

Urban governance in Spain: From democratic transition to austerity policies

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Abstract

This article aims to explain the evolution of urban governance in Spain during the last 40 years as a product of different waves of state rescaling. Historical, political and economic specificities shape the evolution of Spanish urban governance, especially because of the recent process of democratic transition, regional decentralisation and the specific process of de-industrialisation. We distinguish three periods in urban governance trends, from the restoration of democracy in the late 1970s to the current austerity urbanism marked by the economic crisis starting in 2008. For each phase, we highlight the three interrelated factors explaining urban governance: (1) the evolution of the Spanish political economy in the transition from Fordism to post-Fordism; (2) the evolution of the welfare state; and (3) the role of urban social movements.

Introduction

Urban governance can be understood as a process of coordination between public and private interests focusing on the systems of values, norms and practices that explain its different models (Pierre, 1999). But urban governance cannot be fully understood without taking into account the evolution of the state in late capitalism. Abundant literature has examined the different phases of the transformations of the state and their impact on the cities. Recently, the concept of 'urban austerity' (Peck, 2012) has been used to describe the latest round of neoliberal changes in urban governance as a consequence of the economic crisis, which started in 2008 (both in Europe and America). Nevertheless, the analysis of the state's evolution and its impact on urban governance focuses mainly on the experiences of the USA and of the UK. In Southern European countries such as Spain, these phases do not fit in with the evolution of the contemporary state, as for example in the development of the Welfare state (Andreotti et al., 2001). This gap in timing is mainly due to historical and political reasons: the consolidation of a democratic system after a dictatorial period has been slow and difficult in Southern Europe.

In Spain, there is a lack of understanding of how this process has affected urban governance (see for instance Charnock et al., 2014). The need for such analysis is far more significant taking into account that Spanish cities have been especially hