objectives of the different actors did not match up. Public providers, in this case the Metro Company, strive for effectiveness – impacting on congestion, trip duration, accessibility in general – and private involvement in urban public transport (buses, minibuses, jeeps) responds to economic criteria (profit maximization). These private partners can adapt to contextual demand, thereby creating duplications and redundancies that affect the efficiency of the system.

The road infrastructure is dense, but incomplete. The discontinuity in the network of streets and roads provokes traffic jams and reduces the efficiency of private car and public transport. At the same time the supply, efficiency and safety of public transport is inadequate, which encourages people to use their private cars, so that congestion is aggravated. Moreover, the metro lines 2 and 3 feed the main axis close to overload.

5.1.2 Elements of urban public transport

In Caracas, urban public transport is provided by various government agencies, or by private providers under government supervision. The provision of passenger transportation is an important branch of government intervention in urbanized regions. However, government intervention is confined to certain elements of urban transportation, namely:

- investment,
- route design,
- planning,
- regulation,
- maintenance,
- pricing.

These elements can be clustered according to their political value into three groups: first, a group related to hard *investment* in public transport (buses, metros, tramways,

terminals, and so forth.); second, a group including *route design, planning, regulation, and maintenance*; third, a group involving *pricing*. This classification is arbitrary, but it reproduces the differentiation present in cities such as Caracas.

Investment refers to investments made for the purchase and maintenance of transport systems (metro, tramways, and so forth), transport units (metro cars, buses, trolleys, trams), and infrastructure to accommodate these transportation modes (bus stops, bus terminals, metro stations, bus parking, garages, passenger shelters, signals).

Routes, planning, regulation, and maintenance refer to the management and planning of public transport routes, the regulation of the conditions and range of the service, and the maintenance of infrastructure, units and systems.

Pricing refers to the intervention of government agencies in the regulation and fixing of public transport fares.

This classification is relevant to the analysis of the coordination of urban public transport in Caracas. The classification facilitates the gathering within these categories of information that might seem dissimilar at first sight, and assists the establishment of these clusters of elements as the functional components on which the various levels of government exert their authority.

5.1.3 Levels of government

All three levels of government (central, regional, local) are acting in urban transport in Caracas. In most cases, their responsibilities in relation to the different elements of urban transport are assigned according to a geographical scale. However, the previous distribution of power (central government agencies, former municipal subdivisions) remains in force at some point (the Ministry of Transport still holds fare/pricing authority, while in the new decentralized setting this is assigned to local government).

Central government is actively involved in urban transport together with certain Ministries, specific agencies, and (indirectly) through the Government of the Federal District (which is designated by the central government executive). The strategies for infrastructure investment handled by the Ministry of Infrastructure (MINFRA), the Ministry of Transport and Communications (MTC), and specific agencies are set up to deal with projects, programmes, or transport infrastructure of a substantial scale. MTC is mainly responsible for producing and enforcing the general regulations concerning urban transport, setting national standards for the different modes of transport, including types, fare tables, and is the preferred institution for the management of transport subsidies.

Two of the specific agencies are important for urban transport in Caracas: the

Subway Company (CAMETRO), and the Urban Transport Foundation (FONDUR). CAMETRO operates as a state-owned firm. It deals with the investments, planning, management, and maintenance of the metro system, which includes three subsurface metro lines and several bus lines. FONDUR is responsible for the management and implementation of investment programmes targeted to improve urban transportation. These programmes are often funded by, or carried out in partnership with international development agencies (IADB, the World Bank, the Andean Development Corporation). The status with regard to ministry hierarchies is independent for both CAMETRO and FONDUR, although they are both expected to work in conjunction with the appropriate ministries.

Of less importance at the present time, given its limited range, is the Railway Company (FERROCAR); like CAMETRO and FONDUR, it operates as a minister-level independent agency.

Central government is responsible for major investments, providing the framework of regulations and norms governing urban transport, and the administration of programmes of subsidies; these subsidies affect prices.

Of the Regional Governments in Caracas, those of Miranda State and Vargas State have little structured participation in the urban transport sector. Regional governments act as partners for central government agencies (CAMETRO, FERROCAR) for major infrastructure investments.

The Government of the Federal District (the special regional level government for the national capital) participates directly in urban transport, running a service with several bus lines of its own; however, the impact of this operation is limited. This involvement of the Government of the Federal District works as a direct subsidy to specific groups; implementation is not coordinated with other agencies or levels of governments.

Local government authorities are empowered to undertake several duties concerning urban transport. In Caracas, almost all the local government authorities have an urban transport authority that combines the functions of investment, planning, route design, regulation and pricing. Each local government authority has produced a mix of services and practices in urban transport. These mixes contain different combinations of transport authority, urban transport departments, public bus companies, and transport police (to enforce regulations). Local government is responsible for planning, route design, regulation, pricing, and, to a lesser extent, for minor investments in infrastructure and transport systems.

5.1.4 Decentralization context

The decentralization of government (1989) and public services management has also

led to changes in the urban transport sector. Basically, the role of municipal agencies has increased in importance, since they have become legally entitled to greater involvement in the sector. Nevertheless, major infrastructure investment remains a central government responsibility; many local government responsibilities in urban transport are not clearly demarcated with respect to other levels of government. The process of devolution operates at different depths depending on the political weight of an urban transport element (pricing), the level of active lobbying by local authorities, and the specific political balances between central and local governments (opposition parties, coalitions, and so forth). Basically, whatever (according to the decentralization argument and the legislation) should be in the hands of the urban governments (regional or local), is still under discussion and negotiation.

5.1.5 Role of Caracas in the urban system

The primacy of Caracas in the urban system of the country (see chapter 3) has direct consequences for the delivery of urban transport in the cities. The main impacts are the heavy demand for urban transport in Caracas compared with other urban agglomerations in the country, and the appreciation that urban transport in Caracas is a matter of national interest.

Heavy demand for urban transportation is related to population size and the growth of the city, the largest in the country. Population growth and the subsequent expansion of the urbanized areas affect service quality, produce new transportation needs (new service areas, new volumes) and impose unexpected on loads the existing infrastructure.

Urban transport in Caracas is of national interest, so that central government is involved. This involvement provides a justification for some responsibilities of urban government regarding urban transport to be shared among different levels of government, and for some decisions to be taken at central government level. Investments in infrastructure, and the operation of the Metro system are part of this vision, where elements of the sector are kept close to central government. Moreover, as transport costs are an important component of household expenditures – affecting transportation fares (by raise or by subsidy), it is a political issue of vital importance for governments. Being the biggest city emphasizes this, because there are more people whose household income is affected, and because these fare changes are promptly emulated in other cities.

5.2 Territorial scales

There are several administrative and operational realms for urban transport in Caracas. They vary because, although authority is given to municipal realms, operations are arranged at a technical level according to technical definitions of a service area. These technical levels are relevant, because finance and intergovernmental transfers are associated with them.

5.2.1 Territories

The administrative territories are those within the municipal boundaries, while the realms on which many technical decisions taken for the sector (selection of transport modes, number of units for urban public transport, the design and assignment of routes) relate to territories and areas defined by use, density, traffic volume, and accessibility. Below are the territories derived from a) the administrative boundaries, and b) the technical definitions.

The *administrative boundaries* in force in Caracas define the territory of action of the different actors of urban government. The state and municipal boundaries reflect the realms on which the established urban governments exert their authority in the city. Thus, the Federal District, Miranda State and Vargas State are the realms for regional government action in urban transport, and Libertador, Sucre, Vargas, Baruta, Hatillo, Chacao the territories for the corresponding municipal agencies in charge of urban transport.

Definitions of territories in force for urban transport in Caracas are fairly independent of the areas defined by the administrative boundaries. They are *technical definitions*. Urban transport in Caracas has been defined and subdivided for practical purposes into a metropolitan area, urban centre, urban area, inter-urban area, and squatters' locations.

Metropolitan area. For planning and logistic purposes, the metropolitan area is the major realm in the city. The supply and demand of urban public transport is surveyed within this territorial definition. Statistical data describing the transport sector in the city have largely been obtained from within this metropolitan frame of reference. This data collection is undertaken by the MTC (Ministry of Communications and Transport), the National Statistics Office (OCEI), and CAMETRO.

The other definitions, more specific to accessibility, physical conditions, or type of agglomeration (in terms of type of buildings and urban features) also operate in the city. These definitions are either subsets of the metropolitan area, or are included within the metropolitan area previously discussed.

Urban centre. This is the core of the city, consisting of the historic centre and the main conurbation along the valley. The accessibility of the centre is an important public service issue, related to the organization of the city and the functioning of Caracas as a capital. Most government agencies (Ministries, Congress, Presidential Palace, Supreme Courts, and so forth) are located in the city centre.

Urban area. This includes the urban centre and incorporates most of the contiguous urbanized areas of the great valley. The urban area corresponds to the

major valley, including all the routes and transport services needed for accessibility to the city centre, adjacent urban areas (formal and informal) that spread along the valley. Some terms used to classify urban public transport in the city are associated with this territorial definition. This is the case for the definition of routes, such as the *rutas urbanas* and *rutas troncales*. The former refer to the superficial public transport routes operating within the formal city grid, and the latter to routes operating within the surrounding informal settlements. At this point, the classification of routes is established in relation to the type of built environment, marking the difference between a formal city structure – legally developed built objects situated on streets laid out in a grid and with access to feeder roads – as opposed to illegal squatter settlements with limited road access situated on the periphery, or in interstices between legal developments,.

Suburban area. Under this definition fall all the urbanized areas of the capital region that are not contiguous with the agglomeration of the great valley, but have a strong functional relationship with the urban area in terms of commuting. The suburban area therefore corresponds to the urban sprawl and the adjacent valleys beyond the main valley. The southeast and southwest areas are included here and, as is the case with the urban centre, certain routes are associated with this territorial definition. Those routes operating between these areas and the city centre are called *rutas suburbanas*, or suburban routes. As in the city centre, transportation routes serving informal settlements are subsystems referred as feeder roads.

Interurban routes refer to connections between urban and suburban Caracas and other important locations (cities, towns) in the city system that do not form part of a continuous urban spread, because of geographical barriers and urban development. These routes connect with locations in the Tuy valley, and areas east of the main valley (Guarenas, Guatire), which have a substantial number of inhabitants commuting daily to the main valley. Urban transportation between Caracas and La Guaira is also referred to as *interurban*, because these two locations are divided by the mountain range, with less opportunity for continuous urban sprawl. Nevertheless, the functional relationship between Caracas and La Guaira and adjacent locations is strong, in terms of both commuting patterns and trade. La Guaira is the location of the main seaport and airport of Caracas; it is the centre of the coastal tourist facilities, and it also provides a housing alternative for city commuters.

Squatters. Although these areas are found everywhere in the metropolitan area of Caracas – and therefore in any of the previous categories – their precarious accessibility makes them a realm apart in terms of public transport. Often located on steep mountainsides with poor road infrastructure, these settlements are incorporated into the urban transport system with their own particular classification of *rutas troncales* or feeder routes

5.2.2 Matching and non-matching territories

This system of overlapping territorial definitions and classifications of activities in urban public transport runs in parallel with that of the actual territories of administrative authorities, inciting three effects in the management practices of the agencies involved in urban public transport. These effects are divergence, the coexistence of dissimilar sets of territorial definitions among agencies, and the overlapping of authorities within the city.

Divergence. Institutions at local government have to interact with other agencies, mainly those of the central government, that use a different territorial definition for their projects in urban transport.

Coexistence. No set of territorial definitions, either administrative or technical, is consistently preferred to the other. The divergence in objectives and realms does not produce a call for homogeneity in the definitions used by the different public agencies involved in urban transport.

Overlap. The authority of the agencies of urban transport frequently overlaps onto other scales of action in the city. Municipal agencies suddenly acquire a *de facto* metropolitan authority when the routes assigned cross the boundaries of other administrative realms, or the pricing policy becomes a standard for the whole city. This is the case when a bus or minibus route runs across several local government authorities (an administrative definition), while the route itself is defined as ‘urban’ (a technical definition). The responsibility for setting fares and prices, undertaking design or changing routes, and setting the conditions of the service could be in the hands of just one particular local government authority, although its effects (fare increase, change in routes) have an impact on the metropolitan scale.

5.2.3 Expectations

The preferred strategy of public agencies coping with these effects is that of the extension of authority and influence. Instead of seeking coordination, some agencies try to influence the sector beyond their administrative boundaries. Examples of this tendency are central government agencies such as CAMETRO or MTC that operate on a metropolitan territory, regardless of any administrative subdivisions. Moreover, the urban public transport department of the Libertador local government authority is in charge of key elements in the pricing mechanisms in Caracas, using an assumed metropolitan authority with the tolerance of other local government authorities in the city.

At central and regional levels, wider territories are the prevailing concept, regardless of administrative subdivisions, while at municipal levels the extension of influence beyond their assigned territories is a common practice, as the Libertador local government authority exemplifies.

Inquiry into a common expectation among the officers in the urban transport sector revealed an interesting consensus. The metropolitan scale is seen as a relevant scale, together with the hierarchy that comes with it, and it should resolve (or at least clarify) the mismatch of administrative territories and operational realms (research interviews, 1999). Nevertheless, activities or programmes aiming to enhance coordination, or produce arrangements that reflect an appropriate scale, such as a metropolitan transport council, are very rare. Agencies involved in urban transport recognize the metropolitan scale, but deal with their scale problems at the scales immediately available to them (local, bilateral, and so forth).

With regard to other sectors or functions (spatial planning, infrastructure, housing projects, and so forth), expectations are also rather optimistic, with practice lagging behind. The urban transport territories do not match the administrative territories; neither do they tie in with plans, nor are they related to planning and management in the metropolitan area.

5.3 Decisions

The strategic decisions with a metropolitan impact (that is, those decisions that correspond with the metropolitan scale and have an effect on the city as a whole), related to the functional region and focused on a) investment, b) route design, planning, regulation, and maintenance, and c) pricing, are located in the institutional map as follows.

This section documents the analysis of three aspects of government involvement in urban transport. These are: the *investment* aspect (understood as public investment within the framework of plans); a group of elements of urban transport including *route design, planning, regulation, and maintenance; pricing*.

For each of these components, the analysis is structured as follows: first the locus of decision-making is presented: who is taking the strategic decisions, at what level of government, and within which institutional framework. Second, what kind of coordination has evolved, or is visible beyond these loci, and in particular to what extent these *coordination* efforts correspond with broader territorial scales. For coordination, the analysis is reported according to the following themes: a) the level of coordination (info level, communication level, agreements, and so forth); b) the underlying powers; c) the impacts of the actual power-decision arrangement on the provision of urban transport; d) the identification or description of the coordination practices that have a metropolitan scale.

5.3.1 Investment

In this section, an analysis of the investment component of urban transport is presented. Attention is first paid to *the locus of decision* making in this area, followed by the identification of the forms of *coordination* within the institutional framework.

Investment: locus of decision making

Two aspects of urban public transport demand public investment: capital investment in infrastructure (roads, streets, motorways, metro railways, bus stops, signals, information); investment in the moving elements of the system (the acquisition of new units and the maintenance of vehicles in urban public transport). These latter forms of investments are backed up by loans and subsidies from central and local government. For the purpose of this study, attention is concentrated on the latter aspects – the acquisition and maintenance of vehicle fleets – because this is the part of investment that is present in all the government levels acting in Caracas. Investment in transport infrastructure is the concern of central or regional government (Miranda State government).

The central government agency responsible for investment programmes in urban public transport is the *Urban Transport Foundation* (FONTUR) which channels funds from the national government, Inter-American Development Bank (IADB), World Bank, and the Andean Development Corporation (CAF) into transport investments. This agency has been established independently of the Ministry of Transport of Communication (MTC) in order to retain its flexibility. This is required to provide development agencies such as IADB and CAF with a direct reach to beneficiaries through their programmes of urban transport improvement. FONTUR is a coordination office, responsible for setting up and following through investment programmes as well as operating as the government agency or government counterpart to IADB and CAF. The implementation of investment programmes is frequently handed over to local government authorities, since they have the technical information concerning routes, volumes, number of vehicles, state of roads, and so forth

CAMETRO investment programmes remain of national interest; they are proposed, debated, and approved at central government level. CAMETRO has ministerial status as its president is present at the infrastructure cabinet. As a (state-owned) company, several local government authorities Caracas have seats in its board.

CAMETRO investments are devoted mainly to the maintenance of the three existing metro lines and the financing of the planned expansions of the system. capital investments for expansion are financed through the central government via the international market.

Investments in surface transport (via FONTUR) and the metro system (CAMETRO) are unrelated and uncoordinated. They are executed by different agencies. The investments are only referred to sectoral budgets (that is, MTC plans and budgets) or national budgets as items in the same category.

The locus of decision-making with regard to investments in the sector has to be

positioned close to central government, which has relatively more financial power than the other levels of government. Nevertheless, the different modes of intervention, through the ministries and special agencies such as CAMETRO or FONTUR, show that there is no direct representation on the metropolitan scale.

Investment: coordination

The coordination of the investments of the different actors in urban transport is not structured. The decision-making power is at the top levels of government (central and regional), which facilitates scale gains but hinders the participation of other sub-national governments in the process. FONTUR assigns resources to local government authorities on a project basis, although no evidence was found of any coordination between local government authorities (Research interviews, 1999) and FONTUR (FONTUR, 1999). However, the increasing participation of local government as managers of urban transport leads them to attempt to bring decision-making power on investments within their constituencies. The isolation of CAMETRO with respect to its municipal counterparts and its access to finance through central government justifies the lack of coordination efforts made by this agency with respect to the other actors. CAMETRO does not need the local government authorities; it is sheltered from politics, since it reports to the central government. The capacity to coordinate is discussed below.

Level of coordination. On the metropolitan scale the level of coordination is low, or is rated as a ‘relatively easy’ arrangement (see table below). The coordination scores are higher on the local scale, or as evaluated by isolated cases of bilateral collaboration. Moreover, the cases in which the metropolitan scale is involved, such as investments in the metro systems, bypass coordination since the metro company has little communication with urban governments. If a need arises to improve certain lines, or extend the service to certain areas, most of the work to acquire the investment capacity (financial support) is undertaken by CAMETRO with the government authority concerned: thus, locally.

In the same way, the investments facilitated by FONTUR are coordinated between two levels of government (with FONTUR as the central government agency) and the local government agency that implements the project. In brief, FONTUR’s programmes to improve the condition of urban transport services are locally driven, lack a metropolitan scale, and are seldom in phase with similar programmes in the city. As a result, a FONTUR programme to improve ‘feeder’ routes – investing in fleets, improving management, and so forth – will have no follow-up in the connecting ‘urban’ routes. A ‘trunk’ route is often confined within one local government authority, while an ‘urban’ route will cross more than one local government authority. Local government authorities are less interested in proposing improvement projects for such boundary-crossing routes for political reasons, and FONTUR is unable to compel local government authorities to join such projects.

Table 5.1 - Investment. Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

	<i>Present</i>
<i>Relatively easy</i>	
1 Informal co-operation	X
2 Inter-local service agreements	X
3 Joint power agreements	
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	
8 Contracting from private vendors	X
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	X
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 5.2 - Investment. Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
	4. Avoiding differences among actors
	3. Consultation with other actors
	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Addapted from Meltcalfe (1994, p. 281)

For surface urban public transport, service providers decide independently on the range of investments. Thanks to their high volumes, the routes along the important east-west axis have more opportunities for capital investments, so that units are better and maintenance is regular. The local government authorities, acting as they do independently of each other, lack the capacity to establish a uniform basic profile for the condition of the fleets (technical aspects, emissions, passenger capacity, and so forth) or set norms for urban transport units in the valley.

The Underlying Powers. The fragmented state of urban government allows government investments in urban transport to be made at different levels and with different agencies. Various political actors situated in urban governments acquire allocation power, which is convenient in a political context traditionally prone to granting favours, pressure from interest groups, and clientelism.

Two of the main investment agencies in action in Caracas, CAMETRO and FONDUR, have reasonably adequate support from the central government to carry out their programmes. The central government supports urban public transport in the metropolitan area of Caracas, but through its own agencies. Nevertheless, even though the actions of CAMETRO to expand and improve the actual subway system have an important economic rationale in terms of the benefits to users, its political support seems at times to be at stake, thus testing the capacity of central government – mainly of the executive branch – to sustain this enterprise.

In the case of FONTUR, its lack of capacity to coordinate at the metropolitan level does not mean that it is ineffective in achieving its institutional goals. Its interests are basically met in a) directing investments towards the improvement of urban public transport, and b) coordinating the use of development aid in an efficient way (that is, on schedule). The main goal of this agency is to activate as much aid finance as possible. Its institutional position, close to central government and separate from the ministries and sub-national government authorities, is consistent with this goal, since bureaucracy can be avoided.

The main interest for local government authorities is the allocation of investment. That consists of the allocation of FONTUR-related finance to urban public transport routes, either by creating new routes or by giving private operators access to finance. Such operators require finance for the renovation and maintenance of their fleets. Technical issues are always given due consideration, but the political advantages of the direct allocation of investment in urban transport tend to receive most attention. New routes with new units have a short-term impact in political terms. Similarly, gaining the support of private operators (individuals or cooperatives) by facilitating finance is relevant for elected authorities, since these operators are often organized in cooperatives of bus owners with strong links with the unions, which in turn have the capacity for political mobilization. The costs of generating coordination capacity

for initiating and maintaining a coordinated investment programme (of several local government authorities) is too high compared with the potential gains. For mayors and transport agencies at the municipal level, collaboration with FONTUR to implement investment programmes is easier on the local or micro-local scale.

The interests of private service providers of urban public transport (individuals, firms, cooperatives) are some of the most important in the investment component of urban public transport. Basically, the power of the transport union is substantial, because of its links with the political parties, its mobilization capacity, and its power to bring the city to a standstill in the event of a negotiation impasse. Although the programmes of FONTUR (and therefore of the development aid agencies) are intended to bring about the modernization of the sector through the required conditions (credit is conditional on improved operations, modern management, the constitution of firms, compliance with service schedules, multimodal tickets, and so forth) the union is unyielding in retaining its political power and perceives most of these conditions as an attack. CAMETRO's decision to operate in parallel with the private sector rather than in combination with it confirms the perception that dealing with private providers is the difficult side of urban public transport. The providers of urban public transport are influential in the investment programmes implemented by FONTUR-local government authorities; they demand priority for union members and raise the barriers for new entrants. In the same token, their influence is also apparent in the way conditions (for access to credit) are written to suit union members. Furthermore, the political alliance of mayors with some sectors of the private providers is also translated into preferences in local investment programmes for these actors, either by favouring their participation in the investment programmes, or by protecting the established urban public transport routes they control.

Impacts. The main impact of the actual arrangement through which investments in transport is implemented in the city is the aggravation and reinforcement of the fragmented state of the urban public transport system. Few efforts are made to coordinate investments among the different modes of urban transports (metro system and surface transportation). Investment is made through programmes isolated from each other; CAMETRO operates independently of FONTUR, while within FONTUR the programmes of different local government authorities compete with each other, so their investments are not coordinated. The present investment pattern limits the opportunities of addressing the fragmentation of the system. In the present situation, strategic goals for the metropolitan area, such as the reduction of congestion or a consistent fare system for all modes, are difficult to implement.

Metropolitan arrangements. Other than CAMETRO, which is fairly metropolitan in its operation and coverage (its territory of action is the main conurbation of Caracas, regardless of municipal boundaries), there are no metropolitan

arrangements for investments in urban public transport in Caracas. However, there are two initiatives regarding urban transport investment that refer to the metropolitan scale. These are the Caracas Strategic Plan, and the Urban Transport Partnership. These institutional arrangements have a limited reach and in any case are not currently in force; they are paper programmes or projects with no current impact on the way investments in the urban public transport are made.

The Caracas Strategic Plan initiative (which is strongly supported by CAMETRO) typifies an approach to the metropolitan scale, although it is not specific to urban public transport; the strategic plan embodies future scenarios for Caracas and includes spatial, economic, and logistic elements of urban development. The issues at stake for urban public transport in the strategic plan are the creation of a metropolitan system that resolves the differences between modes (metro and surface) with regard to pricing, quality, and continuity, and the necessity for this integrated system in the scenarios presented. The support of CAMETRO for this initiative is explained by the necessity of this public company to complement and extend its operation in urban public transport with the independent systems of private providers and municipal operators providing public transportation in Caracas. CAMETRO is citywide in its operation and investments – and so *metropolitan* in the definition relevant to this study. CAMETRO operates independently from the other actors in urban transport (especially from private providers of surface transport), so that its coverage is partial.

The *Mancomunidad del Transporte*, or Urban Transport Partnership, is a project of the mayors in the city to establish a metropolitan authority for urban transport. The forum of the council of mayors proposed this authority as a medium-term measure to cope with the congestion problems, although it has not been seriously followed through and still remains a project proposal.

5.3.2 Planning, regulation, maintenance

This section documents the analysis of the elements of planning, regulation, and maintenance as a group component; this analysis is similar to that for investment presented above. The analysis reported below commences with the locus of decision-making in this area, and follows with the search for forms of coordination within the institutional framework.

Planning: Locus of decision-making

The planning and regulation of urban public transport involves two main actors: the local government authorities; the metro company CAMETRO, which is a central government agency. Local government authorities plan and regulate the majority of urban public transport operating in the city (buses, minibuses, taxis, jeeps, and so forth). CAMETRO is independent of these municipal regulations and is able to take decisions concerning planning on the metro system. CAMETRO is accountable to

the central government, its natural regulatory authority in the hierarchy, acting through the Ministry of Transport and Communications (MTC).

The MTC formulates major infrastructure plans for the country and coordinates with regional and local authorities. Urban transportation falls under one of the Ministry's many strategic guidelines. The capacity to plan and regulate has been transferred to lower government levels.

One local government authority in Caracas has a particularly important role in planning and regulation. This is Libertador, which because of its size and its historical role as the main local government authority, draws up the plans for most transport strategies and regulates the majority of city routes. Many routes cross municipal boundaries, extending into interurban realms; ultimately, the transport office of Libertador bears the management load of the system alone. The regulations for the sector – defining the characteristics of urban transport units with which providers must comply, the fare tables, schedules, hardware design (bus stops, maps, and so forth), the location of bus stops and terminals – are formulated in Libertador and quickly followed up by the other local government authorities. This follow-up strategy also occurs in the case of fare changes, in which Libertador's local government authority acts as the municipal counterpart to central government and unions.

Decisions about the maintenance of the system, the vehicle fleets and traffic management infrastructure (bus stops, stoplights, terminals, and so forth) are distributed as follows: local government authorities take decisions on the traffic management infrastructure, and transport firms take decisions regarding their fleets, although they are obliged to follow the municipal regulations. For the metro system, the operating company is empowered to take these decisions; the company has an agreement with the local government authority to reach certain quality of service levels.

The *locus* in the institutional network where decision are taken concerning planning, regulation and maintenance is positioned in the central government level, with a specific additional element in the participation of Libertador local government authority.

Planning: coordination

The capacity to coordinate in the area of planning, regulation and maintenance in urban planning, taking into consideration a metropolitan scale, is discussed below in relation to four themes: the level of coordination, the underlying powers, the impact of the state of coordination on the functioning of urban transport, and the emergence of metropolitan tendencies around this functioning.

Level of coordination. There is little coordination between the agencies responsible for the planning, regulation, and maintenance of urban transport. Information sharing or comparative procedures are the most common forms of exchange (see table below). However, these practices are essentially remnants of a system with one powerful local government authority (Libertador), and the tendency of smaller local government authorities to follow the decisions taken in *Libertador*. Otherwise, when they do not concur, the local governments propose plans, regulation measures, and maintenance programmes of their own accord. This occurs mainly when they are dealing with the transport requirements in localized areas of their jurisdiction, such as the local routes connecting up informal settlements.

The bigger actors, such as the Ministry of Transport and especially CAMETRO, keep coordination at metropolitan scale at a low level and limit the participation or objective sharing with local authorities. In practice, these central government institutions represent an important share of urban transport, but their planning is not directly connected with urban government.

The Underlying Powers. Every urban government agency, whether at central, regional or local government level, has some formal say (through the constitution, municipal and decentralization acts) in planning urban public transport. Some of these agencies exert their powers through taking action in the sector, as the central government does through the MTC or CAMETRO. At the municipal level, the difference between the influence of Libertador local government authority and the other local government authorities in the valley is substantial. Nevertheless, local government authorities such as El Hatillo, Sucre, Baruta, use their powers to regulate the sector within their jurisdiction – thus on a local scale – in order to influence urban public transport and gain technical or political benefits. The approval of routes, regulations or maintenance are instruments which affect other actors, such as private providers who would consider serving a route, or implementing a fare increase, or a new maintenance standard. Similarly, the reach of urban public transportation to certain communities and locations is affected by the decisions taken at municipal level to extend a route, set fare prices, or design extended timetables. This strategy has been widely used in a political context, with the appearance of *rutas populares* favoured by municipal regulations, or new concessions. This has happened on poor income or lower middle class neighbourhoods, and has been promoted vigorously for election purposes.

Impacts. The lack of effective coordination in planning, regulation and maintenance produces an urban transport system that is heterogeneous in quality, unreliable, and poorly maintained. The limited reach – in territorial terms – of most of the local plans for urban transport impedes improvement in service provision, such as consolidated time schedules, regular shifts. The low level of coordination achieved at

Table 5.3 - Planning and regulation. Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

	Present
<i>Relatively easy</i>	
1 Informal co-operation	X
2 Inter-local service agreements	X
3 Joint power agreements	
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Own analysis. Research interviews (1999). Adadpted from Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 5.4 - Planning, regulation and maintainance. Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
	4. Avoiding differences among actors
X	3. Consultation with other actors
X	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Adadpted from Meltcalfe (1994, p. 281)

inter-municipal or inter-governmental levels detracts from a metropolitan service standard other than that of CAMETRO, which acts independently.

With regard to regulation and maintenance, since service providers are regulated at the municipal level, the lack of consistent practice in the metropolitan area leads service levels to fall to the lowest requirements. Private providers operating under concession in Libertador and Petare have older vehicle fleets than those operating in Baruta, El Hatillo and Chacao local government authorities. The maintenance checks on buses and minibuses are stricter and more frequently carried out in Chacao than in other local government authorities. This inconsistency in policy means that higher standards in one particular local government authority do not guarantee improvement in service at metropolitan level.

Metropolitan arrangements. The most promising initiatives in the urban transport sector remain the Caracas Strategic Plan and the Urban Transport Partnership. These initiatives propose coordination for planning, regulation and maintenance. The partnership for urban transport is a project that is still irrelevant to the sector's dynamics.

The documents of the strategic plan of Caracas do not specify actions in urban transport apart from general coordination powers. Establishment of a regulation arm is not specified. Nevertheless, since CAMETRO is an important promoter of the strategic plan, the emphasis in urban transport coordination is to be expected.

5.3.3 Pricing

In this section, an analysis of the pricing component (fares and tickets) of urban public transport is presented; this is similar to the analysis of investments, or planning, regulation and maintenance reported in the preceding paragraphs. In the analysis below, first the locus of decision-making in this area is considered, and then the search for forms of coordination within the institutional framework is described.

pricing: locus of decision making

Pricing in the urban public transport of Caracas is a responsibility assigned to local government, but because of its political sensitivity the Ministry of Transport and Communication (MTC) intervenes as the agent of central government in the process of fixing fares and transport prices in Metropolitan Caracas. This Ministry also works out and publishes official guidelines for urban, suburban, and interurban transport price scales. These include bus and minibus fares, metro ticket prices, and taxi fares.

The local government authority carries out the final negotiations for setting fares with the urban transport unions and the private providers. This process implies decisions of a metropolitan reach – prices tend to be homogeneous in the city according to the categories of urban transport (urban, suburban, interurban, trunk

routes, and so forth: see page 7). However, since this is a metropolitan issue, only the local government authority of *Libertador* participates in the negotiation rounds leading to agreements on fares. Libertador is over-represented in the process since other local governments in the city do not participate and simply follow the agreements arrived at in Libertador as the benchmark for their own fare scheme.

The public transport companies are the counterparts of the government authorities in this process; the majority of these companies are organized in cooperatives federated in one metropolitan union Central Unica de transportistas del Distrito Federal y el Estado Miranda, usually known as the *Central Unica del Transporte*. Cooperatives and small firms from the Federal District and the Miranda State have representatives in this union, making it an entity that covers the metropolitan area and the capital region. These cooperatives and small firms are not incorporated as companies, but rather as associations that preserve the individual rights of the participants. The preferred formula is the *sociedad civil*, which allows all the partners to retain the ownership of their vehicles (bus, minibús, taxi). The *Central Unica de Transporte* is therefore a union of small businesses that is recognized at the same time as a trade union. It operates like a trade union in price negotiations, where price increases are demanded as vehemently as salary increases are claimed by more traditional unions.

Pricing agreements therefore have three participants: the Central Government; the local government authority of *Libertador* (alone, or in company with similar authorities in the city); the metropolitan union. Following along this line, the subsidies that affect prices are granted by the central government to the transport companies and cooperatives (indirect subsidies). The union plays a strong part in channelling applications and in the disbursement of these subsidies for its affiliates. The pricing process set-up usually involves these three actors: the MTC as a politically sensitive technical agency, carrying out the executive strategy and having the final word on prices; the local government authorities, thrusting their technical concerns and service improvements into the negotiations; and the union, forcefully pressing for the maximum short-term benefit.

Metro system fares¹ are assigned independently of this process in agreements between CAMETRO, MTC, and the local government authority of Caracas (Libertador). Subsidies are included in the price (which keeps them low) or are granted to CAMETRO in the form of an allowance to build up debts (also thereby keeping ticket prices low) underwritten by the central government. The agreements made between CAMETRO, MTC, and Libertador relate to technical or functional issues and also take political issues into account. The prices of superficial transport and the metro system are not indexed or homogeneous.

The locus of decision-making is therefore close to central government, since it is the apparent policymaker with regard to subsidies and income targets, moving towards

local government with one local authority acting in behalf of several local authorities in the city. The union's presence reinforces the central government locus, since it is the only adequate counterpart for a metropolitan guild in the absence of a metropolitan agency for urban transport.

pricing: coordination

Coordination in the process of pricing urban transport is not formalized according to the expected legal framework (in the hands of local government authorities), although there is a relatively effective system in place that covers the metropolitan area. Decision-making power may be in inappropriate levels of governments according to the legal framework, but overriding this through keeping decision making at the upper levels of government provides opportunities for scale gains. However, the increasing participation of local government authorities as managers of urban transport means that they attempt to bring decision powers on pricing closer to their constituencies. The capacity to coordinate is discussed below.

Level of coordination. Where the exchange of information between local government authorities is the main mechanism used, the level of coordination is low (see table). All levels of government endeavour to have a clear and homogenous scale of transport fares, so they share information with regard to private providers' demands for fare increases, the number of units in service in their jurisdictions, and the granting of subsidies. It is also important to note that the local government authority of *Libertador* has *de facto* extraterritorial powers in the negotiation rounds to achieve fare agreements, since its actions in this regard determine the follow-up actions of the other local government authorities in the valley. Local policies to subsidize transport (routes run by the local authorities' own companies, direct subsidies, and so forth) drop out of this practice of information exchange, because these are effectively restricted to inbound routes. Local government authorities seldom subsidize each other in this regard.

The Underlying Powers. Transport fares have an important impact on the income patterns of poor people resident in Caracas. The practice of protecting income through holding back this element – by subsidy or by price manipulation – is fundamental in the central government's social programmes. Traditionally, urban public transport prices are heavily subsidized to avoid low-income households having to expend too much of their income in transportation, since most people in this income group use public transportation frequently and extensively (OCEI, 1990). The central government sees the setting of prices in urban transport as part of its social policy workplace. This attitude is emphasized in Caracas by its primacy in the urban system; the largest city in both population and spatial terms.

Urban public transport remains structured as a subsidized service in Venezuela; the participation of private firms is not encouraged, realistic prices are not achievable

Table 5.5 - Pricing. Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

	<i>Present</i>
<i>Relatively easy</i>	
1 Informal co-operation	
2 Inter-local service agreements	
3 Joint power agreements	
4 Extraterritorial powers	X
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	X
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Own analysis. Research interviews (1999). Adadpted from Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 5.6 - Pricing. Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
X	4. Avoiding differences among actors
X	3. Consultation with other actors
X	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Adadpted from Meltcalfe (1994, p. 281)

under present circumstances, and operators (private owners of vehicles) remain subsidy targets. This subsidy-dependent structure also provides an argument for government involvement. That is not to say however that government intervention and subsidies dispensation should be centralized: rather that it should be well coordinated. But the scale of the disbursements in a city such as Caracas and the ongoing tension between the central and sub-national levels of government reveal why the central government seeks to retain control. This area could provide the edge for political leverage.

In addition, some of the consequences of poor pricing policy are relatively serious for local governments, whether they are bad timing or inappropriate price levels. In the late 1980s and early 1990s social unrest in Caracas was often associated with steep rises in urban transport fares. As a result, the local government authorities tend to avoid exercising control in these matters, or demanding further devolution from central government. This reluctance is also apparent in the unequal burden borne by the *Libertador* local government authority in the pricing process: the other local governments find the arrangement to their liking.

Impacts. The arrangement by which the central government remains in control of pricing policy and local authorities remain at a distance from real decision power has two kinds of impact. First, the arrangement hinders opportunities for improving services through competition, since prices are fixed by the government at unrealistic levels, and knowledge of the need that a local government might have for certain local routes or special fares conflicts with the fixing of prices in the upper levels of government. The second impact is that the arrangement maintains the distance between the ruling authority (central government) and the regulating bodies (at local level), which have difficulties in keeping fares and quality under control. Eventually, this dissonance between price and quality control affects fares, since the quality of the service falls below that for which the price was set. Users therefore pay more for a service of poorer quality.

Metropolitan arrangements. The present situation is a sort of metropolitan consensus with respect to urban transport fares: a consensus by default, taking into account the lack of participation by the majority of the urban local government authorities. Nevertheless, there is no agency or agreement in place that resembles the metropolitan scale. The difference in pricing and fare systems (Metro vs the others) reveals the lack of coordination, and perhaps not only the institutional reserve with regard to capacity. CAMETRO is avoiding the implementation of multimodal tickets in collaboration with the present private providers and is instead promoting something similar through the Caracas Strategic Plan. There is an evident lack of multimodal transport planning at all levels.

5.4 Metropolitan arrangements

In this section, the bottlenecks constraining metropolitan arrangements in urban public transport are specified. The last part is a discussion of the possibility of formal metropolitan arrangements within urban transport, and the most important conditions for that to be feasible. These *bottlenecks* and *feasibility* observations are referred to again in the final chapters.

5.4.1 Bottleneck

The *loci* of decision-making for several components of this urban utility are relatively broad in scale, since they tend to be at government levels that cover more than one local government authority. This multiplicity is not in itself a bottleneck and could be interpreted as a positive development; however, coordination with other government acting in the metropolitan area is not optimal, with negative effects on the final outcome of service provision. The major bottlenecks in this situation are: a) poor coordination; b) the intervention of metropolitan agencies; c) a tendency to avoid conflict; d) a legacy of clientelism

Poor coordination. There are few coordination efforts taking place in urban transport. Bilateral programmes in Caracas, the most sophisticated forms of collaboration, are often between central and local level governments, whilst horizontal coordination among local government authorities is rarely found.

Direct intervention of metropolitan agencies. The pattern of action of CAMETRO with regard to investment and planning reveals this agency's preference for acting independently. CAMETRO tends to avoid collaboration with municipal authorities, union representatives (from the *Central Unica de Transporte*), or any other partner active in urban public transport. The scale of action of CAMETRO is metropolitan, and so super-municipal, which explains why CAMETRO and the local government authorities are unequally matched. The CAMETRO scale of action has a technical justification and financial independence, while local government authorities have political legitimacy and a statutory responsibility for urban transport. CAMETRO planning and investments is effective in limited terms, because there is little coordination with whatever transpires at municipal levels, or the interaction of the private providers with the metro system, or ways in which private providers could complement the system. CAMETRO does not approach private providers or union representatives from Central Unica de Transporte directly, preferring to leave that to the municipal authorities (through the transport departments that deal with private providers), and efforts to improve this relationship are inadequate. A situation of reciprocal *laissez faire* between CAMETRO and the private providers of urban public transport (buses, minibuses, taxis) results in redundant travel capacity on certain routes, unplanned transfer points, and few facilities for intermodal travel.

Conflict avoidance. In the course of the research, all local government authorities, with the exception of *Libertador*, were found to prefer to maintain the *status quo* with regard to price agreements and investment plans. The local authorities would rather leave urban transport issues in the hands of the central government and the *Libertador* local government authority than seek active participation. The provision of urban transport is ridden through by controversial elements, such as sensible price negotiations, and the transport union as a powerful counterpart. For investment in urban transport on a metropolitan scale, local government authorities are also reluctant to take control, because the coordination capacity that would be required would have to be built from scratch.

Clientelism Legacy. In contrast with CAMETRO, the practice of private providers has been localized and short term. Transport companies – including the cooperatives that make up the larger part of urban public transport in the city – exert pressure to obtain and keep routes that run parallel with those of the subway system; peripheral branches are considered less important. The programmes of investments patronized by FONTUR and several local government authorities that have failed to establish a continuous transport system reinforce this practice. The political leverage of the transport union (*Central Unica de Transporte*) is utilized to obtain benefits from these programmes. Decentralization from central government (devolution, intergovernmental investment programmes) has not necessarily brought about the modernization of the political counterparts; the *Central Unica de Transporte* has the same objectives of maximizing profits that preceded the decentralization process (1989) and trades its political support (vote support and strike temperance) with mayors, elected officers and career politicians. Transport companies and the transport union (*Central Unica de Transporte*) operate in a traditional fashion, remaining closely linked with political parties or groups, which see their enclaves (the local government authorities) as the base for clientelism. The fact that the local government authorities in the city have different political orientations at their top levels, together with the lack of any metropolitan criteria for urban public transport, gives ample scope for channelling investment in urban transport and assigning routes according to vested interests.

5.4.2 Feasibility

There are few indications suggesting that Caracas could have decision-making arrangements in urban transport appropriate for a metropolitan scale. The institutional arrangements are not adequate to provide the necessary coordination capacity, and those agencies acting on the metropolitan scale tend to operate independently. Nevertheless, the subway system, as the only system of metropolitan reach, has influence and could enhance its role as the promoter of coordination in urban transport. The proposed partnership for metropolitan urban transport also represents an important initiative.

CAMETRO and its role. The continuity and relevance of CAMETRO in urban transport is evident to all the actors in urban government. CAMETRO has resisted volatile changes during government transitions: investment plans may be slowed down, but top-level executives remain in position during transitions. CAMETRO is a founding member of the Strategic Plan, and its collaboration with municipal authorities is increasing (Research Interviews, 1999). The local government authorities have recently endorsed CAMETRO's plans for a fourth subway line, in the face of attempts by the central government to cut or downsize the project (*El Nacional*, 2000). Although it is weak, there is a consensus with respect to the importance of the system for the city. The company is perceived as an effectively managed company, because of its continuity in its professional levels, its medium-term goal achievements, and its economic development (Pareto's rule, economic gains, and so forth) approach to investment. All indications suggest that CAMETRO should continue to be an important actor in urban public transport.

Any proposal for a metropolitan arrangement for urban transport has therefore to incorporate CAMETRO. Similarly, the impact of the subway system in the city could be greater if coordination were improved among the local authorities, the private providers (organized within *Central Unica de Transporte* or apart), and the new entrants (private firms, urban transport companies) at the metropolitan realm. Although reciprocal interests would seem to be served here, the bottlenecks are substantial. CAMETRO will not join forces with the municipal authorities, because of the unresolved fragmentation; it keeps its distance from the transport unions representing surface transportation, because its lack of cooperation is well known. While the municipal counterparts and unions lack the technical expertise and metropolitan vision of CAMETRO, the company lacks the ability to operate in political realms. Its approach to other actors cushioned in the Caracas Strategic Plan Foundation (FPEC) remains technically oriented and does nothing to resolve the political misalignment: CAMETRO is shielded from the political debate and contestability (part of its success), but is inhibited from securing any compromise with other actors that are contestable. This misalignment is a key issue to be addressed in a feasible metropolitan arrangement for urban transport.

Partnership for metropolitan urban transport. This project is the result of the dissatisfaction of the mayors with the level of improvement in the provision of urban transport in Caracas. Their appreciation of the deficiencies of administrative fragmentation, redundancy, uncoordinated investment, and the lack of any metropolitan criteria for urban transport has occasionally led the mayors in the city to propose setting up a metropolitan authority for transport. In addition, the development agencies' demand for further aid has a metropolitan agency as a prerequisite, which makes the option interesting.

The capacity of local government authorities to set up such an organization is

remarkably low. This project has failed to build up any momentum, either through a lack of political commitment or organizing capacity, or a need to compromise with important interest groups.

The similarities in interest and goals, with those of CAMETRO linked to the strategic plan and those of the local government authorities linked to their timid project for a metropolitan agency, show that the public institutions involved in urban transport in Caracas have similar concerns with regard to the scale of their actions. That these initiatives come from different sides – technical and political – and still do not converge show that bringing these approaches together is fundamental to an effective metropolitan transport service.

Note

- 1 In Caracas two system of transport fares are in practice: one for the metro, consisting of magnetic tickets to be used in trains and buses of the metro system, and cash for all other forms of transport. Intermodal tickets are not used.

6

Monterrey: Physical planning

In Monterrey, physical planning is also a key function of urban government (see theoretical framework). As stated earlier for Caracas, the **scale** of action and the **locus of decision-making** for this public function are key factors in supporting urban development, avoiding inequalities and preventing negative spillover effects. In addition, the **locus of decision-making** in the institutional framework of spatial planning is important for achieving effectiveness on key issues of strategic relevance.

The first part of this chapter is a review of the background, the structure and features of urban planning against which the analysis was performed. The second part describes the territorial scales operative in the city; scale is the spatial focus. The analysis is reported in the third part, decisions; selected elements of urban planning structure are evaluated with respect to the impact decisions have on the territorial scales. This performance evaluation identifies the decision makers (loci), how they correspond to territorial scales, and what kinds of layout are constructed so as to make these decisions correspond with the appropriate scales. The concluding fourth part, metropolitan arrangements, is the result of the preceding analysis of the scale (metropolitan) that is relevant for this research, and a summary of the main findings.

6.1 Background

The analysis reported in the following sections was developed within the framework explained below. Since this study concerns observations made of the practice of urban planning, the context of this practice in Mexico and Monterrey needs to be specified.

This section is divided into four parts, each corresponding to one of the important background issues: a) elements of urban planning; b) levels of government that intervene on urban planning; c) the decentralization context; d) the role of Monterrey in the Mexican urban system. The issues are presented and briefly discussed for each part.

These background issues are considered structural to the sector. The first two (elements of urban planning, level of government) derive from the legal structure in force in the country, the region, and the city. This structure was set against the form that urban planning has taken from the practice of urban government and the implementation of planning policies in the course of time. *Decentralization* is presented, because it is a process that influences the relationships between governments, agencies and actors, since its aim is to precipitate structural changes

in the government apparatus. Finally, the role of Monterrey in the Mexican urban system is explained to make clear the features that derive from the institutional arrangement of the country, the political structure, the tensions between the regions and the centre, and the economic role of Monterrey in a context of trade liberalization.

6.1.1 Elements of urban planning

In Mexico and in the city of Monterrey, physical planning is a public good delivered by government. Three important features of this public good are: 1) it is a component of national development policy; 2) it is focused in territorial development; 3) its main objective is to give direction and balance to territorial uses, whether rural or urban growth, in accordance with desirable social objectives (democratic planning, economic development, environmental considerations, planning of communities). An illustration: the strategy of territorial planning in the National Programme of Urban Development 1990-1994 (PNDU), defines its three lines of action as: a) the development of systems of urbanized regions with high potentiality; b) the development of connections linking the various urbanized regions (urban corridors, transport infrastructures); c) a hierarchical distribution of services (*Plan Estratégico Monterrey 2020*, 1995). This strategy is clearly related to the liberal doctrine of the Mexican government; the main lines of development are designed to facilitate the full achievement of the potential of economic development of regions rather than to cross-subsidize regions. As Iracheta (1995, p. 355-356) affirms: “Today’s problem is less likely to be regional imbalance; it is rather to change the economic model. The emphasis is therefore on global economic planning and not on territorial planning.”

A simplification has been made to describe the elements of urban spatial planning. Three major groups of competencies are used: planning, execution or implementation, and control.

Planning refers to the processes of the formulation of plans, documents, and instruments to implement spatial transformations. These plans are predominantly concerned in defining land use. Other forms of government action in the urban realm, such as investment in infrastructure, management processes, action plans, and regulations, are dependent on or closely related to land use proposals incorporated in the plans.

In Monterrey, urban development is defined in the State Urban Development Act (1999) as: “the rational and systemic planning of actions that – with social participation, and based on the corresponding responsibilities of the state and local government authorities – aims to transform small communities and towns. The Act establishes the principles of planning – to set objectives, goals, strategies, and priorities, and also to assign resources, responsibilities, and time schedules, and further to coordinate action and evaluate results” (Art. 5). Until this Act came into

force in 1999, spatial plans were drawn up by state-regional agencies. The situation has now changed, since local governments are now entitled to draw up spatial plans for their jurisdictions.

The execution and implementation of urban planning strategies are the activities following up the planning stage. The *programmes* of urban development are the execution instruments of plans preferred by urban government in Mexico. They may be general, or specific to one issue such as urban development planning, land use, housing, infrastructure, transport, city equipment, community participation, urban image, and so forth. A programme forms an essential action instrument of government involvement in the city.

These programmes direct public investments in the city and are often linked to planning objectives, such as the National Programme of Solidarity (*Pronasol*), and the Housing Development Fund for Monterrey (*Fomerrey*). However, the agencies responsible for implementing programmes of urban development are not necessarily equivalent to the planning agencies; neither do they necessarily operate at the same level of government. These agencies are often corporations that operate under a raft of mandates and objectives from different government levels and different planning levels. In such cases, a programme may not be bound to the planning authority (or government level) that formulated the plans. This disparity is relevant, since it shows how development programmes, although based on plans produced at clearly defined government levels (federal, regional, or local) could operate independently, combining objectives derived from these different levels. Nevertheless, it is often the case that development programmes are carried out by federal or regional government and the activities undertaken in the pertinent sector (housing, poverty alleviation, education, and so forth.) are then absorbed, or replicated at lower levels of government authority.

In summary, programmes are instruments that facilitate the necessary investment and the carrying out of government objectives, which are sometimes stated in spatial plans. Programmes are often institutionalized in exclusive agencies, whether in central, regional or local level of government.

Control and regulations is understood as the government action that looks at the actual transformations of the urban areas, and their efforts to keep these transformations in line with the actual plans. The government is basically exerting its authority to steer the action of third parties (other public agencies and the private sector) within the parameters of plans. Regulation could be inter-governmental, that is, one branch of government checks whether other institutions observe the guidelines. Regulation could be carried out on firms, citizens, and any institution active in the building process; through such measures as issuing building permit, assigning density levels, applying sanctions to illegal developments, promoting or

demoting urban development, and so forth. These duties need supporting documents that could establish the legal authority of the agency responsible for regulation, including the types of use, transformations, allowances, procedures and sanctions. In the case of intergovernmental regulation these documents are: Acts that establish the relationships between the different branches of government; spatial plans on a national scale (these define guidelines to regional and local governments); spatial plans on a regional scale (these define parameters for local government action). For the regulation of the spatial realm of the city, the acting agency sums up these guidelines according to their own objectives (that is, municipal regulations) that are often the consequence of the goals and targets stated in local plans.

6.1.2 Levels of government

There are three levels of political-territorial organizations for government in Mexico; the federal government (the top, or central level of the system), the state government, and the local government authorities. The constitution of the country and the organization of the government distribute urban planning competencies (planning, execution, and control) over these government levels.

At the federal level, the Constitution and the General Communities Act assign the responsibilities of execution and control to the federal government. Basically, national strategies are set and a framework created to coordinate the fulfilment of these strategies throughout the different levels of government. The investment, production, provision and concessions of public works made on the national scale are the execution component of these attributions. The monitoring of these activities in lower government levels (regional and local) represents the control attribution.

The state or regional government is responsible for planning and execution at the corresponding scale; in this case study, that is the scale equivalent to the state of Nuevo León. The capacity of regional planning agencies and the control they have had over the urban development plans over the years make these regional agencies key participants with regard to planning in the city. These agencies have acted as the planning authority for the cities without any major restraints from other levels of government.

At the level of local government, the local authorities have sufficient legal entitlement to undertake the planning, execution and control of urban planning. At this government level, these functions are more specifically defined. Urban planning falls under the attributions of the local government authorities (The Local Government Administration Act, 1991). The description of the roles in the various pieces of legislation make clear that the municipal level is viewed as the central link for intergovernmental coordination in the area of urban planning.

All three of these levels are active in Monterrey. It is the state capital, so central

government agencies are located there, as are the state government agencies and institutions. The urban agglomeration constituting the city comprises seven local government authorities.

6.1.3 Decentralization context

Since 1983, urban planning in Mexico has evolved in the context of the decentralization of government and political power. There have been changes in the traditional centralized structure of government, which has been partially transformed into a structure where responsibilities, resources, decisions and participation are dispersed through several levels of government. A political transformation is taking place whereby the authorities of sub-national governments are being elected, and these authorities are often composed of different parties from those in power at the central level. The functional devolution that this process delivers has nevertheless taken place, although slowly and with some reluctance, as evidenced in the fact that in Mexico each level of government has a tendency to keep its hold on traditional decision areas rather than allow a full transfer to lower levels of government, even though decentralization and devolution has changed these relationships. Central government seeks to maintain its hold on functions transferred to the regional government, and the regional government seeks to remain dominant on functions that, according to new legal frameworks, should be in the hands of the local government authorities.

At the start of decentralization, urban utilities had different degrees of centralization and so they have therefore been subjected to different types of reform. The state governments maintain their control of water companies, the planning institutions, power companies, and urban transport services. With decentralization, many of these utilities should have come under the local government authorities, but this has not always been the case. On the municipal side, there are financial constraints, lack of capacity, reluctance, and self-interest (that of evading conflict-prone utilities), and on the regional side a loss of power is implied. In Monterrey, the water company remains regional, or under the administration of a regional level agency and reporting to the state governor. The case for public transport is similar, where the most important public agency, the Metropolitan Transport Council, is also a state office. For urban planning purposes, public transport is a public function in transition from the regional office *Secretaria de Desarrollo Urbano y Obras Públicas* (SEDUOP) to the municipal offices in the state of Nuevo León.

6.1.4 Monterrey in the Mexican urban system

As the third largest city of Mexico, Monterrey plays an important part in the urban system of the country and in the tension between the centre and the region. The large geographical distance from the urbanized centre of the country (that gravitates around Mexico City) has protected Monterrey from falling under the direct influence of the urban development of the capital, as other cities like Puebla or Toluca have

done. Even Guadalajara, closer to the capital than Monterrey, has a different position in the centre-region dispute. Monterrey is therefore more independent and views critically the developments in the central regions of the country, where development and growth are more closely related to endogenous reasons than to national strategies. Nevertheless, Monterrey (together with Mexico City and Guadalajara) belongs to the top level of cities in Mexico that are in an advanced stage of metropolitanization, where growth trends are less pronounced than the national average, and where suburbanization, periphery growth, and deconcentration are important features (Negrete Salas, 1995).

Another factor defining the position of Monterrey in the urban system is its role as an economic powerhouse, with three important characteristics supporting this position: a) its early introduction of capitalist modes of production and industrialization; b) the consequent capitalist culture that remains dominant and is in command of the growth processes; c) its proximity to the US-Mexican border, which facilitates exchanges with the large US economy.

This combination of factors shows that the attachment of Monterrey to central government policy is less strong than that of other urban agglomerations. In urban planning it seems that Monterrey, far away from the zones of concern in the neighbourhood of Mexico City as it is, has been able to follow its own policies without major interruptions, although the coordination of national plans and transfers remain important questions. There is a political dimension in the pressure for the regional development of Monterrey and Nuevo León, which reflects the failure of policies designed at central government level: "The failure of policies of regional development in Latin America, based on the attitudes of the central authorities to the rest of the nation, has reached such a limit that regional development has been transformed into a factor of political struggle" (Iracheta, 1995. p. 353).

Monterrey itself represents a case of urban primacy within its own state. Nuevo León's population is concentrated in the capital city (87% of the state population). This concentration has consequences in government action, because the population realm of the regional government hardly differs from that of the local government authorities of the city. In fact, both levels are urban governments affecting almost the same areas and serving the same populations. This analysis corresponds with that of Duhau, who asserts that: "From a functional and political point of view, in metropolitan cities local administration is carried out simultaneously by the state and local government authorities" (Duhau, 1998. p. 76).

Monterrey maintains a growing functional interdependence with Saltillo, the capital of Coahuila State and just 80 kilometres away. This interdependence can be observed in patterns of demographic growth (population, employment, housing, education, and so forth) and is manifest in the trades and modes of the Monterrey's citizens. Sobrino (1996) already sees a tendency towards megalopolization in

Monterrey-Salttillo – parallel to that of the Mexico City agglomeration; this tendency is based on the competitive advantages Monterrey-Salttillo evidently enjoys in the neo-liberal economic model and in the productive chains being generated in the territory.

6.2 Territorial scales

In this section, the focus is the spatial component and spatial definitions used in urban planning in Monterrey. The different *territories* functioning in the city are considered under the section territories: the definitions, extensions, and description of the different spatial concepts approaching broader territorial scales. A discussion on *matching and non-matching territories* follows; this deals with the contradictions between those definitions and the planning actual territory in Monterrey. Under expectations, the possible territorial scales in urban planning practice are identified from the concepts of territories in actual use.

6.2.1 Territories

In Monterrey, government intervention in spatial planning is not based entirely on a broader territorial scale. According to the criteria defining a conurbation and a functionally urbanized region, such territorial action should cover at least the nine local government authorities in the city. The most important territorial definitions are: a) Metropolitan zone/ Monterrey Metropolitan Area; b) Metropolitan Study Area; c) Monterrey-Salttillo.

Metropolitan zone / Monterrey's Metropolitan Area (AMM). The metropolitan zone is what has been defined as the area of the Monterrey conurbation and its immediate expansion area. Several local government authorities are also defined; the zone has developed from the initial four local government authorities in 1950 to the current nine. This has been a flexible definition that has followed the historical developments in the urban expansion in the city.

Monterrey Study Area (AEM) Strategic Plan. This definition is used in the strategic plan of Monterrey to indicate the area most directly related to the core metropolitan area with regard to urban sprawl, environmental externalities, and potential economic development. The definition includes the AMM and the 'expansion' area, the local government authorities, which have been designated as possible conurbation areas in the future.

Monterrey-Salttillo. This definition is proposed by some researchers to cover the urban region that includes the two cities: Monterrey, or the AMM, and Saltillo, the capital of Coahuila State that is 80 kilometres to the southwest.

6.2.2 Matching and non-matching territories

There is a consensus within SEDUOP, the municipal level planning offices, and the

Table 6.1 - Territorial concepts in use in urban planning in Monterrey

Concept	Document / agency	Administrations included	
		State	Municipal
Monterrey Metropolitan Area (AMM)	National and state constitutions, PNDU/ Secretary of Human Development and other central government agencies	Nuevo León	<i>AMM the local government authorities:</i> Monterrey Guadalupe San Nicolás Garza García Santa Catarina Apodaca General Escobedo Juárez García
AEM (study area)	Strategic Plan of Monterrey	Nuevo León	AMM's the local government authorities + Cadereyta Santiago Ciénega de Flores Salinas Victoria Pesquería Mina Hidalgo Abasolo El Carmen Dr González Zuazua Marín Higuera
Monterrey-Salttillo		Nuevo León, Coahuila	AEM+Salttillo

national agencies over their understanding of the AMM. The definition provided by the Act and that used extensively for the master plan and the strategic plan correspond to the same territories. The documents are referential to partial plans drawn up at the municipal level; they are followed insofar as they do not interfere with the local government objectives in territorial planning issues. The AMM is the reference definition, but it is not imposed on local level actions. The main reason why the AMM remains the main definition used by actors involved in urban spatial planning is that for several years planning in Monterrey has been in the hands of one agency: SEDUOP. However, the new Urban Communities Act may change this situation in favour of more planning responsibilities at local government level, but the local government authorities in Monterrey are not expected to challenge this definition by proposing an alternative. On the contrary, the AMM is a reference definition for many officers in the local government planning departments in

Monterrey, also because many of these officers worked at some stage of their careers in the SEDUOP itself.

Collaboration proposals put forward for the planning offices of the various local government authorities in Monterrey (Santa Catarina-San Pedro) often depend on partnerships of 2 or 3 of the local government authorities. The proposals do not seek to draw on metropolitan-wide resources.

6.2.3 Expectations

The introduction of an operational broad territorial scale is an interesting issue in many of the planning agencies in Monterrey involved in urban planning. At this point 'operational' has to be interpreted as more binding than the referential definition that AMM conveys. This firmer binding is logical for institutions at central and state government levels, because their mandate is directly related to broader territorial scales. For planning institutions at local government level however, interest is rising for finding ways of improving local plans by incorporating them into metropolitan guidelines. Officers in all local planning institutions aspire to having a metropolitan framework to which the decisions included in their corresponding partial plans – essentially about land use and building volume – could relate and be justified, expanded, and reinforced as policy.

The metropolitan scale is accepted at local government in the terms defined by the strategic plan. However, the strategic plan is not followed or implemented in its entirety, and there are no institutional arrangements for coordination. Expectations are evident for the introduction of a broader territorial scale, a framework that would facilitate coordination. The urban planning agencies and their chief officers are interested in an intermediate scale that would enable them to negotiate.

Research interviews (1999) revealed that these interests were fairly consistent at the local level, but opposed to the vision that officers at the regional level have of the utility of the metropolitan scale as an operating scale for urban planning. Officers at the municipal level consider the intermediate metropolitan scale appropriate for the determination of agreements with other local government authorities, thereby reaching metropolitan arrangements. At the regional level (SEDUOP), the public servants begrudge their loss of authority and see the metropolitan scale as exclusive to their activities and expertise; they see the metropolitan scale as the means of regaining their authority over the municipal planning offices.

The coordination of action and decision-making is not the main priority for the municipal planning offices. For the majority of chief officers in the local government authority planning agencies within the AMM, the main problem is autonomy from SEDUOP to prepare plans and control urban development (Research Interviews, 1999).

At the offices of spatial planning in the different local government authorities of Monterrey, the expectation is that the consolidation of the metropolitan scale as an operating scale would help to define the positions and intergovernmental relationships with other levels of government. Basically, the main hope is for the municipal planning offices to assume their assigned planning powers completely and without the intervention of regional government officers.

On the side of regional government, some officers at SEDUOP expect to regain or take control of the planning system through the mechanisms of coordination (these mechanisms had not been defined at the time of the field work) that are expected to emerge in the city after the major changes in the institutional framework have taken place. The officers expect that through the compromises for coordination that are stipulated in the Urban Development Act, they would be able to propose an agreement whereby SEDUOP would retain control over key decisions. Basically, the transfer of authority to issue land permits to local government is seen as a mistake that could be rectified in this way.

In short, expectations with respect to the use of a common metropolitan definition in a more formal way are differently expressed at the different levels of government. Regional government sees a common definition as an opportunity to regain or maintain control on urban development, and local government sees it as an opportunity to limit the intervention of regional government in local planning and to gain autonomy.

6.3 Decisions

This section documents the analysis of two aspects of government involvement in urban planning. These are the *investment* aspect – understood as public investment within the framework of plans; and private sector *regulation* – understood as the way in which plans are used to steer or influence the capacity of the private sector to change the built environment.

The structure of the analysis for each of these components (investment; regulation) is as follows. First, the *locus* of decision-making is considered: who takes the strategic decisions, at what level of government, and within which institutional framework. Second, what kind of *coordination* has emerged, or can be observed, beyond these *loci*; in particular, to what extent do these coordination efforts correspond with broader territorial scales. The analysis of coordination is divided into the following themes: a) the level of coordination (info level, communication level, agreements, and so forth); b) the underlying powers; c) the impact of the actual power-decision arrangement on urban growth (the basic statement is referred to here of deciding on urban planning); d) the coordination practices that have a metropolitan scale.

This structure of analysis is also used for the investment component and the regulation aspects.

6.3.1 Investment

The production and implementation of plans is restricted by the capacity of the institutions to invest in them as influential developers. The main investments are made through housing projects (including social housing programmes or housing infrastructure), through development corporations, and general investment in urban infrastructure in. As mentioned above, the development programmes are the most important instruments for institutional investment. The system of plans represents the framework within which these investments are made. The implementation of projects within these areas of action represents the spatial outcome of government policy. The analysis that follows first considers the locus of decision making in these three branches of action (housing infrastructure/social housing, development corporation, and urban infrastructure), and then whether wide territorial scales are evident from the actual practice.

Investment: Locus of decision making

The structure of decision-making processes in urban planning execution is not restricted to one agency, or one government level. It is a network of relationships and procedures that covers many government layers. According to the legal framework, the main actors are at the local level. The most important outcomes are the provision of *urbanismo* (infrastructure for housing: land plots, roads, utilities), the provision of housing, and the provision or coordination of public urban infrastructure such as roads, public spaces, and so forth. Key decisions in these areas are the amount of public goods that have to be delivered, and the location of these goods. For the case of spatial planning in Monterrey, these decisions translate into the amount of land allocated to housing, the housing target for any particular plan, and the location of these developments.

The three main branches that contour government policy are housing infrastructure/social housing, the actions of agencies for investment programmes (such as Fomerrey, Pronasol), and the provision of urban infrastructure. The system remains under the close supervision of the central government (see Garrocho and Sobrino, 1995), where almost all financial and fiscal powers in the system is concentrated. The financial strength of the central government carries considerably more weight in the decision-making process than any responsibilities that could possibly be assigned.

Social housing/Housing infrastructure. Who decides about the amount and location of housing infrastructure? In the case of Monterrey, local authorities do not have total decision power on this range of decisions. Such decisions that are relevant to urban planning, the housing sector, and infrastructure investment are taken at the upper levels of government, whether regional or central.

For social housing and squatters' rehabilitation, the most important agency is

FOMERREY. This development fund puts forward proposals for housing developments on available land in the city (owned by FOMERREY, or assigned through the Act) and then assigns the implementation of these developments to the best-qualified developers in a public competition. These activities, and the decisions about land use and the number of housing units, are set against rough plans such as the different partial plans now in force at the city.

The participation of the regional government is minor, but relevant in the key decisions in the provision of housing infrastructure and social housing. Participation is through SEDUOP, which still holds the power to decide the amount and location of housing investments. This is a statewide agency and some non-urban local government authorities lack the capacity to assume the functions related to housing, so SEDUOP is the responsible agency for these cases. As the housing coordinating agency for non-urban and some urban local government authorities, SEDUOP has the position and the power to negotiate with other elements participating in the sector, such as national agencies, or urban local government authorities which have taken on housing responsibilities. Moreover Fomerrey, the leading agency in the sector, is run under the same regional government mandate as SEDUOP, so that these two agencies are set at practically the same government level, facilitating the influence and exchange of information between them.

For social housing/housing infrastructure, the locus of decision-making is at regional level, through Fomerrey, or through SEDUOP. Joint decisions with local government for the development of social housing/housing infrastructure are also possible. The first case operates in institutions that manage on a city scale above that of the metropolitan realm. For joint decisions, the responsible institutions operate on a local – sub-metropolitan – scale.

Urban Infrastructure. The decisions on the locations and types of intervention for urban infrastructure are taken by agencies located at the upper levels of the system. These are the Ministries of Infrastructure and Urban Development, and the Department of public works of the Nuevo León State Government. Municipal level government authorities propose projects related to urban infrastructure, where their departments of public works take over control on the definition of the kind of intervention they favour and how it relates to urban development plans.

When funds are scarce, public agencies and institutions tend to converge and join forces for infrastructure investments, but decisions on the location and type of infrastructure do not correspond with those of authorities with metropolitan capacity.

In summary, the locus of decision-making on the investment issues of urban infrastructure in Monterrey is at regional government level, through the

Table 6.2 - Physical planning. Investment: Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

	<i>Present</i>
<i>Relatively easy</i>	
1 Informal co-operation	X
2 Inter-local service agreements	X
3 Joint power agreements	
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Own analysis. Criteria adapted from Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 6.3 - Physical planning. Investment: Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
	4. Avoiding differences among actors
	3. Consultation with other actors
X	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Adapted from Meltcalfe (1994, p. 281)

FOMERREY and SEDUOP. The central government has some access to these regional level decisions by direct intervention through its ministries and agencies – mostly with respect to urban infrastructure and indirectly through restrictions on the funds (intergovernmental transfers) available to the local and regional government for investment.

Investment: Coordination

The investments made in social housing/housing infrastructure and urban infrastructure as part of spatial planning are not coordinated within a metropolitan range. There are no directions in the legal framework calling explicitly for coordination. Clearly, decision-making is dispersed, but the institutions that have decision power still need to relate their decisions to other public offices. Other actors in the city need to be persuaded to support the decisions of others, or collaborate with them, so as to coordinate different participants in the fulfilment of their objectives, and to make the actions resulting from their decisions really effective on the metropolitan scale – the scale of the whole conurbation, or AMM. This informal capacity to coordinate is discussed below.

Level of coordination. Almost all institutions involved in implementing planning do so independently. Two observations were particularly striking with respect to evaluations and scales applied at the level of coordination reached in the city. First, the exchange of information among agencies is poor and not structured (see Tables 6.2 and 6.3). Second, in the cases showing that attempts at coordination had been made, the metropolitan scale (resembling the AMM) was seldom the referential scale for coordination.

The first observation is based on the results of the interviews with officers in the planning departments of the five local government authorities of Monterrey (Research Interviews, 1999). Although the officers deal with the same issues and problems, communication between them is not structured. They do not meet at regular intervals, and they have no knowledge of developments in other local government authorities. Participation in the city by central and regional government agencies (Pronasol, Fomerrey) does not guarantee that these local level offices are any better informed about each other, since many of the projects of these institutions are implemented in collaboration with the local government authorities on an individual basis. The directors (*secretarios*) of the city's local government urban planning offices meet on an informal basis (casual meetings in restaurants), without any institutional support, and with an open agenda. These meetings facilitate the exchange of information, but any commitment to attend these meetings and form part of this informal network is based on personal motivation.

The second observation – the inadequate scale in the event of coordination – is based on the failure to find any arrangement to canalize, or coordinate investment

on a territory of action resembling a metropolitan scale. Among the local government authorities, their investments in urban infrastructure (such as the joint drainage collector project of the local government authorities of *Apodaca* and *Escobedo*, joint solid waste management of the *Santa Catarina* and *Garcia* municipalities) were coordinated with one neighbouring municipality at the most. The incompatibility of the framework for investment (that is, the partial urban plans) of each local administration prevents them from carrying out programmes together. At the same time, reactions at SEDUOP, which maintains that keeping control on a metropolitan scale is fundamental, is that the commitment of the different actors (local government authorities, public utilities providers, central government agencies) is irregular in time. As a result, whatever the initiatives for coordinated investment projects, they tend to be sporadic and isolated, at least in the view of the SEDUOP counterparts for the research interviews.

The existing and proposed arrangements for coordination are more in the nature of *a priori* power bargaining instruments than structures to facilitate joint decisions. The SEDUOP presses for acceptance for its proposal for coordination, which is based on the endorsement of a coordination document. This is an agreement drawn up by the various actors (SEDUOP and the local planning offices) to form one metropolitan body, while the operation and responsibilities of this body are unclear. The arrangement is an inflexible, hierarchical structure with the SEDUOP at the top. To finalize, it is evident that the decision-making process regarding investment in urban infrastructure has no strong coordination structure and a metropolitan scale does not provide a key to coordination efforts. Neither does the fact that the decision power is at the higher levels of government bring any assurance that investment and implementation are made following the implementation of a framework (plans) that takes a broader territorial scale into consideration. The local government authorities tend to agree in general terms regarding intergovernmental transfers, general investment programmes, and earmarked funds, but once the financial capacity has been achieved (or the funds actually transferred) there is little room for confidence that the coordination will ensue of the metropolitan intention of the investment plans (metropolitan coverage for drainage collectors, solid waste management, the harmonization of public services, improved accessibility, and so forth.). The local government authorities tend to act independently of each other and there is no supervising or coordinating body, or any agreement to compensate for this fragmented action.

The underlying powers. All levels of government have some share of power (they have the opportunity to take certain key decisions regarding investments) in the decision-making process, which is the result of a system that searches for a political balance. This system accommodates different forces influencing various elements of spatial planning. Officers in the local planning institutions recognize the political ploys of their mayors, who support plans that are in line with investment

programmes with a spatial impact (infrastructure, housing). In some cases a mayor's support is biased towards public works departments, which then take the lead as the producer of urban policy. The planning office perceives this situation as an imbalance.

Another perception commonly reported by the officers in the municipal planning departments is a hostile attitude to the local level displayed by the regional office SEDUOP and the urban development programmes such as Pronasol and Fomerrey. The regional and central agencies assume the responsibilities and attributions that correspond to the municipal administration, and the attempts of these upper level agencies to achieve the coordination with municipal departments are received with some scepticism.

The framework of action (spatial plans) is critical for the further investment by public or private sectors; this critical nature exposes the system within which decision-making operates to the influence of various actors and interest groups. In Monterrey, the councils have recently approved all the partial urban plans of the various local government authorities, or are in the process of so doing. The assignment of land use derived from these plans defines the potential development of several areas, and have an impact on their land values. The capacity to influence this element of urban development (land use/land value) is important, since mayors can define urban development policy, affect the use of several areas, liberalize restricted areas, and so forth. At the same time, this discretionary power is susceptible to pressure. This varies from a landowners' lobby seeking priority for investments involving private lands, to politicians representing the inhabitants of communities in poor areas supporting investment in urban infrastructure.

Behind this decision-making layout surrounding spatial planning, governments at all levels are interested in exercising their control on decision-making. The consequences of land value mutations are important in financial terms for landowners and urban real state development. In Monterrey, industrial real estate, business parks, and other forms of real estate development seem to be ahead of the spatial plans provided by public institutions. Real estate developers operating in the business and industrial parks market often carry out their developments ahead of infrastructure provision by government, providing themselves with networks on their estates and connecting them up to public networks (roads, water, sewerage, electricity, and so forth), and forcing public agencies to respond to their demand for services. In this way, the supply of public goods, such as urban infrastructure, social housing/ housing infrastructure, tend to follow demand, and so it lacks flexibility. The influence of the demand side through business coalitions, conglomerates, and lobby groups is important and reveals the underlying power in the present situation: that of the private sector. The empowerment and proliferation of local authorities suits these influence groups, since the scale of public action is reduced and access to

government officials is more feasible. Few of these influence groups need to provoke public action on the metropolitan scale; if that were the case, central government or regional government would be appropriate levels to approach.

On the side of the local government authorities, the mayors and the officers of the planning departments acknowledge that, in planning terms, their duties refer to local scales. With the new Urban Development Act (1999), the opportunity given to the local government authorities to take control of investments in housing and urban infrastructure is perceived as a step forward in decentralization. Mayors and planning offices are keen to claim this power; it is a matter of consolidating new attributions rather than coordination within the metropolitan realm. From this perspective, avoiding metropolitan coordination is preferable.

Impacts. These settings impact on the delivery of public urban planning, affecting the achievement of medium and long-term goals. Since decision-making is fragmented, implementing policy guidelines (whether from master or strategic plans) tends to be difficult. At this moment, no continuity is observable in the goals of the various administrations and agencies across the metropolitan territory. The political changes, the different levels of support of the planning departments, and the activities of various interest groups undermine the long and medium term policies of urban development and spatial planning.

Without any effective medium or long-term policy, there is no capacity to steer urban development from the public side. Plans produced at the local level, and the matching public investments made in the city, follow private sector developments and become government ratifications of these developments.

Metropolitan arrangements. The arrangements drawn up for the collaboration and coordination of the agencies do not cover the metropolitan territory. Bilateral agreements are favoured. Although the new Urban Development Act specifies the institutionalization of metropolitan coordination, it is not yet operational. The efforts of SEDUOP to facilitate metropolitan coordination under a broad agreement have not yet proved successful.

6.3.2 Regulation

The regulation of urban development activities is the final function of spatial planning; regulation comprises monitoring of the various parties in the city to ensure they adhere to the guidelines and uses prefigured in the plans. As with investment, the analysis reported below first considers *the locus of decision-making* in this area, and then the forms of *coordination* within the institutional framework.

Regulation: locus of decision making

The way in which urban government defines its role as the regulator of the development of the urban fabric in relation to spatial planning is to take a position on a) what elements of the urban fabric should be regulated; b) the extent the regulation should take. The legal framework within which urban government operates in Monterrey provides the formal justification for these duties. Identification of who takes these decisions, at which level, and with what consequences these two points are resolved, reveals the *loci* within the institutional framework where these decisions are made.

The discrepancy in Monterrey and other Mexican cities between what is liable to regulation and what is eventually regulated is a relevant topic for this research. Both the present and previous State Urban Development Acts in *Nuevo León* tend to be extremely regulatory, incorporating detailed rules and procedures. Of course, such criteria as population density, height limits, proportion of green areas, and so forth are established, but these legal instruments are extended into excessive details on how local government authorities should monitor adherence to these criteria. The Acts lay down guidelines for the organization of local government authority regulatory bodies, set out typical land use permits, assign the value of the fines and penalties, and so forth. The new Urban Development Act of Nuevo León (1999) is a typical case of an extremely normative framework, with a heterogeneous group of municipal agencies responsible for its application.

Almost every agency involved in urban planning at any level of government is entitled to set codes and regulations. The discussions provoked by the 1999 Urban Development Act, mainly on the reach of the regional legislation into municipal action, showed that this remains an issue of defining the scale of action, restrictions, and responsibilities shared by the different levels of government intervening in the city. The discussions revealed the importance of the task of finding out how to organize the mandates assigned to central, regional, and local government levels (mandates allowing these various government authorities to decide what to regulate): basically, the task is the definition of the *loci* where decisions are made.

The framework for regulation incorporates the following three features: a) not all of the legislation provisions are used to make regulations, but they are detailed enough to be used as a regulation code; b) regulations for the various municipal authorities in Monterrey are not homogeneous; c) top-level regulation by the SEDUOP (regional level) remain the reference practice.

What to regulate? The main regulation on spatial planning in Monterrey concerns land use. The assignment of uses, targeted population densities, and the regulation of building characteristics comprise the subsequent regulated items. Spatial planning documents provide the referents for the determination of all these items,

which should in theory guarantee homogeneity throughout the AMM in the application of the regulation code. However, in practice, the authorities intervene directly and propose partial regulation codes (through the regional or local government authorities). The authority that acts directly in the regulation of the built environment is the central, regional, or local government authority. Since the metropolitan realm is not represented in these administrative tiers, it is precisely the issues of metropolitan concern that are in conflict. Local governments are reluctant to apply guidelines inherited from central or regional government authorities, since they are perceived as intrusive rather than scale-related. This situation is difficult, since the regulation code provided and enforced by SEDUOP on a metropolitan scale is in danger of being devalued by the fragmented action of Monterrey's local government authorities.

The planning document defines the basic regulations and their reach. Planning efforts are harmonized and completed with a direct monitoring consequence. For example, the Strategic Plan proposes that part of the *San Pedro* municipality should be developed as a medium-height residential development, but this proposal is accompanied by the enforcement of a code that forbids buildings taller than six stories. The enforcement agency is the municipality of *San Pedro*, which is interested in developing some of these areas with other characteristics. Direct policy intervention overrules this planning-monitoring pairing where authorities can undertake land uses or urban developments that are not incorporated in plans. In most cases, this pairing is allowed for communities or land uses that would otherwise be impossible to change, or special cases successfully argued by private developers. This a posteriori acceptance of land use adds to the land use legislation and, through the accumulation of precedents, affects the general restrictions for urban growth.

The legal body responsible for the extent of regulation is basically the local authority, since the locus of decision-making is at this level of government. The local authority applies the building code; that is not to say, however, that there is a direct relationship between the planning offices and those responsible for controlling the urban environment. Monitoring offices are often detached from planning departments. The issue of building permits and the administration of property tax are important revenue generating activities that tend to be within the close proximity of the mayors.

Regulation: Coordination

On the metropolitan scale (AMM), there is no formal coordination among the actors responsible for the regulation of the built environment. The levels of coordination and the power struggle underlying actual practice are presented below. A discussion then follows on the impact of current institutional forms, and the coordination forms emerging in Monterrey.

Table 6.4 - Physical planning. Regulation: Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

	<i>Present</i>
<i>Relatively easy</i>	
1 Informal co-operation	X
2 Inter-local service agreements	
3 Joint power agreements	X
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	X
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 6.5 - Physical planning. Regulation: Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
X	4. Avoiding differences among actors
	3. Consultation with other actors
X	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Adapted from Meltcalfe (1994, p. 281)

Level of coordination. In Monterrey coordination is poor among the offices responsible for controlling urban development. They communicate with each other and share some procedures, but coordinated action or policy has not yet been structured into institutions, procedures, meetings, or binding agreements.

Communication between the chief officers takes place informally. Under the new Urban Development Act, there are no instruments allowing for them to learn from each other, or to incorporate elements of the spatial planning regulations for one municipality into those of another.

Procedures tend to be homogeneous. With regard to procedures the new Urban Development Act is specific. It explains in detail the procedures for issuing land permits, discussing changes in land use, and definitions of the possible uses of land. The staff of the local government authorities are often experienced officers who have worked in SEDUOP, which is the common school of reference for practices at the local level. This common source adds to the homogeneity in the procedures across the city that conceals differences in policy, capacity, resources, and content in the regulation of the urban fabric.

It might be expected that the processing of a land use permit, or the issue of a building permit, would be similar for all the local government authorities, but there are observable differences in policy. Some local government authorities use the regulation of private activity in the building environment as a way of attracting private firms to settle in their jurisdictions; other local authorities exact property tax from the locations already occupied where there are few mobility chances. The local authorities differ in terms of size (territory and population), capacity (staff) and revenue (transfers); these differences influence this pattern of diverging policies. The larger local government authorities have integral policies of planning and regulation (Santa Catarina, San Pedro), while smaller local government authorities, or the local government authorities with large medium and low income populations opt for demand-following strategies. The latter, such as Escobedo or Apodaca, resort to less integral action; the tension between planning, investment, and regulation in spatial planning is reflected in the different departments in the local administration and the competition to reach the mayor's agenda.

Few activities are undertaken to regulate the built environment in Monterrey on a metropolitan scale. Poor coordination, the different capacities of the actors involved, and bureaucratic homogeneity compromise the opportunities of having an ordered development that reflects or incorporates the metropolitan scale.

Underlying powers. Each municipal office is able to control and tax the built environment within its jurisdiction without interference from any of its neighbours: a useful situation allowing particular interest and revenue objectives to be set. The

local government authorities' dependence on central government transfers increases their need to resort to their own sources of revenue. Land use regulations, building permits, spatial planning control, land registration, are typical areas allowing local government to strengthen their finances.

Impacts. The major impacts of the way in which spatial planning is regulated in Monterrey are: 1) the impossibility of preventing negative externalities in the city; 2) a further undermining of monitoring practice; 3) unexpected changes in demand for infrastructure.

The inappropriate development of land produces negative externalities; on the one hand there are environmental consequences, and on the other basic urban infrastructure is put under stress. Since most negatives externalities have a metropolitan impact, such as water shortages, environmental pollution, and congestion, the impact of uncoordinated regulation is negative for the whole city. The externalities problem and lack of consistency in the regulation of urban growth can be observed in *Apodaca*, a municipality that has to cope with problems arising from the city's deficient drainage system. *Apodaca* is the lowest topographic area of the city, and periodic overflows from the rainwater drainage system cause considerable damage to the public and private infrastructure. To date, the call for a homogeneous building code to prevent these periodic floods has met with little success.

Uncoordinated regulation affects infrastructure planning and provision. The lack of monitoring capacity in the city, the different levels of tolerance and encouragement for real estate development and popular communities modifies the demand for infrastructure. This modification is hard to follow in a context of fragmented policy; it reduces the effectiveness of infrastructure investments in Monterrey.

The system of spatial planning in Monterrey yields a snapshot diagnosis of the state of the city, but no dynamic observation of its development has been implemented. The lack of institutional structures permitting the metropolitan-related demands to be followed can be seen in the mismatch of infrastructure investments and the actual needs of the city. The value of planning as a forecast of urban growth and as a guideline for future action is therefore undermined by poor monitoring and regulation practice.

Metropolitan Arrangements. There are no clear metropolitan agreements with the aim of giving the city a homogeneous set of regulations. The fragmentation of policy in several local government authorities represents the present and future outcomes, although in the past the role of SEDUOP as the main regulator of urban growth was important. In the current transition from urban planning controlled by regional institutions to more power for local government authorities, the basic tendency is towards divergence. National and regional guidelines remain as

references for unified action in the city, but their binding power is relatively weak, since the local agencies have enough authority to decide the direction of their regulation policy of urban planning. The prevailing scale is therefore the scale of the local government authorities. The mandates enforcing the national and regional guidelines are not strong enough to give cohesion to the regulation practices of the various local government authorities of Monterrey. Until now, the incomplete devolution of planning responsibilities and resources has let SEDUOP act as a metro agency with regard to regulations.

6.4 Metropolitan arrangements

In this section, the bottlenecks that constrain wider territorial arrangements in urban planning are specified. In the previous part, the possibility was discussed of having formal metropolitan arrangements for urban planning, together with the most important conditions for that to be feasible. These bottlenecks and feasibility observations return in the final chapters.

6.4.1 Bottlenecks

The institutional arrangements that could improve decision-making in the implementation and regulation of physical planning in Monterrey have several bottlenecks. Basically, neither the loci of decision-making, nor the scale corresponding to these loci are adequate.

Poor coordination. Communication among the acting authorities is poor. There is no common ground for information exchange; the situation is also brought about by the local government authorities' different capacities and perceptions of problems. There is little chance of correcting distortions of scale, or inadequate decision-making processes through some form of coordination. Communication among the different actors could not provide a basis for coordination.

Other priorities. The planning offices in the various local government authorities in Monterrey are more interested in engaging in their legal duties than creating coordination. Their main priority regarding urban planning at the local level has been to strengthen their position by assuming planning responsibilities. The efforts they have made have been to accelerate the devolution of responsibilities from central and regional levels of government. To establish territorial-wide alliances is not on the agenda of the most active institutions such as the mayors, the planning offices, or the regional legislators. The approval of the new Urban Development Act is therefore considered as a turning point that makes the task of planning responsibilities by local agencies definitive.

Lack of capacity. There are no initiatives to build capacity for metropolitan coordination or metropolitan management. Even at SEDUOP, which is now called on to assume a more important role for coordination after its premature demise in

the new Urban Development Act, the transition from *factotum* to facilitator has not been established. The organization has experienced the shocks of releasing power and exclusive tasks, but it has not cushioned these shocks properly. More efforts have been made to create mechanisms and arguments to retain power than to acquire the capacity to assume new roles within the institutional framework.

With respect to the municipal agencies, they have no interest in, or resources to allocate to, the task of building up the capacity for coordination on the metropolitan scale. Even though this lack of interest reflects the low place of metropolitan coordination on the list of priorities of the local government authorities, the subsidiarity principle has been followed closely.

Legacy. The legacy of confrontation between the regional planning office and the local planning offices in the struggle for more devolution and decentralization prevents the regional office from taking on its role as metropolitan facilitator. The perception of hostility between the two levels of government is a bottleneck for possible coordination arrangements.

Heterogeneous capacity. Municipal levels planning offices have different levels of capacity, problems, and priorities. This disparity is evident in the diversity of planning policies within the metropolitan area. Some local government authorities are ambitious in their planning action, seeking to keep ahead of demand with proposals for land use, industrial parks, environmental restrictions, and property tax strategies. Meanwhile, other local government authorities lag behind their residents' demands, preferring to deal with contention and defer problems. Moreover, the capacity of the local government authorities of Juarez and Garcia is not comparable with that of the other local government authorities in the AMM, because they are smaller and are still under the regional supervision of SEDUOP for planning purposes.

With this variation in capacity, collaboration and information exchange was found among planning officers at comparable levels of technical capacity. Metropolitan coordination is thereby avoided, because it is perceived as a forum for turning particular problems into common territorial issues. Officers are keen to establish the differences in the nature of their problems and the capacity of their departments and cite this as an explanation of the way they approach collaboration in a selective way.

6.4.2 Feasibility

In Monterrey, it is difficult to take key decisions of urban planning at the appropriate scale of the city. The institutional arrangement of Monterrey is not suitable for the implementation of metropolitan urban spatial planning. However, there are some indications that could lead to improved action. These are: a) a consensus on the extent and definition of the metropolitan territory; b) the activities of the

development programme's agencies; c) the expressed necessity of the regional government to redefine the role of the planning agency.

Consensus on metropolitan territory. There are no major disparities in the perceptions of the metropolitan realm. The definition of the strategic plan, including the nine local government authorities of the conurbation, is understood to be the referential definition of the territory of the city.

The confrontational context of decentralization and devolution in Mexico, Nuevo León, and therefore in Monterrey, where every government agency at any level searches for consolidation, has dispersed and fragmented decision-making processes. The coincidence of scale and decision-making at the metropolitan level in Monterrey has not been realized, because of the lack of institutional structures, capacity, and incentives.

Programmes. The programmes for intervention in social housing/housing infrastructure (Fomerrey), and urban infrastructure, have a territory of action that is close to that of the AMM even if they operate separately from the municipal or regional government. They are the recipients of direct transfers from the central government and earmarked transfers, and they are responsible for the implementation of programmes funded by multilateral organizations (WB, UNDP, IADB). They work in partnership with the local government authorities for social housing, housing infrastructure or urban infrastructure, but their partnerships are on a case-by-case basis. Nevertheless, it could be said that these programmes have a part to play in metropolitan coordination with respect to their particular functions. The planning phase of planning implementation would benefit from integration. This would make spatial planning documents more effective. Better integration of programmes and plans would lead to a shift towards action plans, a comparable level of planning capacity in the different planning offices in the city, instruments and procedures for coordination, and improved communication between actors.

Redefinition of the regional planning agency. SEDUOP, the agency for urban development and public works, is in transition. This agency has to adapt to its new role, because it is now the only agency intervening in the AMM with metropolitan capacity, and because that capacity is its advantage. Planning offices at the municipal level are unable to assume this role without some major financial and institutional reinforcement. In the case of the regional office, the new institutional setting resulting from the 1999 Act brought two changes that strengthen its role of metropolitan coordination agency: a) SEDUOP is relieved of activities related to local plans, because these have been transferred to local governments; b) SEDUOP is legally recognized as a commanding partner in any of the metropolitan arrangements, because it represents and advises the state government.

The feasibility of a coordinated system for urban physical planning is poor. The dynamics of urban development, added to the ongoing political process of decentralization, put coordinated action in disarray. Furthermore, improved coordination in urban planning has an impact on the interest groups attached to the present layout of decision-making; they perceive it as a threat.

Any feasible metropolitan arrangement has to be strongly backed by the central government; this is the only government level with enough fiscal power. This condition is fundamental for the provision of adequate financial support for the metropolitan planning authority. In addition to this, a metropolitan arrangement has to be placed under a legitimate branch of government in the city, either the regional government (State of Nuevo León), or a coalition of the local government authorities, possibly including the regional government, or ultimately a metropolitan government. Despite attempts at fiscal decentralization and improved transfer, the central government has the last say in most of the decision processes analysed; a metropolitan authority without the support of the central government could not be expected to deliver, even with the total support of all the local government authorities in the metropolitan area. A metropolitan authority would remain in the tension area between the two levels of government. Moreover, since it is such an important provider of urban infrastructure, the central government's involvement in a metropolitan arrangement concerned with urban planning makes sense.

In the physical planning function, *implementation* provides the authorities with prestige as well as the spending opportunities that could be guided in favourable directions for political or economic allies. *Regulation*, perceived as the legitimate taxation area of the local administrations, is an important source of revenue for the local government authorities. Improving the layout of the decision-making processes in spatial planning to produce homogenous policy on a metropolitan scale requires a balance to be struck between these political bottlenecks. Redistributing responsibilities is more complicated than building on the current informal arrangements, because the power relationships are difficult to displace. The entrenched position of the current holders of decision power on key issues of spatial planning hinders the implementation of change towards metropolitan arrangements, because the current power brokers benefit – although only marginally – from the current situation. The challenge for spatial planning in Monterrey is to achieve consensus for change. To achieve this political consensus, the gains of each actor under the current situation should be revised, and eventually compensated for or negotiated with a view to achieving a consensus for change. This search for consensus shows that the challenge for metropolitan spatial planning in Monterrey is a political case.

7

Monterrey: Urban Public Transport

Like spatial planning, urban public transport is an important function of urban government (see theoretical framework). In large urban agglomerations like Monterrey, the appropriate *scale* (local, metropolitan, regional, national) for decision-making is urban public transport; it plays an important part in supporting urban development, providing accessibility, avoiding inequalities, and preventing negative spillover effects. In addition, the **locus of decision-making** in the institutional framework of urban public transport is also important for achieving effectiveness on key issues of strategic relevance. This chapter provides some further insights into the *scale* to which decisions are related (local, metropolitan, regional, or national), and the location within the government structure (municipal, state, or central government, and intermediate agencies) where these decisions are taken. In this selection, the road component has not however been included (investment in road infrastructure, highways, and so forth), because in Mexico and Latin America this component is largely under central government control, a situation that already defines the scale and locus of decision making and distorts the argumentation for metropolitan arrangements. The analysis is based on public transportation activities – the provision, production, route design, coordination, and pricing – for buses, metro, minibuses, taxis, and so forth

In the first part of this chapter, the structure and features of urban public transport (bus, metro, minibus) are presented as the *background* against which the analysis is reported. The second part shows the *territorial scales* that are operative in the city; this is the spatial focus. The analysis is given full consideration in the third part, *decisions*, where selected elements of urban transport structure are evaluated according to the way in which decisions have an impact on a territorial scale. This performance evaluation shows who takes decisions, how these correspond with territorial scales, and what kind of institutional layouts are set up to make these decisions correspond with the appropriate scales. The fourth and last part of the section, *metropolitan arrangements*, focuses on the result of the previous analysis on the scale (metropolitan) that is relevant for this research, summarizing the main findings.

7.1 Background

The analysis reported in the following sections is set within the specific framework explained in this background section. Since this research study records observations on the provision and management of urban transport, it is necessary to specify the context of this practice in Mexico and Monterrey.

This section provides an overview of the sector and four parts that correspond with the background issues considered important in this research: a) the components of

urban transport; b) the levels of government that intervene in urban transport; c) the decentralization context; d) the role of Monterrey in the national urban system. For each of these parts, the issues are presented and briefly discussed.

The first two issues (elements of urban transport, level of government) are considered from the perspective of the legal structure in Mexico. This structure and the form urban public transport has taken are considered: the formal legal structure on the one hand, and on the other the form that urban transport has taken. Attention is paid to urban transport developments derived from urban government practice and also from the implementation of urban transport policies in the course of time. *Decentralization* is discussed, because it is a process that influences the relationships between governments, agencies, and actors, since it aims to bring about change. Decentralization is an ongoing process in Mexico, with evident influence on the practice of urban management and therefore on urban public transport. Finally, the role of Monterrey in the Mexican urban system is explained to make clear some of the features of the institutional framework that are the consequence of developments on the national scale: the political structure, the tensions between the regions and the centre, and the economic role of Monterrey in a context of trade liberalization policies implemented at national level.

7.1.1 Overview

Various private firms and trade unions provide bus services, the former under concessions, and the latter as *permisionarios*, or permit holders. These permit holders are simultaneously owners and operators (drivers) of their buses, and are affiliated to a labour union. These permit holders run 87 routes, related either to the *Confederación de Trabajadores Mexicanos* (CTM) or to the *Confederación Regional de Obreros y Campesinos* (CROC). In 1995, these routes comprised 68% of all routes, with a fleet of 1553 bus units, or 54.6% of the total supply of buses.

The concessionaires have 32% of the routes; they operate 45.4%, or 1247, of the buses in Monterrey (*Comisión de Desarrollo Urbano del Estado de Nuevo León*, 1995). The number of buses in operation in 1990 was 2700 (Quintanilla, 1995) while, according to the diagnostics of the strategic plan, in 1995 that number was 2800 (*Comisión de Desarrollo Urbano N.L.*, 1995). Chavarria and Villarreal estimate that there were 2840 units and 891,67 inhabitants per bus (Chavarria and Villarreal, 1995). They also estimate that the number of daily trips taken by public transport in Monterrey for 1993 was 3,197,150, representing 58.13% of the total number of trips made in the city (Chavarria and Villarreal, 1995).

The Metro system of Monterrey (METRORREY) consists of two lines. The first is an elevated railtrack, 18 kilometres long, on the axis of the grand avenues *Aztlan*, *Rodrigo Gómez*, *Simón Bolívar*, *Colón* and *President Benito Juárez*. It has been in operation since April 1991. The number of passengers is estimated at a total of



Figure 7.1 - Main streets and avenues

85,000 per day. This line has 17 stations located on crossings with the main road network. The second line is an underground train running from *Cuauhtemoc* Avenue (a transfer station with line 1) towards the *Macroplaza*. This line is to be extended northwards to *San Nicolas de los Garza* and *Escobedo* (residential local authorities); it is expected to have high density and intensive use when this expansion has been completed.

In contrast with the bus network, which is operated by a large number of concessionaires and permit holders looking for profit maximization, Monterrey's metro is run and funded by the public corporation METRORREY. This corporation

is a state-owned company, supervised by the *Secretaría de Desarrollo Urbano y Obras Públicas del Estado* – SEDUOP – which in turn is a department of the state government executive branch.

7.1.2 Elements of urban public transport

In Monterrey, urban public transport is provided by a small number of government agencies (Metrorrey, local government authorities), or a service delivered by private providers under government supervision. The provision of public transportation for passengers is an important service of government intervention in the urban realm. Government intervention is specific to some elements of urban transportation; these elements are:

- investment,
- route design,
- planning,
- regulation,
- maintenance,
- pricing.

These elements can be clustered according to their political value into three groups: the first relates to hard investment in public transport (buses, metros, tramways, terminals, and so forth); the second includes route design, planning, regulation, and maintenance; the third refers to pricing. This classification reproduces the differentiation of public tasks in cities such as Monterrey. The road component is not included in this selection (investment in road infrastructure, highways, and so forth), because in Mexico and Latin America this component is largely under central government control. The participation of urban government (regional government, metropolitan arrangements, local authorities, and so forth) in the provision of roads remains complicated and entangled in the various modes central governments use to manage infrastructure investments. Central governments are – in the wake of decentralization and state reform – opting for such formulas for direct provision, concessions, contracting-out, lease arrangements, and devolution. The inclusion of this component in the analysis of metropolitan arrangements in urban transport would lead to too many exceptions and distortions.

Investments. This group includes investments being made into the purchase and maintenance of transport systems (metro, tramways, and so forth), transport units (metro cars, buses, trolleys, trams), and light infrastructure to complement these transportation modes (bus stops, bus terminals, metro stations, bus parking, garages, passenger’s shelters, signals).

Routes, planning, regulation, and maintainance. This group includes the management and planning of public transport routes, the regulation of the conditions and reach of the service, and the maintenance of infrastructure, units and systems.

Pricing. This group includes the intervention of government agencies in the regulation and setting of public transport fares and prices.

7.1.3 Levels of government

All three levels of government (central, regional, local) are actively involved in urban transport in Monterrey. In most cases their responsibilities in the various elements of urban transport are assigned according to scale, but certain remnants still in force date from the previous responsibility arrangements made at the time when government was more centralized.

Central level. Central government is active in urban transport through the Ministries, and indirectly through the development agencies. Apart from setting the strategies for investments in infrastructure, which are handled by the Secretariat of Public Works, specific development agencies are set up to deal with projects, programmes or transport infrastructure on a substantial scale.

Regional Level. The participation in the urban transport sector of the Regional Government in Monterrey, that of the state of Nuevo León, is important. Regional government acts as the counterpart of the central government agencies for major infrastructure investments, and is recognized in transportation studies as the leader through the Metropolitan Council for Transport. This regional body is – in the view of its officials (research interview, 1999) – focused on urban transport *management* for the metropolitan area of Monterrey. The Council is responsible for planning, route design, regulation, pricing, and (to a lesser extent) for minor investments in infrastructure and transport systems.

The urban rail company, METRORREY, is a one-purpose agency responsible for the metro system and accountable to the regional government. However, because of the size of the investment involved, METRORREY is also related to the central government agencies in the sector, such as the Secretariat of Public Works. An administrative council under the presidency of the Governor of Nuevo León State manages METRORREY. Certain state level officers and representatives of the private sector and labour unions constitute the Council (METRORREY, 1995).

Local Level. Local government authorities in Mexico are authorized to undertake several duties concerning urban public transport. In Monterrey, local government is formally – though not actually – responsible for road infrastructure investment and maintenance. In practice, the central government has more relevance in the sector, because of its financial capacity with respect to investments and the availability of technical capacity.

In summary, the regional level acts as the main authority in urban transport with respect to regulation. Investment in the Metro infrastructure, the granting of

concessions to bus operators, and the collection of all taxes and levies concerning private car use are all functions carried out by the State of Nuevo León through the State Council for Urban Transport (Garza, 1998).

7.1.4 Decentralization context

At the start of decentralization (1983), urban utilities had different degrees of centralization and so have been subjected to different types of reform. The state governments maintain control of the water companies, territorial planning institutions, power companies, and urban transport services. With decentralization, many of these utilities ought to have been brought under municipal government, but this did not apply to all cases in Mexican cities. The municipal side is often not involved, because of financial constraints, lack of capacity, reluctance, and self-interest (the evasion of the conflict-prone utilities). The regional side has no wish to give up power and therefore does not seek to decentralize. In Monterrey, the water company remains regional in operation; its administration is in the hands of a regional level agency, which is accountable to the state governor. Similar arrangements apply to urban public transport, where the Metropolitan Council of Urban Transport is the most important public agency acting in the city, and ranks as a state level office. Urban planning, is a public function in transition, relocating from the regional office *Secretaria de Desarrollo Urbano y Obras Públicas* (SEDUOP) to the municipal offices in the state of Nuevo León. The Metropolitan Transport Council retains a strong position on issues such as *investment*, often acting as the advisory agency for central and local government (the council is attached to the state government, so it fulfils this advisory function automatically). The Council is the main authority for *routes, planning, regulation and maintenance*; it is the only authority dealing with route design and planning. It also plays an important part in price (fare, tariffs) negotiations, since it is the agency that approves (or rejects) proposed price increases and levels.

The decentralization of government and public services management, although incomplete, has led to changes in the urban public transport sector. Basically, the role of the municipal agencies has increased in importance, since they have become legally involved in the sector to a greater extent. The process of devolution has different depths depending on the political weight of the element of urban transport involved (pricing), the level of active lobbying by local authorities to acquire more power, and the specific political balances between central and local governments (opposition, coalitions, and so forth). Basically, according to the decentralization argument and the legal structure, the location of functions which should now be in the hands of the urban governments (regional or local), is still a matter of discussion and negotiation.

7.1.5 The role of Monterrey in the urban system

Monterrey (together with Mexico city and Guadalajara) belongs to the top level of

cities in Mexico that are in an advanced stage of metropolitanization (Iracheta, 1997; Sobrino, 1996). Growth trends are less pronounced in relation to the national average, and suburbanization, periphery growth, and deconcentration are important features (Negrete Salas, 1995).

Monterrey, the third largest city in Mexico, plays an important part in the urban system of the country and in the tension between the centre and the region. The large geographical distance from the urbanized centre of the country (that gravitates around Mexico City) has prevented Monterrey from falling under the direct influence of the urban development of the capital, as other cities such as Puebla or Toluca have done. Even Guadalajara, closer to the capital than Monterrey, has a different position in the centre-region debate. Monterrey is therefore more independent and critical with respect to the developments in the central regions of the country, which makes its development and growth more related to endogenous reasons – such as industrial expansion, opportunities for international trade resulting from the proximity of the U.S.-Mexican border, the strong growth of coalitions – than to national strategies such as deconcentration, import-substitution strategies, and so forth

Another fact that defines the position of Monterrey in the urban system is its role as an economic powerhouse, with three important characteristics supporting this position: a) its early economic development as an industrial city, dating from the beginning of the 20th century; b) the consequent capitalistic culture, which remains dominant and also commands the growth processes; c) its proximity to the US-Mexican border, which facilitates exchange with the large U.S. economy.

This combination of factors indicates that Monterrey is a city in which attachment to central government policy is less strong than in other urban agglomerations closer to the capital. Monterrey is more closely related to the growth and development patterns of the cities in the northern region of Mexico, such as Tijuana, Mexicali, Ciudad Juarez, Nuevo Laredo, and Saltillo.

In the case of urban transport, it seems that Monterrey, situated far away from the zones of concern in and around Mexico City, has followed its own policies without any major interruptions, although the question of the coordination of national plans and transfers has remained important. There is a political dimension in the endogenous pressure for the regional development of Monterrey and Nuevo León, which corresponds with the failure of policies designed at central government level: “The failure of policies of regional development in Latin-America, based on the views that central powers have had with respect to the rest of the nation, has reached such limits that it has transformed regional development into a factor of political struggle” (Iracheta, 1995. p.353).

Monterrey itself is an example of urban primacy within its own state. Nuevo León's population is concentrated in the capital city (87% of the state population). This concentration has consequences for regional government action, because the population realm of the regional government hardly differs from that of the municipal governments in the city. In fact, both regional and municipal government authorities are involved in much the same areas, serving the same population. This analysis corresponds with that of Duhau (1995) with regard to simultaneous government, but an equivalence of territorial coverage is also indicated. Duhau concludes that, for Mexican cities: "From a functional and political point of view, local administration is carried out simultaneously by state and municipal governments in metropolitan cities" (Duhau, 1998. p.76), to which it may be added that for primate cities – such as Monterrey – this functional and political overlap is also spatial in terms of the territorial coverage of the governments involved.

Monterrey maintains its interdependence with Saltillo, the capital of Coahuila State, and a mere 80 kilometres distant. This interdependence can be observed in patterns of demographic growth (population, employment, housing, education, and so forth) and is manifest in the business activity and behaviour of Monterrey's citizens. Sobrino (1996) has already seen a tendency towards megalopolization in Monterrey-Saltillo (parallel to that of the Mexico City agglomeration); this tendency is based on the competitive advantages of Monterrey-Saltillo that are evident in the neo-liberal economic model, particularly with regard to the trade opportunities generated by the North American Free Trade Agreement (NAFTA), and the productive chains that are being generated in the territory.

The main impacts of this position of Monterrey in the urban system are the high demand for urban transport in Monterrey compared with other urban agglomerations in the region, and increasing car ownership. In addition, the national and regional governments take an interest in urban transport in Monterrey as a matter of social and economic concern.

The high demand for urban transportation is related to the population size and the growth of the city, which remains one of the largest in the country. Population growth and the subsequent extension of the urbanized areas affect the quality of the service, generate new transportation needs (new service areas, new volumes), and burden the existing infrastructure with unforeseen loads.

Urban transport in Monterrey is of regional interest and so regional and central government authorities are both involved. This dual involvement justifies the sharing of responsibilities for urban transport over several levels of government, with some decisions taken at central government level. Investments in infrastructure and the operation of the Metro system form part of this vision, with some elements of the sector kept close to central or regional government. Moreover, since transport costs



Figure 7.2 - *Administrative boundaries*

are an important component of household expenditures, altering transportation fares (whether raising or subsidizing them) is a political issue of vital government importance. This importance receives extra emphasis in Monterrey, because it is the biggest city in the state with more people whose household income is affected, and because these fare changes are promptly emulated by other urban agglomerations in the region.

7.2 Territorial scales

There are several administrative and operational territorial definitions for urban transport in Monterrey. Authority over urban public transport is accorded to municipal governments by law, but operations are arranged according to the technical definitions of the service areas. This operational/technical level is relevant, because finance and intergovernmental transfers are associated with these technical definitions.

7.2.1 Territories

The territories related to a local government authority are those within the municipal boundaries, whilst the realms for which many technical decisions are taken (selection of modes, number of units, routes) relate to sectors and areas defined by

use, density, traffic volume, and accessibility. Below are the territories arranged according to a) the administrative boundaries, and b) the technical definitions.

Administrative boundaries

The administrative boundaries in force in Monterrey define the territory of action of the various actors in urban government. The state and municipal boundaries reflect the territory over which the established urban government authorities exert their influence in the city. Thus the state of Nuevo León is the territory for regional government action in urban transport, and *Monterrey, San Pedro, Santa Catarina, Escobedo, Juarez, Apodaca, Garcia, San Nicolás* and *Guadalupe* are the territories for the corresponding municipal agencies responsible for urban transport.

Technical definitions

The main definitions in force for urban transport in Monterrey are not coterminous with the areas defined by the administrative boundaries. Urban transport in Monterrey has been defined and subdivided for practical reasons into the metropolitan area, the central square, the urban area, the inter-urban areas, and the squatter locations.

Metropolitan area. For planning and logistical purposes, the metropolitan area is the major territory in the city. Transport services, their demand and supply, are referred to this area. The following definitions (central/first quadrangle, urban area, suburban area) are included within this metropolitan area.

Central/first Quadrangle. This first quadrangle is the traditional core of the city, comprising the historic centre and the main conurbation along the valley. The accessibility of the centre is an important public service issue, one that is related to the organization of the city and the functioning of Monterrey as State Capital. The central quadrangle accommodates government offices and buildings, the traditional commercial zones, business offices, and the symbolic and emblematic centre of the city on the *Macropiazza*. The major facilities located in and around the *Macropiazza* are the City Hall of Monterrey municipality, the State Congress, the Governor's office, the most important museums, the Catholic Cathedral, the Central Library, and the Central Post Office. The central quadrangle is also the location of the Central Bus Station, where all intercity and interregional buses arrive and depart. The central quadrangle is included in its totality within the administrative territory of the Monterrey municipality.

According to the studies in the Strategic Plan of Monterrey (Comisión de Desarrollo Urbano del Estado de Nuevo León, 1995, pp. 221-222): "The main feature in relation to the origin/destinations patterns is that a large number of trips in the metropolitan area have the central quadrangle as their destination. Of all daily trips, 20% are linked to the area between *Cauhtémoc, Colón, Zuazua* and *Constitución* Avenues,



Figure 7.3 - Local authorities included in the urban area definition

which shows the centralized character of commercial, service, and cultural activities in Monterrey. Furthermore, in the analysis of modes of transports used in the city, it could be seen that this area is virtually the only relevant centre node.”

Four sub-centres are emerging: three of them correspond to the municipal centres of *Guadalupe*, *San Nicolás*, and *San Pedro*. The fourth is located to the northeast of the conurbation, in the *Lincoln Avenue* corridor.

Urban area. This includes the central quadrangle and incorporates most of the urbanized areas of the main valley. The urban area corresponds with the major valley, including all the routes and accessibility needs for the city centre or the central municipality of Monterrey, and adjacent urban areas in the neighbouring local authorities of Guadalupe, Santa Catarina, Escobedo, Apodaca, San Nicolás, and San Pedro.

Suburban area. Under this definition fall all those urbanized areas of the capital region that are not contiguous to the agglomeration of the great valley, but that have a strong functional relationship with the urban area in terms of commuting. The suburban area therefore corresponds with the adjacent valleys and urban sprawl



Figure 7.4 - Local authorities included in the suburban area definition

beyond the main valley. Juárez and García are suburbs; the local government authorities of Apodaca, and Santa Catarina cover sectors and neighbourhoods defined as suburban.

Interurban routes facilitate travel from urban and suburban Monterrey to other important locations in the regional city system that do not form part of the continuous urban spread, because of geographical barriers and urban development. Also, the area between Monterrey and Saltillo is referred as *interurbano*, since these two locations are connected by a narrow valley, with less potential for continuous urban sprawl. Nevertheless, the functional relationship between Monterrey and Saltillo as adjacent locations is strong, from both commuting patterns and trade. Urban growth in Saltillo and Monterrey is perceived to be interrelated.

7.2.2 Matching and non-matching territories

The provision of urban public transport in Monterrey is therefore balanced between the formal definitions related to legislation and the constitution, and the operational definitions, which operate in the sector in practice. In the agencies responsible for urban public transport situations arise where this balance is based in the acceptance of different sets of definitions, or simply the acceptance of the overlapping of authority within the city. But, in any case, there is a general failure to accept or use

one fixed assumption about an authority's territorial coverage (scale), either in formal or operational terms; this situation is referred to here as *divergence*.

In the case of *divergence*, local government institutions have to interact with other agencies, mainly in regional government – SEDUOP, the Metropolitan Urban Transport Council, Metrorrey – that use a different territorial definition for their projects in urban transport. The basic assumption is that they have no common territorial definition, either in the legal framework or in management practice, so that these agencies have to resort to overlaps and tacit acceptance in fulfilling their mandate to provide urban public transportation.

As noted above, there are multiple territorial definitions and mandates on the sector, and they come to terms with actual practice by way of *coexistence* and *overlapping*. The term *coexistence* has been chosen, because no set of definitions is consistently preferred above the others. The divergence in objectives and territorial definitions does not produce a call for homogeneity in the definitions used by the various public agencies involved in urban transport. With regard to *overlapping*, the authority of the agencies of urban public transport frequently overlaps, or extends beyond the scales of action that correspond to them. Immediately the assigned routes overlap into other administrative realms, the municipal agencies acquire a *de facto* metropolitan authority.

7.2.3 Expectations

In this situation of mismatch, the preferred strategy of regional public agencies is that of the extension of authority and influence. Instead of looking for coordination, the public agencies try to exert their influence on the sector more widely than within their administrative territory alone. Examples of this extension are provided by such regional government agencies as METRORREY, or the State Council for Urban Transport that operate on a metropolitan territory, regardless of the administrative subdivisions in the city, which divide the metropolitan territory into nine local authorities. The research interviews (1999) revealed that, at METRORREY, coordination with local authorities is secondary to Metrorrey policy, where efforts for coordination are mainly directed to the cooption of private providers (permit holders, private firms). In the same way, the Council for Urban Transport has undisputed authority as a metropolitan agency, whether from local government authorities or the central government (research interviews, 1999). At the Council itself, its influence as a metropolitan authority is explicitly understood and exploited (research interviews, 1999).

We are led to assume that, at central and regional level, wider territories are the prevailing concepts regardless of the administrative subdivisions. The regional Council for Urban Transport is responsible for most urban transport decisions, although the technical ranks in the different municipal agencies in the city seek

more power. This expectation of the staff of the local authorities has not been fulfilled, since the majority of urban authorities, namely the mayors in Monterrey, endorse the present situation and allow the regional agency – the Council for Transport – to assume command. Nevertheless, this metropolitan agency looks for more coordination and collaboration at the municipal level, because investment programmes from the central government and the development agencies are now being targeted to local level authorities rather than regional authorities. Therefore, the Council for Urban Transport (officially, a regional institution) now finds that fulfilling its responsibilities is difficult without cooperation agreements with the local authorities. The reasons for metropolitan coordination are then, a) the technical reasons involving scale, and b) the financial reasons that reflect the changing pattern of transfers.

7.3 Decisions

The strategic decisions of metropolitan weight have been analysed with regard to their territorial adequacy – whether they relate to, or build on a metropolitan scale. The decisions included in the analysis are those related to the elements specified for urban public transport (see 7.1.2: Elements of urban public transport). The classification comprises: a) investment; b) route design, planning, regulation, and maintenance; c) pricing. It is used below to subdivide the analysis.

For each of these components, the analysis is structured as follows. First comes a description of the *locus* of decision-making: who takes the strategic decisions, at what level of government, and within which institutional framework. Second comes an assessment of the kind of *coordination* that has emerged or is visible beyond these *loci*, especially whether these coordination efforts correspond with broader territorial scales.

The analysis related to coordination is specified according to the following themes: a) the level of coordination (info level, communication level, agreements, and so forth); b) the underlying powers; c) the impacts of the actual power-decision arrangement on the provision of urban transport. From this analysis, the coordination practices that have a metropolitan scale are identified or described.

7.3.1 Investment

In this section, an analysis of the investment component of urban transport is presented. First, consideration is given to *the locus of decision-making* in this area, and then the results of searches for forms of *coordination* within the institutional framework are reported.

Investment: locus of decision making

The acquisition of new buses, minibuses, and so forth and the maintenance of vehicle fleets are the main investments involving vehicles in urban public transport.

These forms of investments are supported by loans and subsidies from central and local government authorities.

The State Council of Transport has previously been identified as the most important actor in the sector. Basically, the Council is an advisor to the state (regional) government and strongly influences decisions involving transport infrastructure, transport units, fleet improvements and expansion, credit programmes, and so forth. Although the Council is not the agency actually involved in disbursements, it is the agency that provides and support the arguments for the investment decisions.

METROORREY, also operating at state level, has the decision power to direct its own investments. The legislation that marks the foundation of METROORREY stresses the goal of self-sufficiency (Metrorrey, 1995). However, since the influence of the state governor in METROORREY activities is statutory, in theory all investment decisions need the governor's explicit support; in practice this supremacy translates into a heavily weighted vote for the governor in METROORREY decisions, although these decisions are mainly prepared, argued, and steered by the technical staff of METROORREY (Chavarria and Villarreal, 1995).

It can, however, be said that the state's Council for Urban Transport plays the leading part linking these two agencies – the state council and METROORREY. The Council covers more elements of urban transport in the city than METROORREY, and has relationships with many actors in Monterrey, both public and private. The Council also enjoys a favourable political position since it is a planning and coordination agency rather than a one-purpose enterprise such as METROORREY.

An example of this interaction where the State Council takes the lead was seen in the intermodal transport programme initiated in February 1999. This programme represents the first attempt to integrate the metro system with surface transportation, making use of intermodal tickets, discount fares, and the definition of selected transfer stations on the metro lines. The agency in charge is the state Council for Urban Transport, bringing routes, access to credit, logistics and volume guarantees to private sector transport operators, who became the concessionaires for the bus lines (called *metrobuses* because of their integration with the metro system). The contractual agreements were also the work of the state Council for Urban Transport. The role of METROORREY is limited to that of the infrastructure backbone for the intermodal programme. METROORREY is responsible for ticketing, providing appropriate bus stops and space at the transfer stations, and supporting logistics. The state council undertakes the monitoring of the development of the system – the number of passengers, number of trips, intermodal use, public acceptance, commercial performance, and so forth.

The state Council for Urban Transport has the power to provide, or facilitate the provision of credit, for certain operators and certain routes in the intermodal

programme. The council also has the power to decide where METRORREY should provide transfer stations and bus stops. In short, the decision power on investments in this programme is located in the state council. In this case, the state council has the edge when it comes to investment decisions, so that the part it plays in the programme is more influential than that of METRORREY.

For public surface transportation unrelated to the metro system (buses and minibuses), private providers are in control of capital investments for their fleets. Nevertheless, the lack of efficient management in this sector affects the frequency and quality of these investments. The ageing of the fleet is to be deplored: 1% of units are less than 3 years old, 29% are between 3 and 5 years old, and the rest (70%) are older than 5 years. Of this last group, a significant number of units (933 units, or 28% of the total) were brought into service before 1980. According to the analysis and prognosis in the strategic plan of Monterrey, all units will be older than 5 years by the year 2000 (Comisión de Desarrollo Urbano, N.L., 1995). This data and the remarks received at the Council for Urban Transport show that decisions on investments in public transport by private providers are in general terms independent of government expectations and difficult to phase in with government investments. As one officer said: "Public transport companies and permit holders come to the council mainly with two requests: fare revisions, or new routes. At that moment, it is possible for us to ask about fleet quality, as a compulsory requirement, but once these fares or routes have been granted, it is very difficult for us to monitor the state of these fleets. Once a route has been approved, the only effective moment to exercise control of the quality of the vehicle fleet is when there is a fare revision, and that could take years. If there is a general fare adjustment, by central government decree for instance, there is no such a control at all" (research interview, 1999).

Investments in this sector are only of importance when government agencies – in this case the Council for Urban Transport, the local authority or central government – are involved in programmes to subsidize or facilitate credit to concessionaires and permit holders. The locus of decision-making with regards to investments in the sector has to be positioned close to regional government, with a dominant role for the Council of Urban Transport. The central government has more financial power to implement investment programmes, but once these have passed the sub-national level, the states have more decision power than the central government, certainly in the prevailing conditions of decentralization and multi-party politics.

In metropolitan Monterrey, it is clear that decisions in the area of investments are made or debated in and around the Council for Urban Transport, which, although by definition a regional institution, acts rather as a metropolitan agency. Local authorities are basically the Council's partners in their role as the legitimate recipients of intergovernmental transfers; however, in terms of decisions of metropolitan interest; the Council is still the decisive partner, while the local

authorities represent their local interests. In any case, although the funding question moves the Council towards closer relations with local governments, its natural loyalty is to the government of Nuevo León's State, as was noted during research interviews: "By law, urban transport planning is assigned to the state level, thus the endorsement and the relationship that we have with the state government is both necessarily legal and convenient" (research interview, 1999). The council is, then, a regional institution, with local partners and fulfilling a metropolitan function, and with an undefined position situated between the regional and local government levels.

Investment: coordination

The coordination of investments in urban transport is structured *de facto* around the Council for Urban Transport. Decision-making power is located in the middle levels of government (regional). Other sub-national levels are called upon for participation and collaboration. The interests of the Council for Urban Transport in approaching local governments is related to the need to gain sufficient financial support for its actions; local government authorities are a source of finance, because they are the recipients of transfers from central government, which tend to by-pass the regional level of government. The Council for Urban Transport is in the situation where its parent organization – the regional government – has fewer financial resources, because of the changes in the destination of intergovernmental transfers. The Council then tries to secure, or steer, the use of these funds by proposing collaboration and partnerships and joint programmes with local authorities, assuming the role of metropolitan coordination agency in order to achieve these objectives. The inclusion of local authorities within these efforts undertaken by the Council for Urban Transport follows financial, technical, and territorial criteria, so that the financial resources, transportation profile and the situation of a given municipality in relation to the metropolitan territory are considered, although no evidence of the use of the metropolitan scale as a decisive criterion was found. All local authorities included in the metropolitan area as defined by the master plan, or the strategic plan, are in principle eligible, but inclusion is not unequivocal since some programmes (*rutas periféricas*, Metro-bus intermodal system) exclude the suburban local authorities Juárez and García.

Level of coordination. On the metropolitan scale, the level of coordination is intermediate and, following Mitchell-Weaver *et al.* (2000), the present arrangement is rated 'relatively easy', demanding few power concessions from the local and regional governments acting in the city (see Table 7.1). On the local scale, or evaluated by isolated cases of bilateral collaboration, the coordination scores are higher. Moreover, the cases that involve the metropolitan scale, such as investments in the metro systems, bypass coordination since the metro company METRORREY has few exchanges with local government authorities. If there is a need to improve certain lines, or extend the service to certain areas, most of the efforts made to attain

the investment capacity (financial support) are undertaken by the Council for Urban Transport (a regional level agency) with the government authorities concerned: thus, bilaterally and locally.

Investments made by the private providers active in urban public transport, whether concessionaires or permit holders, depend on government support measures. The Council for Urban Transport tries to coordinate these actions, phasing the use of subsidies by private providers with its objectives (speed improvement, time reduction, cost/time ratio improvement). The Council mainly suggests where to use the subsidies, and exercises its power in carrying out fare revisions and route assignments, and negotiating to ensure that subsidies are used on routes and in areas that are in decline. It is also the case that local authorities run their own subsidy programmes without regard to the intentions of the Council for Urban Transport. The role of the permit holders (CTM and CROC related) in providing the political leverage for municipal authorities should not be underestimated.

The cases where these capital investments are undertaken regularly, as in the bus lines *rutas panorámicas*¹, frequently concern the routes serving the central quadrangle or those at the top of the fare system, where fare revisions are relatively easy to implement and prices are higher. Research interviews (1999) at the Council for Urban Transport revealed that endeavours made by the Council to influence this behaviour, so as to benefit other areas or routes in line with the Council's programmes for improved metropolitan coverage, were being undermined by the availability of subsidies and credit for private providers in local government, central government, and through the unions (in the case of permit holders).

In conclusion, investments in the private sector are not coordinated at the metropolitan level; there is a high level of discretion applicable: 1) at individual level: the concessionaire or permit holder can decide when, how much, and in what to invest; 2) at local level: the local authorities can implement subsidy programmes regardless of metropolitan considerations; 3) through the unions that provide permit holders with access to subsidies and the facilities generated by central government plans for the sector.

The underlying powers. The fragmented state of urban government (local and regional government authorities and agencies acting in the urban area) allows government investments in urban transport to be made at different levels and by different agencies. Different political actors settled in these fragmented elements of urban government acquire allocation power, which is convenient in a political context that is traditionally clientelism-oriented and favour-prone.

The impression gained from the public servants consulted in the local government authorities and the Council for Urban Transport was that, for local authorities, the allocation of investment was the main interest (Research Interviews, 1999).

Table 7.1 - Urban Public Transport. Investment: Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

<i>Relatively easy</i>	Present
1 Informal co-operation	X
2 Inter-local service agreements	
3 Joint power agreements	X
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	X
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Own analysis. Criteria adapted from Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 7.2 - Urban Public Transport. Investment: Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
X	4. Avoiding differences among actors
	3. Consultation with other actors
	2. Information exchange
	1. Independent decision-making

Source: Own analysis. Adapted from Meltcalfe (1994, p. 281)

Technical elements are always considered, but the political gains of the direct allocation of investment in urban transport tend to be maximized. The costs of generating coordination capacity for initiating and maintaining a coordinated investment programme (for several local authorities) is too high compared with the potential gains. For mayors and transport agencies at the municipal level, it is easier to collaborate with the Council for Urban Transport in implementing investment programmes on the local or micro-local scale.

The interests of the service providers (individuals, firms, and cooperatives) are some of the most important in the investment component of urban public transport. The power of the transport union is of fundamental importance. For the Council of Urban Transport, the implementation of the multi-modal programme involving METRORREY required giving a guarantee with respect to passenger volumes and the profits for the bus companies (concessionaires and permit holders) participating in the programme. Should these volumes not be met, the bus companies have a relatively easy exit strategy, or may cancel routes. According to the research interview counterparts at the Council for Transport, the commitment of this sector (the private/unionized providers) for the intermodal programme was barely adequate. There was also a perception of a reluctance to cooperate in route changes (that is, the decongestion of the central quadrangle) and other projects proposed by the Council. The motives underlying the reluctance were in the main the lack of profit opportunities in the short term for the participating companies, and the high costs of such changes for the companies involved. It is also worthy of note that the bus companies perceived having to give up established routes that ran through the central quadrangle as a huge loss. The Council for Urban Transport had to seek a bargaining position by binding subsidies to its projects, but it still has to balance the participation of the three different actors – concessionaires, permit holders CTM, and permit holders CROC – in transport projects, because they compete with each other and have a political weight that the mayors and the governor find meaningful.

The credit facilities and subsidy programmes are designed to facilitate the modernization of the sector through its conditions clauses – a limit on subsidies for existing routes, conditions set on subsidies for the provision of alternative routes, the release of funds in phases and following the monitoring of investments already made. But the unions tenaciously keep control. These service providers (permit holders) are influential in the investment programmes implemented by the metropolitan local authorities. The leaders of the labour unions (who are also leaders of the permit holders organizations) have access to the decision makers – the mayors – because they belong to the alliances and political platforms of the elected officials. They bring this influence to bear by demanding priority for union members for access to subsidies and credit; in this way they, raise the barriers for new entries.

The political alliance of mayors with some sectors of the private providers is also translated into preferences for these providers in the local investment programmes, either by favouring the participation of these providers in the investment programmes, or by protecting the established routes they control.

Impacts. The main impact made on the city by the arrangements through which investment in urban public transport is made is the aggravation of the discontinuity of the service and congestion in the urban transport system. Efforts to coordinate investments among the different modes of urban transports are difficult to implement. Some investments are made through programmes that are isolated from each other, as is the case for the municipal programmes. All private investment tends to be concentrated in the part of the service that operates in the central quadrangle. This concentration emphasizes the imbalance in coverage, quality, and quantity of the service between the centre and the periphery. Although the investment strategies of the government agencies – such as those of the Council for Urban Transport, or METRORREY – have a metropolitan coverage; however, they only service a small part of demand.

Metropolitan arrangements. The Council for Urban Transport forms the core of a feasible metropolitan arrangement to coordinate investments in urban transport in Monterrey. The Council is involved in all decisions made by the state government of Nuevo León and is the advisor to METRORREY; the Council has the power to set the conditions under which subsidies are granted to private providers of public transportation. This arrangement replaces coordination among the local authorities; they prefer bilateral coordination with the Council for Urban Transport to coordination among themselves, since the Council is present in any urban transport investment programme in the city.

The local government authorities are not taking over the coordination function; neither are they proposing any other form of intergovernmental collaboration among themselves in the field of urban transport. The urban governments acknowledge the Council for Urban Transport as the expert agency in Monterrey. Nevertheless, this agency does not have complete control of the way investments in urban transport are made, because uncoordinated local authorities and private actors tend to protect the decision power they have in the allocation of investments.

7.3.2 Planning, regulation, maintenance

In this section the elements of planning, regulation, and maintenance are analysed as a group component; this analysis is similar to that presented for investment in the previous section. The analysis described below first considers the *locus of decision-making* in this area; a description then follows of the search for forms of coordination within the institutional framework.

Box 7.1 Strategies and actions of the strategic plan of Monterrey

More efficient urban development within the built perimeter of the city, using all empty lots and 're-densification', according to socio-economic levels

Consolidate the centre of Monterrey, densification of existing uses and stimulation of residential uses.

Consolidate urban sub-centres to reduce trip lengths.

Favour the densification of regional development poles, located within an hour from Monterrey. They should become counterweights to the metropolis.

Create or sustain cities located beyond one-hour time-distance of Monterrey. This is to create alternative attraction centres.

Establish integral plan of urban transport. An action plan developed by the regional government. The general objective is that public transport should account for 80% of urban mobility, against a 20% from private transport.

A network of routes

- Establish a system of routes linked to actual profiles of demand and volumes
- Establish local circuits to cover intern mobility within each district of the metropolitan area
- Improve the efficiency of 'circumvallation' routes that allows continuity of the whole system of trajectories (2 out of 5 designed routes are in operation)
- Establish Radial routes to rationalize their branches and act on the major corridors towards the metropolitan centre
- Ensure that the inter-zone routes appear as feeding routes for the bus system
- Implement express routes
- Implement students' routes to service zones and destinies typically related to schools and universities
- The Metro network should become the vertebral column of the routes' network
- Door to door services.

Urban transport infrastructure

- Multimodal centres
- Systems for local mobility. Transport facilities in zones with high volumes of movements, like the metropolitan centre.
- Dedicated road corridors. Dedicated road for buses or high occupation modes of transport.

Network of parking spaces associated to exchange nodes

- Local facilities for low-mobility modes like bicycle or walking. These facilities include refuges and stops to use public transport
- Integration of urban transport modes
- Multimodal system of fares to improve the operative integration of transport modes
- Differential fare system based on trip-distances of by passengers
- Adaptation of transport units to the volume demands of each corridor. From mini-buses for inter-zone routes, conventional buses of 70 passengers, panoramic units of 100 passengers, and double-articulated buses for use in the dedicated roads.

Planning: Locus of decision making

In Monterrey, the planning and regulation of urban public transport involves two main actors: the state government, and the municipal governments. Through the SEDUOP (*Secretaría de Desarrollo Urbano y Planificación*) and the Metropolitan Council for Transport, the state government is responsible for setting the guidelines for medium and long-term investments, the development of goals for the sector, general strategies for achieving those goals, and a code of regulations to be applied to public urban transportation. The Metropolitan Council for Urban Transport holds the key responsibility for assigning and managing public transport routes.

From the long list of requirements in the strategic planning document (see box 7.1), the planning objectives that are important in the Metropolitan Council for Urban Transport are: a) increased speed of transit; b) reduction of trip times; c) improved cost/time ratios (research interview: Metropolitan Council of Transport, 1999).

Local government authorities are responsible for the implementation of the regulations, the issuing of permits for concessionaires, and the specification of a code of regulations appropriate to their particular needs. The participation of local government authorities in planning is limited to the adaptation of their local urban transportation plans to the general state plan, or the urban transport component of the strategic plan of Monterrey. In the case of METRORREY, planning is undertaken independently of other government agencies, but with the necessary harmonization of local government authorities at certain stages. This structure corresponds with the expected profile of a single-purpose metropolitan public agency.

In recent years, especially after decentralization, the decisions about the maintenance of the system, the fleets, and the traffic management infrastructure (bus stops, traffic lights, terminals, and so forth) have shifted from the state government to the municipal level. The local authorities have become responsible for the management of the traffic infrastructure; they have also become the agents of the central and

regional governments in the task of monitoring public transport with respect to such issues as the environment, or the quality of the service.

The *loci* in the institutional network where decisions are taken concerning planning, regulation and maintenance, are positioned *towards the regional government level*. The SEDUOP is the major planning office in urban transport; the Council for Urban Transport is the main coordinating agency in the city; and METRORREY decides on metropolitan issues in the subway/light rail system. Local authorities and their agencies have decision powers on specific issues, such as procedures to regulate vehicle emissions, and procedures for the issue of permits for public transport vehicles or specifications for public transport companies. These specific issues are municipal rather than metropolitan concerns.

Planning: coordination

The capacity to coordinate in the area of planning, regulation and maintenance in urban public transport while taking a metropolitan scale into consideration is discussed below. Four themes are featured: the level of coordination; the underlying powers; the impacts of the actual level of coordination on the functioning of urban public transport; the development of metropolitan tendencies around this function.

Level of coordination. On the metropolitan scale, the level of coordination is moderate; the intergovernmental coordination present in Monterrey for the planning and regulation of urban transport is rated as ‘relatively easy’ (See tables below). There is informal cooperation between the different agencies, and the state office assumes control of planning (SEDUOP) in partnership with the Council for Urban Transport.

Basically, the SEDUOP is still of the opinion that the planning capacity at the municipal level is inadequate (Research interviews, 1999), and as a result of that opinion the SEDUOP avoids facilitating the transfer of planning functions to the local government authorities. At the same time, this attitude precludes further engagements from SEDUOP with respect to coordination or in relation to collaboration. This attitude contrasts with that at the Council for Urban Transport, where the objective is to incorporate the actors involved as far as possible, whether from SEDUOP, or the municipal public transport offices, or as private providers, in the accomplishment of the goals of the Council regarding urban public transport in the metropolitan area (Research Interview, 1999). However, it was noted in those same interviews that the Council assumed the coordination role as its right. The Council assumes that it has the duty to facilitate coordination within the metropolis and at the same time, to fulfil this duty, it seeks to command more authority (planning control, coordination of related projects) and power (finance, political support from the governor and mayors). This situation positions the policy coordination scale (see Table 7.4) at the level of ‘search for agreement’ for the Council, and ‘information exchange’

Table 7.3 - Urban Public Transport. Planning: Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

<i>Relatively easy</i>	Present
1 Informal co-operation	X
2 Inter-local service agreements	
3 Joint power agreements	
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	X
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Own analysis. Criteria adapted from Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 7.4 - Urban Public Transport. Planning: Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
Council X	4. Avoiding differences among actors
	3. Consultation with other actors
SEDUOP X	2. Information exchange
	1. Independent decision-making

Source: Own analysis. Adapted from Meltcalfe (1994, p. 281)

for the SEDUOP. The practices and opinions registered in the interviews showed that, on this scale of policy coordination, the Council for Urban Transport anticipates climbing the ladder, thereby reaching their objective of setting up a government strategy with metropolitan reach through improved coordination. A different interpretation could be made of the SEDUOP register, with a lower level of commitment towards coordination and more towards a re-centralization of decisions.

The underlying powers. Regional government has extended its control over decisions on urban transport planning and regulation in Monterrey. The Metropolitan Council of Transport is an institution with regional power over the city. Local government authorities have failed to take part in this decision process, or have been prevented from doing so, being relegated to a following role in their limited capacity in urban transport. Although the state government has two important agencies operating in the city, the Metropolitan Council and METRORREY, they cooperate with each other and are aligned under their chief executive officer – the Governor.

The regional government's interests in maintaining the *status quo* is related to its tendency to delay the decentralization processes of devolution, and the need for legitimization and investment capacity at state level. Controlling the planning in urban public transport carries with it the advantage of being able to foresee and thereby control immediate and future investments in the sector. Major infrastructure investments are also involved, such as METRORREY, or the feeder road infrastructure. The primacy of Monterrey in the state of Nuevo León reinforces this incentive for the state government to be active in the sector. The size of the city and its consequently high demand for transport, and therefore of government investment, favours the pre-eminence of the state government in the sector. Through acting on the metropolitan scale, incumbent executives at state level acquire political advantages.

The devolution of these instruments of control to lower levels of government does not seem feasible. The assignment of federal funds has changed, to the benefit local government, but in Monterrey it is evident that the state government has put up an institutional barrier, taking upon itself exclusive responsibility for the planning of urban transport. 1) Local government lacks the capacity; 2) urban public transport goes beyond the short-term interests of local politicians; 3) intervention from the regional government does not facilitate decentralization, and neither does it help local authorities build up the capacity to coordinate. Nevertheless, in effect the state agency is a metropolitan agency, since the population of Monterrey accounts for 87% of the total state population.

Meanwhile, local government authorities are reluctant to insist on devolution at the present time, because the current arrangements absolve them from building up the

necessary capacity and dealing with metropolitan questions that are not included in their remit. Nevertheless, acting as followers of the state government planning guidelines could bring them benefits if they were to negotiate for programmes and investments in their jurisdictions with sufficient acumen.

Impacts. The main impact of the current arrangements for the planning and regulation of urban transport is the manner in which the pre-eminence of the regional level of government hinders the active participation of local government authorities in the sector. While it may seem that action currently takes place at the appropriate scale, coordination is not being built in among the governments of metropolitan Monterrey. This fragmentation might become an obstacle in Monterrey if the local and regional government authorities and agencies acting in the urban area were to evolve into institutions on a metropolitan scale. Nevertheless, the functional aspects in the provision of urban transport are well covered under the present arrangements. Although planning has not been particularly effective in goal achievement, fragmentation is not currently considered to be a major problem.

Metropolitan arrangements. For planning and regulation, there are no metropolitan arrangements involving collaboration, horizontal coordination, or shared decision-power among local governments. The Metropolitan Council of Transport deals with metropolitan issues and is influential among all actors, fulfilling the role of a metropolitan agency. This top-down approach is a legacy from the typical centralized policy inherited from central and regional government. Here there is a legacy of overwhelming control by regional government (Nuevo León State) in urban matters in Monterrey; there are no local government initiatives likely to change, or affect this state of affairs.

The strategic plan of Monterrey gives no hint of any change in the decision-making structure of planning and regulation. The strategic plan includes the formulation of objectives and strategies, but does not put forward any institutional structure, a situation apparent to the actors concerned (Metropolitan Council for Transport, Local authorities, SEDUOP, Governor) as a validation of the present institutional framework (research interviews, 1999). Basically, planning is carried out below regional level (Nuevo León State) and the Metropolitan Council for Urban Transport seeks territorial, operational, technical and political adequacy.

7.3.3 Pricing

In this section, an analysis of the pricing component of urban transport is presented; this analysis is similar to the analyses for investment and planning, regulation, and maintenance presented in the preceding paragraphs. In the analysis documented below, consideration is first given to: *the locus of decision making* in this area; subsequently, searches for forms of *coordination* within the institutional framework are described.

Pricing: locus of decision making

In Monterrey, pricing in urban public transport is a responsibility allocated exclusively to the regional government. The Metropolitan Council for Urban Transport manages and coordinates the whole process of setting tariffs and fares in urban transport. All providers of urban transport operate under concessions issued by the regional government; the Council sets the conditions under which these concessions are granted at this government level.

For Monterrey, even within its relative independence as a company in public ownership, the Council is also involved in decisions on pricing. The Council for Urban Transport either approves or disapproves fare increases or changes in the metro system according to its own technical criteria and political discretion (or under the close eye of the governor). For metropolitan Monterrey, the locus of decision-making is at the regional level of government, at a dedicated institution (Metropolitan Council of Transport).

Pricing: coordination

The Metropolitan Council for Urban Transport coordinates all the actors involved in urban transport through exploiting its position of power as the agency with the decision power. The Council's approaches to coordination are of interest. Basically, the tension between supply and demand is expressed in the requests from the transport companies for new routes and tariff adjustments. These requests are made to the Transport State Sub-secretariat (under SEDUOP), who sends them on to the metropolitan Council for technical evaluation. In practice, requests are made directly to the Council and, when there is a positive advice, they are then made official through the formal channels.

The Metropolitan Council for Urban Transport provides the Chair for the Tariff Revisions Board, which comprises 6 members, including the chair: one representative from the local authorities, one from the student associations, one delegate from the Chamber of Commerce, one member of the labour union, and one from the private concessionaires. But most of the decisions granted by the Board have already been negotiated and prepared with the assistance of the Chair, who helps facilitate agreements being reached. The Council makes use of its information resources (statistics on numbers of passengers, feasibility studies, trip characteristics, and so forth) to steer discussions towards its own objectives (Research interview, 1999). Local authorities or unions have not produced alternative sets of data capable of contesting the official set, so they tend to follow the Council's recommendations regarding technical arguments. Only when political issues are at stake, such as avoiding student protests by keeping student fares unchanged, or dealing with strong coalitions between permit-holders and municipalities, or with counterparts to the council that have blockade potential development, is the role of the council less prominent.

Table 7.5 - Urban Public Transport. Pricing: Types of intergovernmental co-ordination

Types of intergovernmental coordination, governance, and government

	<i>Present</i>
<i>Relatively easy</i>	
1 Informal co-operation	X
2 Inter-local service agreements	
3 Joint power agreements	
4 Extraterritorial powers	
5 Regional councils of government (COGs)	
6 Federally encouraged single-purpose districts	
7 State planning and development districts (SPDDs)	X
8 Contracting from private vendors	
<i>Moderately difficult</i>	
9 Local special districts	
10 Transfer of functions	
11 Annexation	
12 Regional special districts and authorities	
13 Metropolitan multipurpose districts	
14 Reformed urban county	
<i>Very Difficult</i>	
15 One-tier consolidation: city-county and area-wide consolidation	
16 Two-tier restructuring: federal structures	
17 Three-tier reform: metropolitan-wide structures	

Source: Own analysis. Criteria adapted from Mitchell-Weaver et al (2000, p. 864) and Walker (1987, p. 16)

Table 7.6 - Urban Public Transport. Pricing: Policy Co-ordination Scale

	9. Government strategy
	8. Establishment of central priorities
	7. Setting limits on ministerial action
	6. Arbitration of policy differences
	5. Searching for agreement among actors
Council X	4. Avoiding differences among actors
	3. Consultation with other actors
	2. Information exchange
X	1. Independent decision-making

Source: Own analysis. Adapted from Meltcalfe (1994, p. 281)

Level of coordination. The level of coordination is intermediate; information is exchanged, although there is a tendency to concentrate and monopolize this information within the Council for Urban Transport. The Council's desire to promote an integrated system of fares is the binding force in the process. The regional government therefore enforces cross-subsidizing. The local government authorities are interested in participating in the process of fare adjustments, because they have some leverage power, and because otherwise they could be overruled by the Council (research interviews, 1999). They therefore find it better to say little rather than nothing at all. Imposing itself on this element of urban transport is not a goal of the Metropolitan Council for Transport. It prefers to use its powers in this matter to persuade the local government authorities to collaborate in other transport-related issues, such as road infrastructure, where they have more financial facilities through inter-governmental authority transfers.

The level of coordination is intermediate, and intergovernmental coordination can be typified as 'moderately difficult'. That is to say, adequate coordination is achieved with regard to the metropolitan territory, although with strong state level intervention.

The underlying powers. The executive of the State Government is the primary power behind the system for setting transport fares. Apart from technical considerations regarding homogeneity and intermodal trips, controlling the price-setting mechanisms is of great political value. The governor has a trump card in hand at the negotiation table with the unions (permit holders), private firms (concessionaires), student associations, and local government authorities. The regional executive also capitalizes on the outcomes of the pricing decisions that imply a benefit for the users (freezing tariffs, implementing subsidies, and so forth).

The state government has an instrument for conducting business with permit holders; this could be electoral support, or some other kind of political favour. For concessionaires, it could be an opportunity for participatory activities (campaign finance, interest groups, corruption, and so forth). The inclusion of members of other levels of government in the tariffs revision board lends legitimacy and a possible escape valve from undue influence from the regional executive office. Basically, the Metropolitan Council for Urban Transport is a consulting body and is exempted from control by other government branches (state legislative, the judiciary). The way in which the decision-making process has been built up minimizes the balancing input from other sources.

Ruling on pricing and urban transport routes gives the Governor an indirect instrument to influence urban development plans set up at the municipal level. The approval or revision of routes and fares for new developments is an important factor in achieving public transport accessibility. Falling off the line with the regional

government could endanger the success of urban development plans proposed or implemented independently by local government authorities. The political differences between the Governor and the mayors in affiliation and projects play a part here.

Since this arrangement of power is assured through legislation, the mayors in Monterrey follow the Metropolitan Council of Transport. There is no current attempt to change the legal framework. The local government authorities concentrate their efforts on the consolidation of their recently acquired powers in urban territorial planning, while accepting regional rule on urban transport.

For the permit holders and concessionaires, this form of pricing development through the metropolitan council gives them the comfort of having just one counterpart to discuss prices and fares. Furthermore, local demands for improvement in the service are diluted, because of the distance that is set in the process between the communities (close to the municipal government), and the providers of public transport (close to the regional government).

Impacts. The arrangement by which the regional government remains in charge of pricing policy and the local authorities are still at a distance from actual decision power has impacts of two kinds on the metropolitan realm. First, pricing issues are identified as state issues, although local governments are also involved. The metropolitan character of the council diminishes this, but shows that there is an intermediate territory that is not politically represented. The second impact is that price arrangements are more sensitive to top-level agreements (supply level) than to consumers' demands.

Metropolitan arrangements. The regional body in charge of urban transport, the Metropolitan Council for Transport, is an institutionalized form of state government involvement in controlling urban transport fares. The approach is top-down, and has gained support from other actors, mainly the local government authorities, by allowing for their participation in decision-making on transport fares. The clear objectives of the Metropolitan Council for Transport and its mix of technical expertise, coordinating role, discussion forum and, not least importantly, providing political support from the state executive, allow this agency to run a policy of transport fares that is metropolitan. Although the goals of multimodal transport, unified tickets for all modes of transport, and homogenous tariffs have not yet been achieved, the presence of this agency on all pricing decisions indicates the positive attitude of local government authorities in Monterrey to a metropolitan system in transport fares.

In the event of a changing balance of power (giving more decision-power to municipal government) it is unlikely that this initiative of searching for metropolitan

consolidation would be abandoned. The positive experience is that the Metropolitan Council for Urban Transport gives homogeneity in the work that it delivers in regard to pricing to an otherwise heterogeneous system of transport (minibuses, buses, metro) in nine different local authorities. On the negative side is the apparent promotion of the rule of regional government on urban issues and urban actors (local authorities, transport firms, METRORREY, unions), which could be viewed as oppressive and might produce a reaction, leading to the fragmented allocation of decision-power.

7.4 Metropolitan arrangements

In this section the bottlenecks that constrain wider territorial arrangement in urban transport are discussed. In the last part, the extent to which it is possible to have formal metropolitan arrangements within urban public transport is argued, together with the most important conditions for that to be feasible. These bottlenecks and feasibility observations are returned to in the final chapter.

7.4.1 Bottlenecks

The institutional arrangements that could improve decision-making in urban public transport in Monterrey have several bottlenecks. The *loci* of decision-making for several components of this urban utility are relatively adequate in scale, since they tend to be at government levels that cover more than one local authority. However, coordination with other government authorities acting in the metropolitan area is not optimal, with negative results in the final outcome of service provision.

Various levels of Coordination. For some elements of urban transport (investments, planning) coordination among the actors is fragmented, with a regional agency seeking to gather together efforts in the metropolitan area. For pricing in urban transport, it is the ruling power of this same regional agency that produces smoothly coordinated policy. These disparities tend to compensate each other, where the Metropolitan Council of Urban Transport, which follows a metropolitan policy for improvement in the sector, yields the gains.

Decline of metropolitan agencies. While other urban functions have in the past been performed by regional or central government, urban transport is shifting towards local governments. At the moment the Metropolitan Council for Urban Transport has sufficient capacity to support coordination with other actors, but conflicts are becoming apparent with respect to investments. The outcome of planning at local level is very limited and regional involvement (through METRORREY and the Metropolitan Council) is partially based on the exclusion of local government authorities. In the same way, the pricing mechanism has been artificially assigned to regional government by way of a legal framework that excludes local government authorities; that is a legacy of previous intergovernmental arrangements (pre-decentralization).

Conflict avoidance. All the local authorities would prefer to maintain the *status quo*. They would rather leave urban transport issues in the hands of the regional government than seek active participation elsewhere. The provision of urban transport is undermined by controversial elements, such as sensitive price negotiations, and the transport union as a powerful counterpart. For investment on a metropolitan scale in urban transport, the local authorities are also reluctant to take over control, because this move would involve a coordination capacity that they would have to build up from scratch, or derive from the metropolitan Council.

7.4.2 Feasibility

There are good indications that Monterrey would keep decision-making arrangements in urban transport appropriate to the metropolitan scale. METRORREY and the Metropolitan Council for Transport – despite its uncertain legitimacy – provide metropolitan involvement in urban transport in Monterrey.

The Metropolitan Council for Transport. In the context of decentralization, Monterrey has come up with a strong agency that is adequate in terms of territory. Its strength lies in the state legislation that ensures that urban transport decisions are taken at state level. Its adequacy lies in the acknowledgement of the metropolitan area as the logical level of action. In this way, the contradiction of a regional-level agency acting on the metropolitan scale is resolved by specifying a metropolitan mandate. Besides, being instrumental in the governor's decisions has not prevented this agency from building up the knowledge and capacity to facilitate coordination. This indicates that the agency is prepared to operate in a less protected environment, or at least complement its affiliation to regional government with a knowledge base.

METRORREY and its role. The company responsible for the subway and light rail transport is an element in urban transport in Monterrey that has a metropolitan reach by design. The only system that is expected to cover the whole metropolitan territory is METRORREY. It is in this sense – that of the metropolitan scale – that METRORREY represents the basic network for the integration of the other modes of transport that have limited city coverage. Any metropolitan arrangement should capitalize on the METRORREY infrastructure and system to improve urban public transport. Until now, the metropolitan Council has aimed to build up an integrated system with the metro as the major network, improving coordination, intermodal transfers, and with the clear objectives of “increasing the number of passengers (in the metro system), increasing intermodal travel, and cultivating a new attitude among users” (research interview at the Metropolitan Council for Transport, 1999).

Note

- 1 *Camiones panorámicos* are often buses of recent manufacture (less than 7 years old). This feature makes them the newest in town and they are easily recognized as a result. Their fare system is more open than those applied to other routes, and therefore more expensive (30%). In practice, every user knows that a trip in a *panorámico* will cost more than in other type of bus.

8

Conclusions

In this chapter the basic propositions on which the research is based are revisited, a summary of the findings of fieldwork and analysis of the case studies is presented, and the research questions discussed in the light of the findings of the fieldwork; finally, the general conclusions drawn are presented.

8.1 Theoretical standpoints

From the beginning of this study, every effort has been made to clarify the standpoint taken on the issue of metropolitan government or governance (see section 2.4.1). An important point for this research is that, for city governments, metropolitan coordination is a relevant practice, because it produces more gains than losses in economic, social, and political terms, and because it corrects scale distortions in urban government practice. This line of argument is in agreement with what Sharpe (1995a), Brenner (1999), Hall (1996), and Mohan (1994) have observed regarding metropolitan government and re-territorialization processes.

The second standpoint taken is that metropolitan coordination is best practised on a set of urban utilities that corresponds to the metropolitan scale. The concept of subsidiarity plays an important part in the conceptualization of the research. There are certain functions that have a natural territorial scale, and these functions would be better dealt with if the government agency responsible for them matched that territorial scale. The functions that are generally assigned to the metropolitan level are: urban transport, urban development planning (spatial planning), environmental control/regulation, local economic development, and water and sanitation (Davey, 1996; IHS, 1996; Lefèvre, 1998; Sharpe, 1995).

8.2 Fieldwork and case studies

Fieldwork took the form of a search in Caracas and in Monterrey for forms of metropolitan coordination within their urban government structures. Each city is considered representative of one particular Latin American class of city: Caracas as a capital city and Monterrey as an export city. Not all metropolitan functions were studied: only spatial planning and urban public transport. It was expected that, given their relevance and policy impact at the metropolitan scale, conclusions could be drawn from this limited set of functions about the dynamics of institutional change and rearrangements within these metropolises, so that generalized observations could be made about metropolitan government and its state in Latin American cities.

Forms of metropolitan government and coordination in spatial planning and urban public transport were analysed according to the model described earlier (see section 2.4). The analysis first identified, then classified metropolitan arrangements, and later specified the coordination capacities according to a referential scale.

For Caracas, physical planning and urban public transport were discussed in chapters 4 and 5. For physical planning in Caracas, it was found that the main bottlenecks were related to issues of scale definition, poor coordination among the agencies concerned, the fragmentation of power, and antipathy between the agencies (see 4.4.1). The main opportunities for improved coordination were found in a sound fiscal decentralization programme including use of the metropolitan scale, and the establishment of a formal coordination body on the metropolitan scale (see 4.4.2). In the case of urban public transport, the bottlenecks identified were: the poor coordination of government agencies in dealing with strategic decisions; the direct intervention of metropolitan agencies with special responsibilities (the subway company); a tendency by the actors involved to avoid conflict and therefore avoid taking decisions in the sector; the legacy of clientelism practices in and around urban public transport (see 5.4.1). Positive developments were found in the metropolitan character of the subway company CAMETRO (a clear exemplification of the scale on which it is possible to build up effective public action) and the growing awareness of local authorities of the need to coordinate for metropolitan action (see 5.4.2).

For Monterrey, physical planning and urban public transport were discussed in chapters 6 and 7. In the case of physical planning, there were several capacity issues blocking metropolitan action. A lack of organizing and professional capacity, and the heterogeneous levels of professional capacity found among different agencies impede coordination. Furthermore, local authorities have other priorities besides creating the coordination capacity for metropolitan functions. Local authorities are mainly interested in consolidating the devolution of power from centralized government. However, the legacy of a strong regional planning office challenges this devolution that the municipal agencies demand. The energies and interests of local government authorities in Monterrey are concentrated on the issue of bringing devolution about. In general, the coordination scores were low in this context (see 6.4.1). Among the developments in the direction of metropolitan government found during the research were the consensus about the definition of the metropolitan territory which seem to be widely accepted by different actors, the application of urban development programmes (housing and urban infrastructure) that take the metropolitan area as their territory of action, and the opportunity for the regional planning agency (SEDUOP) to redefine itself as a metropolitan agency. In this case, SEDUOP can act as the stakeholder of metropolitan coordination, and as an advocate for metropolitan government (see 6.4.2).

For urban public transport in Monterrey, it was found that the coordination of decision making on strategic action was dispersed, or that some elements of policy were better coordinated than others (with 'pricing' better than 'investment'). Also in the context of extended devolution, the metropolitan agencies that support coordination at this moment will lose ground. Moreover, as in Caracas, it was found

that local authorities avoid conflicting issues regarding urban public transport (mainly decisions affecting fare prices), preferring to maintain the status quo and not pressing for shared decisions or coordination (see 7.4.1). On the positive side, the metropolitan agencies now in place – the subway company METRORREY and the Metropolitan Council for Transport – operate at the appropriate metropolitan scale. They provide good starting points, in achievements and experience, for the intensification of metropolitan coordination and the advocacy of metropolitan government (see 7.4.2).

8.3 Research questions

Research in Caracas and Monterrey regarding the four fundamental research questions (see also section 2.4.2) can be summarized as follows.

Are there relevant (existing) institutional arrangements with the ability/capacity to respond to issues at the metropolitan scale?

As stated earlier (section 2.4.2.) the occurrence of forms of metropolitan governments is important for this research. The context in which these forms operate and the aims of their policies were examined to see how they interact.

It is appropriate to state that, despite the institutional arrangements in force, there are some outcomes that are adequate in metropolitan terms, at least in the urban functions analysed in this study. The metropolitan scale is not ignored in the delivery of the urban functions selected in either Caracas or Monterrey. However, these outcomes are more the result of the gaps and openings in the present institutional arrangements than a conscious search for institutions that can operate efficiently at an adequate metropolitan scale. In Caracas, there is neither a metropolitan planning agency nor a metropolitan urban transport agency.

In Monterrey, the *de facto* metropolitan agency (SEDUOP) in charge of spatial planning has been undermined by the devolution of power and responsibilities to the local government authorities. The consequence is a decline in organizing capacity on the metropolitan scale. For urban transport, an *ad-hoc* agency acting with regional government support has the responsibility of coordinating urban transport on the metropolitan scale, but in practice the agency is outplayed when political interests are affected.

Urban government authorities in these cities have a strong tendency to operate within the authority given them by the legal framework (including statutory duties and responsibilities, legislation, court decisions) and less authority is derived from coalitions or coordinated action. The legal framework is a combination of constitutional law, which defines administrative subdivisions and legislation demarcating the responsibilities of each government authority, and decentralization policy, which establishes intergovernmental transfers and devolution programmes.

Seeking and formalizing agreements across the metropolitan territories between different government authorities is less institutionalized and is often a by-product of a particular agency's agenda.

Are there new emerging institutional arrangements that respond to the problem at the metropolitan level?

In the research involving the case studies, new developments (agencies, coalitions, and so forth) were identified and described. These new developments operating in these cities were related to the forms of coalitions, agreements, and coordination in the metropolitan public functions that had an agency form not yet defined in the ruling institutional structure. Within these forms, it was possible to detect working agreements among government agencies in the selected urban functions and cities that provide metropolitan answers to city problems.

In Caracas, there is an initiative to consolidate urban physical planning and other elements of urban management under a strategic plan that would act as a metropolitan agreement between all the actors involved in spatial planning. Although this agreement has not yet reached its full potential, the fact that there is an institution [*Fundación Plan Estratégico de Caracas*] that is working towards this goal is a positive development. Moreover, there has been a growing interest in consolidating urban spatial planning by way of constitutional reform, legislation leading to the reform, or even the creation of an intermediate level of government that would take on urban spatial planning as one of its tasks: a metropolitan district. It has however to be admitted that these initiatives only reflect the interests of some actors in finding an adequate form of authority to deal with the urban problems that are manifest on a metropolitan scale. No actual working agreements between agencies in urban spatial planning were found during the fieldwork.

For urban transport, the situation is similar. There were expectations that the strategic plan of Caracas would bring more authority to urban government authorities on this sector. In practice, public urban transport is delivered without regard for metropolitan scale arguments. Nevertheless, public transportation is still perceived as a sector where government intervention is unavoidable. The reasons for this include the economies of scale for infrastructure and urban public transport investments, and the social-political component (subsidies, impact on household income). But great inefficiencies in the delivery of urban public transportation have not been prevented. In Caracas, these inefficiencies occur because of the fragmented government and lack of coordination; sector policies are implemented in an uncoordinated and inefficient fashion. It is remarkable that in the case of a system of mass-transportation such as the Metro, a conscious choice has been made to operate in parallel and without any coordination with other modes of transport serving the city. As a result, routes and services are duplicated, but CAMETRO and the central government seem to consider this duplication less troublesome and more efficient from a technical and economic viewpoint.

In Monterrey, physical planning is moving from central and regional government domination to fragmented management scattered at the municipal level. The speed of the process of devolution has created a vacuum and a lack of capacity in the old agencies to assume the new roles involving adaptation and change. In Monterrey, a dominant agency at metropolitan scale – SEDUOP – has been stripped of its decision powers in spatial planning, and now has to compete with municipal agencies. SEDUOP's role as an agency capable of coordinating, or at least facilitating, metropolitan action has not been achieved, since it has been unable to break free from the infighting involved in its attempts to hold on to its previous dominant status. No other agencies or planning departments at the different local authorities of Monterrey have been able to show any progress towards metropolitan arrangements.

The state of physical planning in Monterrey is one of growing fragmentation. Planning operates in a context of decentralization put into place against a background of power struggles between the regional and local governments. Remarkably, such struggles did not start in the administration of public urban transport. It is not the case here of an *emerging* institutional arrangement that deals with decisions of metropolitan scale. In Monterrey there is an *existing* institution – the Metropolitan Council of Urban Transport – that has resisted the transformation of urban government, seeking to retain its role as a metropolitan agency regardless of the re-assignments of powers between central, regional, and local governments. Even though the Metropolitan Council of Urban Transport is a subsidiary organization of the regional government, local government authorities in Monterrey's metropolitan area have not pressed for more decision power in urban public transport as they have for spatial planning.

What is found is that institutional arrangements in urban functions of metropolitan reach are produced outside the opportunities provided by the legal framework (that is to say, these metro arrangements are not specified within the legal framework that defines other scales of governments). Both existing and emerging arrangements evolve and maintain their power positions without undergoing any legal formalization (defined, assigned exclusive responsibilities). For example, in Caracas the city government is moving towards metropolitan coordination, as indicated by the expectations associated with the strategic plan of solving fragmentation by providing a coordinating institution. The strategic plan is an institutional form that was not foreseen in the current legal framework. For instance, the main law organizing municipal government (The Municipal Government Act) proposes other institutional forms (metropolitan district, municipal associations) to carry out metropolitan tasks.

In the case of Monterrey, the dominance of regional government in urban public transport and the metropolitan form of this dominance (an existing arrangement,

which is largely incidental and not structural), points to a balance of power for this function that is unrelated to other urban functions (such as spatial planning), and independent of the legal framework that establishes municipal authority. The authority is metropolitan – in any case adequate according to the metropolitan scale – although there is no legal justification for a metropolitan agency to be responsible for a sector (The Council for Urban Transport).

In Caracas, development in the last fifteen years or so (from 1989 onwards) of the processes of decentralization and devolution has proved to be unidirectional. Centralized decision-making has been shared out into decision-making by several sub-national government authorities (regional or local). But moving in the opposite direction, from scattered decision-making power to a centralized form (on the metropolitan scale) is very difficult. The relative ease of movement towards fragmentation is also seen in physical planning in Monterrey, where local authorities were keen to lay claim to key decision-making powers when the new Act came into force, while the regional agency (SEDUOP) viewed the process as an irreversible loss of coordination capacity (although their main concern was loss of decision power and political influence).

In Monterrey, it was found that some existing institutional arrangements or old institutions provided adequate capacity for metropolitan action. An example is the Metropolitan Council for Urban Transport. Institutional systems with a metropolitan reach are resilient when they derive from upper level government initiatives backed by swift access to finance and transfers. It might be the case that existing agencies or arrangements such as the Metropolitan Council for Urban Transport are more relevant than emerging collaborative efforts. Decentralization and devolution could become unidirectional in the redistribution of power and functions, but there is the risk of bringing about unnecessary fragmentation of decision-making power. However, intermediate steps in the decentralization process on the appropriate scales of action could yield adequate responses. In Monterrey, the failure of the devolution of the urban transport authority to local government authorities has obstructed the development of local government capacities. This failure could also be seen as a failure to enforce the constitutional principles, or general national strategies of decentralization. The Metropolitan Council for Urban Transport is an institution whose actions and benefits are concentrated on the metropolitan territory of Monterrey, a major difference from other institutional arrangements found in the study. An incomplete devolution of power has left an agency that is metropolitan in scale and concern.

What is the performance of these (existing or emerging) arrangements with regard to decision-making on processes at the metropolitan scale?

Economic, political, and spatial transformations (as described in 2.4.1.) affect urban government structures. To be able to respond to these pressures and deliver better

public services, urban government authorities have to set their strategic decisions on a territorial dimension and on a medium to long-term perspective. During the fieldwork and its analysis, two elements were viewed as performance indicators of the current metropolitan arrangements: the Metropolitan territorial adequacy for decision-making, and the timeframe of decision-making.

Decision-making for the selected functions in Caracas and Monterrey fails to cover the major metropolitan territory. In the majority of cases, there is little coordination of the various government authorities and actors. The present institutional arrangements lack the coverage of a territory that corresponds to metropolitan dynamics. Decisions made regarding physical planning, or urban public transport, are not effective over the whole territory of the city. The results of decisions made are scattered and unrelated, reflecting administrative subdivisions, or incidental coalitions between urban government authorities. Even though most of the metropolitan arrangements encountered were specifically designed for larger territorial scales (the strategic plan for Caracas, Council for Urban Transport in Monterrey), they have failed to secure any effective follow-up to their strategic decisions, having come into conflict with empowered local, regional, or central government authorities. For the actors involved in the support of metropolitan arrangements, the appropriate scale can be obtained by one of two different means. On the one hand, the opportunities brought about by decentralization can be exploited if the actors involved are able to constitute a metropolitan organization for the government of the city within the statutory scales or levels. On the other hand, territorial adequacy can be achieved by centralization, consolidating fragmented tasks and responsibilities under metropolitan agencies, thereby bringing back intermediate levels of government into the system.

The low scores in all the case studies for the coordination of decision-making provide food for thought. First, intergovernmental coordination is perceived and practised as if it were a voluntary action. Second, coordination is optional both in Caracas and Monterrey for the selected elements (spatial planning, urban public transport) of urban government. For the practitioners of physical planning acting in the different planning agencies in Caracas, the coordination of decision-making is not relevant, and it is not an important issue in urban public transport either, where local government authorities tend to let things carry on in the entrenched manner. In Monterrey, intergovernmental coordination is the last item on the agenda for local government authorities, either because they seek more power (as in the case of spatial planning), or because they encounter a stronghold of regional-metropolitan power that they are unable to break through (as in the case of urban public transport). In addition to this, metropolitan coordination has no foundation in current urban management practice. Management capacities that support metropolitan coordination – horizontal coordination, consensus building, information sharing, and so forth – are not part of the culture of the organizations

in charge of urban government. Sub-national levels of government tend to reproduce the vertical structures encountered in central government (Davey, 1996; McGill, 1998). Decentralization is then a modern idea implemented in organizations bound down by old practices (De la Cruz, 1995). Finally, metropolitan coordination has a short time span, which results from the inability of urban government authorities to draw up agreements within their terms of administration.

What bottlenecks can be observed for these metropolitan arrangements?

In the previous questions, the presence of metropolitan arrangements has been considered either as a product of the current institutional frameworks acting in Caracas and Monterrey, or as new arrangements evolving from informal agreements and coalitions. Furthermore, the performance of these arrangements has been examined against their actual territorial coverage and long-term impact. Taking a further step forward, a number of major bottlenecks affecting the performance of these metropolitan arrangements were observed during the course of research. The findings are presented below.

The major bottlenecks hindering metropolitan arrangements are the legal restrictions imposed on coalition forming and metropolitan coverage implicit in the framework of the legislation, the statutory responsibilities, and the court rulings and decisions in Venezuela and Mexico. These restrictions obstruct the formalization of metropolitan government and metropolitan governance initiatives. This obstruction is reinforced by the practice of executives and officers waiting for unambiguous legal frameworks before embarking on further action. There are often lively expectations that a new political structure for the city will be capable of resolving the metropolitan problems (that is, creating a metropolitan government, a metropolitan district, and so forth), and waiting on these as yet unfulfilled expectations discourages the taking of initiatives to build coordination on a metropolitan scale with the resources already at hand. The search for adequate government action in metropolitan areas in Latin America is met with the traditional legalistic approach to institutional change. In general, most Latin American political institutions (head of state, political parties, legislatures, judiciaries) resort to the creation or replacement of political hierarchies to produce change. The expectation that a new constitution, a new piece of legislation, or a new decree would consolidate the wishes of the actors involved in an effective structure is typical. This assertion coincides with the view expressed by Borja (1996), who observed that in Latin American cities, there is a primacy of hierarchical relationships above the contractual associations of the government authorities acting in metropolitan areas. Waiting for an hierarchical solution holds back improvements in the actual situation, or the use of other routes to achieve metropolitan coordination, namely the building up of consensus, agreements, trade-offs, intergovernmental coalitions, and so forth

The metropolitan scale also coincides with the territory of conflict between the different levels of government. Central, regional, and local government authorities

are constantly repositioning themselves within a (still unfinished) process of decentralization. Assuming that these processes are ‘conflicts’ in an intergovernmental arena (lack of coordination in physical planning in Caracas, unlawful authority in urban public transport in Monterrey), they become bottlenecks hindering the search for metropolitan government. But this struggle around the question of territory, scale, and authority in these cities confirms the importance of the metropolitan scale in the re-territorialization of the state. If these findings are seen as re-territorialization processes in Caracas and Monterrey, remembering that there are similar conditions of intergovernmental relationships in other Latin American cities, it is plausible that Brenner’s (1999) argument – globalization as re-territorialization – is applicable in Latin America. Brenner based his arguments on the analysis of urban governance in the European Union. His argument is applicable in the sense that these events, whether in Europe or Latin America, do not differ in the effect they have on state organizations (re-scaling, re-territorialization). However, the motivations of the different levels of government in Caracas and Monterrey to re-define their territory and authority with respect to other government authorities is founded on political reasons (gaining authority, re-election, visibility) rather than on “an economic logic of maximizing the competitiveness” (Brenner, 1999). In any case, no such economic reason for competitiveness was revealed in the interviews held in Caracas and Monterrey.

The various initiatives for collaboration (the strategic plan, and a metropolitan district in Caracas; the Metropolitan Council for Urban Transport, and the Urban Settlements Act in Monterrey) are put forward to gain power, influence, or finance from other levels of government. The primary intention of these initiatives is not to establish scale-effective levels of government or collaboration; this would be fully in line with Brenner’s argument. For the existing governments, subsidiarity is good as long as no new levels of government appear to come along with new scales, which could displace power positions. The hierarchical structures of government in the city are therefore maintained. The leap forward towards formal metropolitan government is often favoured, but never taken. Caracas and Monterrey are no more successful in these initiatives than the four megacities in the region (Mexico City, Sao Paulo, Buenos Aires, Lima), where Ward (1996, p. 61) has already observed that there is little achievement by consultative bodies as possible forums for metropolitan coordination: “A (second) source of coordination, at least in theory, comes from the consultative bodies which have been established in all four megacities to improve communication between the different administrative units. In practice, however, these bodies achieve little, because they threaten existing power structures within each administrative area.”

The legacy of previous national policies based on urban growth and territorial development, with their emphasis on seeking urban deconcentration, and which sought a balanced territorial development for the whole country and the

development of economic poles, still plays a part in the culture of the organizations in charge of urban management (Jungemann, 1996). Big cities are still seen in pejorative terms, and a metropolitan government represents the acceptance of the continued existence of a large urban agglomeration, so that metropolitan government is perceived as a pro-city approach. This attitude is extremely relevant when central government support is needed to push forward metropolitan arrangements. National governments and political elites are usually in favour of decentralization; they have at least accepted the prospect of sharing power, but they are still uncertain about the urbanization processes. On the wave of decentralization, urban policy with regard to the development of spatial planning, settlements, and infrastructure has weakened and has gradually been abandoned as a government task. This breakdown has already been denounced by Garza (1999); he points to the progressive withdrawal of national government from spatial planning in Mexico in favour of a more liberal policy. This withdrawal has produced a collapse of national policy for territorial development. Negrón (1997) arrives at similar conclusions in his discussion of the Venezuelan situation of spatial planning following state reform. This traditional bias against urban agglomerations in national spatial planning institutions, and the dramatic withdrawal of national governments from spatial planning in many Latin American countries as part of their state reform programmes, represent a bottleneck to the establishment of metropolitan government or metropolitan arrangements. Support from central government for territorial development – for which metropolitan regions are a relevant scale – is not a clear national policy. The political and tactical rationale of decentralization (reforming the state) does not correspond with the long-term policy and strategic issues of setting up, or consolidating a system of cities.

The electoral value of the urban vote explains the conflicts between the various government levels. Caracas and Monterrey are primate cities at national and state levels respectively. The electoral base of Caracas or Monterrey enables public servants to aspire to political posts that exert power and authority over a larger territory than that of Caracas or Monterrey. The political system – based on the exertion of control over an urban electorate and therefore dependent on urban primacy – becomes contradictory when reforms are introduced which aim to change the configuration of urban government institutions. At the lower level of government, new actors – municipal governments, community leaders, opposition parties – compete to take charge of the empowered municipal governments. At the higher levels of government – that is to say, those that have been decentralized – the tendency is to oppose this power dilution. In the struggle for political power in urbanized Latin America, technical scale issues are not the top priorities, although it is from these issues that the metropolitan scale derives its rationale. Turning this statement around: the scale issue – and mainly the metropolitan scale problem – is neither convenient nor persuasive enough to be a decisive argument for change for the political parties in power.

8.4 Towards metropolitan government

What has been found and analysed in Caracas and Monterrey shows that urban government produces responses that deal with problems of a metropolitan scale. Within the present rigid structures there is room for by-pass arrangements, top-down impositions, the takeover of responsibilities (or the alternative: neglect of responsibilities), temporary agreements, and so forth. These institutional arrangements are produced outside the legal institutional framework. They run parallel to the legislative provision of the distribution of powers and responsibilities. Despite bottlenecks and a lack of statutory responsibilities and institutional structures (districts, legislation, constitutions), the government authorities in these cities have managed to acquire quasi-metropolitan institutional arrangements to coordinate or deliver some of their responsibilities. The weak foundation of metropolitan government lies in this partial delivery and quasi-metropolitan situation, together with the lack of legal instruments to contain, incorporate, or support these initiatives.

8.4.1 The metropolitan debate

The initial assumptions made in this study lead to the assertion that the imminence of the metropolitan scale in the urban government authorities of these cities is related to the new roles of cities in Latin America: their strengthened position within their national urban systems, and their consolidation as nodes in an international system of cities, as a result of economic liberalization (Hall, 1996; Sassen, 1994). But the main sources of pressure and support for metropolitan action in Caracas or Monterrey included these factors only as a general justification, or in long-term visions formulated in election programmes, or by organizations with little formal power (as in the case of the Foundation for the Strategic Plan of Caracas). What makes metropolitan arrangements cohere in these cities, whatever their form, is that they are political contractual constructions that provide some kind of effective decision-making power on urban issues in these main cities.

The other sources of support for metropolitan arrangements are technical considerations about the convenience of an adequate scale for certain urban public functions. At some point in the process, the technical argument for metropolitan intervention wins the support of the political ranks and then becomes institutionalized.

Metropolitan arrangements in Caracas and Monterrey evolve with the support of these two fundamentals: a) the political will, where an intermediate (metropolitan) agency becomes the negotiation instrument between different government levels; b) a fortuitous momentum gained by technical arguments, the legacies of previous government arrangements, or the avoidance of scale problems. The logic of competitiveness for the emergence of metropolitan government does not dominate. In their article "The Growing Localness of the Global City," Persky and Wiewel

(1994, p. 131) wrote: “The new metropolis may well prove more ‘local’ than the old one.” From the findings in Caracas and Monterrey it can be added that metropolitan governance is still driven by national and local circumstances.

Caracas and Monterrey, as cities engaged in the processes of the re-scaling and re-territorialization of their government institutions, have undoubtedly arrived at the threshold of the metropolitan scale. This position is evident from the goodwill shown towards metropolitan arrangements and the nature of their urban problems. Caracas and Monterrey are contemporary urban regions where the multiplicity of geographical scales (Brenner, 1999) is still unresolved.

From his investigation of Latin American megacities and his experience of area-wide government styles in North America and Europe, Ward recommends that for Latin American cities of this kind there should be “one authority for the whole city over certain metro-wide concerns” (Ward, 1996). This recommendation, however valid and well supported by this study, does not specify the difficulties of constructing such an authority. These difficulties are rooted in the institutional culture and the characteristics of reform in Latin America.

In a totally different approach, Mohan (1994, p. 238-239) advocates fragmented government on the basis in his study of Bogota, asserting: “Fragmented structure made up of powerful public service agencies is probably well suited to the needs of a rapidly expanding city.” He closes the argument with this assertion: “It is quite possible that a tight, more centralized governmental system might have performed less well in the context of a rapidly growing city.” (Mohan, 1994) No confirmation of his observation can be found from the evidence from Caracas and Monterrey in physical planning and urban public transport. In Caracas, fragmented structures are ill-suited to deal with urban public transport, however powerful and autonomous an agency such as *Metro de Caracas* (CAMETRO) might be. Urban public transport coordination in Caracas is ineffective in the metropolitan area, because of fragmentation and also because of the isolation in which an agency such as CAMETRO tends to operate. As for the case of Monterrey, the rapid dispersion of know-how and professional capacity, the disparate goals, expectations, and implementation of physical planning after the approval of the Urban Settlements Act in 1999 (which opened the door to the fragmentation of physical planning to municipal units) has led directly to a situation of bottlenecks, delays, overlapping procedures, and unregulated growth that could hardly be considered an improvement. Additionally, Mohan’s argument implies that most of the initiatives towards collaboration and coordination on a metropolitan scale taken by municipal government authorities (and other agencies involved in the city) are futile, while this is the issue where this study has found relevant developments towards more effective government of the metropolis.

There are certain metropolitan government arrangements in Caracas and Monterrey. Metropolitan government could be strengthened in these cities, as a way of dealing with the problems that are unavoidable on the geographical scale of the metropolis. Moreover, the conditions found in these cities in the practice of urban management have shown that there is sufficient concern about the territorial dimension of many of the problems confronted by the city government. The metropolitan scale is visible and real for those involved in the delivery of urban public goods. Neither the prescriptions of Ward nor the sceptic views of Mohan can preclude that from happening.

What this study confirms is that the primacy of hierarchical relations above contractual relations in intergovernmental affairs and cultures substantially damages the accomplishments of urban management goals and the level of well-being enjoyed in the cities. Metropolitan government conflicts in the power struggle with established hierarchies, and the only method that has been applied in Latin American countries to change hierarchical structures is to introduce or impose new structures.

Proposing and implementing a metropolitan form of government, or setting up a system of metropolitan governance for Caracas, Monterrey, or any other Latin American city, is not so much a matter of setting up a new power hierarchy for the city that includes an intermediate level between central and local government; rather, it is a matter of developing the ability to learn from the practice of intergovernmental cooperation. A change of strategy would seem to be preferable to the substitution of structures to be subjected to the interactions that already take place. The process of reform – which propelled municipalization in the first place – also implies a shift into a different mode, namely that of producing transformations from the ‘reformed’ institutions (what Campbell at the World Bank calls ‘the third generation reform’. Campbell, 1997).

The transformation of city government – fragmented, interlocked, ineffective, and alien to its territory – into an effective, flexible metropolitan government would have to be supported by parallel national government action in a way that does not ignore the alliances, coordination efforts, and informal agreements that have dealt with the metropolitan scale so far. In this process, the *policy* coordination scale and the types of intergovernmental coordination introduced in this study could play a role as assessment instruments.

Metropolitan government authorities and systems of metropolitan governance in Latin America do not differ much from those present in Europe or North America (Brenner, 1999; Newman, 2000). The competitiveness argument of the need for metropolitan government authorities will probably gain ground in Latin American cities during the next few years, and evidence may start to build up, although for this study other arguments were at stake in Caracas and Monterrey. In any case, the need for urban government structures with a metropolitan reach will not decline.

8.4.2 Challenges for metropolitan government

In this context of the increasing metropolitanization of Latin American urban areas, it is clear from this research that the main task is to develop an alternative approach to government re-scaling and re-territorialization to those of just changing hierarchies. Basically, the government authorities acting in the city have to acknowledge the multiple scales of their duties and identify those that need to be shared; they must also develop mechanisms whereby this sharing is fiscal and politically feasible. National governments should support these developments with appropriate legislation so as to untangle any unnecessary constraints, with corresponding fiscal provisions to give strength to the resulting institutions, and to take the lead when necessary.

The difficulties accompanying recommendations such as those of Ward (1996) for one “authority across the city” lie at the centre of the problem. There are important political challenges for metropolitan government. However, institutional reform in Latin America has not stopped, despite serious delays produced by political turmoil, such as the institutional crises in Peru, Ecuador, or Venezuela in the latter part of the 1990s. Similarly, other countries are confronted by difficult political horizons, the result of long-term developments such as the guerrilla wars in Colombia, the perils of MERCOSUR for Brazil and Argentina that impact on the economy and political structures of those countries. In Mexico, signs of change in the political spectrum (an alternative party in power after more than seventy years) test the foundations of political reform and democracy. But in any case, political decentralization has not receded. Elections for public servants at regional and local level have not been eliminated, regional and local government authorities are slowly gaining and consolidating powers over revenue and expenditure, and new forms of coordination between government authorities and agencies are evolving, as has been found in this research. Thus, for the national context, the momentum for reform has not diminished and could provide an opportunity for metropolitan government to be established. The difficulties lie in the political resistance to hierarchical change. The introduction of scale – whether on a technical, geographical, or urban rationale basis – implies a revision of current institutional hierarchies. It has been found that current arrangements are based in old administrative subdivisions, clientelism practices that foster fragmentation, and the initial need (at the beginning of the decentralization process) to give legitimacy to the whole national political system (Rojas, 2000). Introducing scale – and therefore the clearly present metropolitan scale – for the definition and resolution of government in Latin American cities entails new subdivisions. Fragmentation must be avoided for urban metropolitan functions (in fact, the fine-tuning of subsidiarity is needed), and the whole political system must realize that effective government in the metropolis is as important for institutional legitimacy as for improved political representation.

New subdivisions, avoiding fragmentation, and gaining political consensus with

respect to metropolitan effectiveness are tough challenges for central governments, legislatures, regional and local government, and interest groups. It has been stated elsewhere (Paiva, 2001) that new legislation enacting new hierarchies and metropolitan government authorities (as was recently the case in Caracas, after the fieldwork for this study had been completed) is not enough. Top-down imposition fails to recognize (let alone compensate for) the damage suffered by established political power, current public service efficiencies, or the best practices found in metropolitan areas. This research study has encountered a pool of initiatives and arrangements that already reflect power games in metropolitan areas, whether a capital city such as Caracas or an export-oriented agglomeration such as Monterrey, that are built on best practices or tend to find some efficiency levels.

To build up metropolitan governments in Latin American cities is a challenge for state reform, because building on experiences is required. This round of reform is different from the first, where the structure followed a blueprint derived from existing models (Campbell, 1997). Further experience is available now that those models have been realized and have undergone mutation into institutional forms such as those found in this research. Not only does the metropolitan scale form part of an academic debate; it has also emerged in the practice of government, as Caracas and Monterrey exemplify. Improvement of the government institutions acting in the city has to pass through a combination of vision – which identifies the metropolitan scale as a relevant goal and that is assumed by central government – and experience, which guarantees that current coordination development and local government initiatives are not omitted. This is a new stage of decentralization that includes the metropolitan scale more deliberately, and that balances between top-down steering and bottom-up inclusion.

The emergence and consolidation of urban government structures with a metropolitan reach imply deep political and institutional changes. In Latin America, it is a challenge that goes beyond the scale and inhabitants of the city; it tests the strength and vision of the State, and it demands bolder transformations than those of the first round of reform. Re-founding the government of the city in its territory is now called for, because the territory of the local and the global shapes are themselves urban and metropolitan.

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Appendix I: Data collection plan

The data collection plan for the Caracas and Monterrey case studies includes documents and interviews. The sources and uses of this data and some relevant remarks are listed below.

The rationale of this plan was to ascertain at what level decisions on metropolitan functions are made. The decisions considered relevant were those most likely to affect the position of the city in the national urban system in terms of economic importance in the context previously referred to (liberalization, globalization, state reform). For what are referred to here as metropolitan functions, some are urban utilities: a) urban transport; b) water/sanitation; and some are regulatory and planning functions: a) environmental control/regulation, b) local economic development c) urban development planning. For the utilities, decisions on pricing, investment and maintenance are considered particularly relevant as against decisions on production, distribution, or provision. For regulatory and planning functions, the enforcement of regulations and investment decisions are considered relevant.

Furthermore, what kinds of bottleneck constrain the outcome of these decisions? Finally, consideration of these two elements (level where decisions are made; bottlenecks) was expected to yield the basic relevant data for the analysis of the metropolitan arrangements and options, and later to provide answers to the research's questions.

Documents: Statistics

Sources: Annual Statistics, Central Government compilations and, where available, regional and local compilations.

Use: To establish the demographic and economic dimensions of the case study.

Remarks: Statistics are usually arranged according to political-administrative divisions. City and metropolitan observations are rare. It was considered probable that a derivation of the actual observations to city and/or metropolitan realms would have to be undertaken.

Documents: laws and ordinances

Sources: Compilations of legislation, ordinance publications, for Central and Local government.

Use: To establish the formal institutional arrangements now functioning in the case study. Particular attention to be paid to:

- a) the assignment of metropolitan functions (what each level of government does/ is entitled to do);
- b) the decision-making power concerning those functions (pricing, investment, maintenance, regulation enforcement);
- c) the general structure of service provision;
- d) the territorial dimension.

Remarks: The theoretical framework intervenes here directly: the selection and definition of metropolitan functions, decision-making at selected stages, the definition of metropolitan territory.

Documents: Resolutions, documents related to meetings, protocols

Source: Municipal archives, concession documents for central and local government, according to structure.

Use: To facilitate examination of the practical execution of formal arrangements (as seen on the previous data). Attention paid to:

- a) the form of service delivery (direct production and provision, coordination, concessions, contracting out, etc);
- b) the territorial coverage;
- c) the decision-making process (pricing, investment, maintenance, regulation enforcement).

Interviews: Mayors, municipal managers, planners, managers of utilities, governors.

Source: As above, for local authorities, state government, utility companies, planning offices, mayoral office staff.

Use: In interviews to:

- a) ascertain the institutional arrangements;
- b) explore the internal mechanics of the arrangements (procedures, communication, collaborations, coordination, negotiations) involved in decision-making;
- c) detect the perceived and actual bottlenecks of decision-making.

Remarks: This phase of data collection could be isolated or coupled with the previous data, used to map the institutional arrangement on metropolitan functions and the key position in those maps for decision-making.

Appendix II: Research Themes/interviews

The plan of activities involving data collection on study locations depends on selected research themes. These themes were derived from the focus of the research, emphasizing the areas of interest for the study. In addition, these research themes set the tone for activities such as the interviews and questionnaires conducted during the fieldwork.

The plan was to identify the people and officials to be interviewed through a review of the institutional framework operating in each city and in each function. The aim of this review was to ascertain the key positions concerning such strategic actions as: definition of goals, decision-making, coordination, monitoring and evaluation. Second, but no less important, was the identification of the actors carrying special weight in the delivery of these public goods (community leaders, long-term mayors, promoters of metropolitan issues, and so forth). The key to the identification of these persons was to be found in the preliminary consultations with experts in the selected cities with close experience with the topic, the institutions, and the city. In this regard, the expertise sought in the supporting research institutions was relevant.

The main themes chosen for the interviews were:

1. Territorial dimension
2. Goal strategies
3. Coordination
4. Management
5. Bottlenecks

II. 1 Themes

Territorial dimension

The conversations with counterparts were designed to provide opportunities for them to state, or elaborate on, their perceptions of the territory involved in their actions. This perceived territory was considered to be more capable than the administratively defined territory of revealing the level up to which a metropolitan territory was assumed and addressed by institutional action. Moreover, the administrative definition within which an institution (agency, local government, planning office, and so forth) operates needs to be set against the metropolitan territory or functional region.

Goals and Strategies

Goals and strategies can be considered relevant themes for discussion, since they reflect the medium and long-term vision of the institution approached. It was

supposed that, depending on the level of action (central, regional, or local) some goals would correspond to certain scales, but the research interest was to detect any variation in scale related to a wider metropolitan scale.

Coordination

What are the channels and processes through which coordination take place? Do they proceed in a top-down or bottom-up direction? Where are the decisions concerning projects and their financing made? Who, finally, holds the purse strings?

Certain elements of coordination within the sectors (urban planning, urban transport), and across sectors provided themes of interest for the interviews. These could yield evidence of ad hoc metropolitan action, strategic alliances, and so forth. A discussion theme facilitates the determination of emerging developments. It was assumed that some of the agencies involved were responding to demands related to a metropolitan area (accessibility, land use, and so forth) and their efforts to deliver would move them towards arrangements with other agencies and actors. Coordination problems were also of interest.

Management

The discussions of management issues were designed to concentrate on the culture of an organization, its orientation (client agency, effectiveness, efficiency) and the ways in which these features facilitated coordination and goal sharing. Surveying the different profiles of the organizations involved in the provision of urban functions was expected to provide an indication of the quality of their interaction.

Bottlenecks

During the interviews, it was planned to give all the counterparts the opportunity to identify the major bottlenecks encountered in the execution of their mandate. Comments on bottlenecks regarding metropolitan coordination and territorial definitions were to be introduced into the discussions. It was anticipated that this inventory of bottlenecks would give a picture of where the territorial-administrative dimension of problems could be identified, providing relevant information for the research.

II. 2 Functions

Urban planning

For urban development planning (physical planning) three elements were identified: the institutional framework, management, and control.

Framework

The plan was to support the research about the institutional framework with documents, laws, and procedures. The layout of a function in the different administrative levels could be identified within an institutional framework. This

framework could make clear the agreements concerning competencies, authorities and functions with regard to who was responsible or provided endorsement. Basically, this plan was designed to clarify the formal structure of planning in the metropolitan area regarding decision-making.

Normally, the relevant legislation predetermines competencies/responsibilities; these comprise the distribution of tasks, resources and power. An understanding is needed of which tasks are assigned to which levels (national, state, local), with what resources, and with what degree of power within the metropolitan area. Normative functions (planning, legal proposals, ordinances) and their corresponding implementation instruments (regulations, permits, taxes) have priority at this stage over more physical functions such as housing and infrastructure delivery, which are sometimes performed by planning offices or related agencies within the public sector.

Furthermore, the characteristic features of the institutional configuration require consideration. Are the authorities appointed or elected? To whom are they accountable?

In addition, the tasks assigned to the different levels have different characteristics. The impact of planning and design actions differs from that of implementation actions, calling different actors into play, or demanding participation of a different kind. The functions of strategic relevance for the metropolitan area are: strategic planning, land use, housing development and the coordination of infrastructure investments.

Management

With the framework for the metropolitan area of study established, information about the management of this urban function could be collected. Essentially, this 'management' refers to the ability to get things done: meeting development goals, for example. Goals for strategic planning, land use, housing development and the coordination of infrastructure investments had to be observed. At what level of the institutional framework are they proposed? Who is responsible for following up developments in the direction of the goal? Who is responsible for implementation? What kind of coordination is carried out? What is the territorial range of these goals? Where are the perceived bottlenecks?

The detection and description of the metropolitan tendencies in the urban management of the city represents a major task. Looking at these strategic goals against the background of the institutional framework previously identified is involved. Implementation, follow-up, coordination and territorial range exemplify the topics for discussion with the key officers and figures responsible for urban planning.

Control

Enforcing the implementation of strategic decisions and controlling the outcome of these decisions are important actions within the urban development plans carried out in the metropolitan area as a follow-up to the management and implementation of the various urban planning initiatives and actions. This specific function has a typical metropolitan dimension. The assumption is that coordination efforts are aggregated when the metropolitan area is covered, or difficult discrepancies arise.

Transport

For urban transportation, the most important elements of metropolitan action are planning issues and infrastructure coordination. As with planning, the institutional component is relevant as a starting place to pinpoint key figures, the origin of strategies, implementation paths, resources, outcomes and bottlenecks. In this urban function the analysis of public action starts with an institutional framework and is followed by a strategy analysis.

Basically, the metropolitan dimensions of these elements required investigation. The institutional framework of the transport sector could have a profile resembling or related to the metropolitan area. Alternatively, regardless of this profile, strategies might be well enough coordinated to respond appropriately to the demands of the metropolitan region.

Framework

As with planning, the identification of the positions where strategic decisions are made necessitated an examination of the layout of the institutional framework to enable further approaches to those positions for interviews and information. Similarly, the layout of the various administrative levels involved, their competencies/ responsibilities, their authority and specific functions required examination.

Strategies/integration

A general assumption is that, because of the amount of capital involved, strategies involving infrastructure investment in transport are proposed at national or regional level, with the local level playing a lesser role. The financing of these investments lies more in the range of national and regional government than local government authorities, since the scale of the physical networks (roads, railways, canals, ports, airport) relates to larger territories. However, strategies for traffic management, public transportation, urban scale infrastructure and connections to national networks have a less clear-cut function assignment.

The strategies that take into account the metropolitan area require attention, considering the plans and persons responsible for implementing them. The main topics for discussion include the metropolitan territory, coordination among the different actors, the economic impact of the strategies, and the perceived

bottlenecks. In the absence of such strategies, the assumptions of the research with respect to the importance of the coordination of transport strategies for metropolitan areas justify an investigation of the reasons for their absence; thus conversations with the relevant officials and people were arranged.

Whether components of land use strategies and environmental control (air quality, for example) are incorporated into the transport strategies is also a relevant issue. Apart from revealing the coordination of the different sectors involved in the management of urban functions, it can also indicate a concern that includes the metropolitan territory as a unit, if not as a unit of action at least as the physical unit where outcomes take place.

Curriculum Vitae

Antonio Paiva Aranda was born in Caracas, Venezuela on September 7, 1966.

In 1991 he graduated as an Architect from Universidad Central de Venezuela (UCV) in Caracas. In 1990 he was appointed as an assistant architect at Manrique Arquitectos, where he was involved in both urban and private architectural projects. In 1992 he went into practice together with the architects José Santana and Juan Castillo (CPS arquitectos). In the same year he also began teaching architectural design and became lecturer coordinator at Universidad José Maria Vargas (UJMV) in Caracas.

In 1995 he moved to Rotterdam, the Netherlands, to follow studies at the Urban Management Centre in a joint programme of the Institute of Housing and Urban Studies and Erasmus University. In Rotterdam, he obtained his Master's Degree in Urban Management in 1996; his dissertation was on management issues in metropolitan government in Caracas.

In January 1998 he joined the PhD programme of the Netherlands Graduate School of Housing and Urban Research (Nethur) at the Urban Research centre Utrecht (URU), Faculty of Geographical Sciences, Utrecht University. At Utrecht, he worked under the auspices of the PhD Pilot Programme of Utrecht University and the Ryoichi Sasakawa Young Leaders Fellowship Fund (SYLFF). He carried out fieldwork research in Monterrey, Mexico and Caracas, Venezuela. He was a visiting researcher at Colegio de Mexico (COLMEX) in Mexico City in January 1999 and later in March 1999 at Colegio de la Frontera Norte (COLEF) in Monterrey. In the summer of 2001 he organized a postgraduate workshop at Universidad Central de Venezuela around themes of architecture, modernity, and urban management.

Since January 2002 he has worked for Oranjewoud, an engineering and consultancy firm in the Netherlands, where he is an advisor on urban issues, urban planning and urban development. In 2003 he set up Avila Architecture, an architectural and research bureau.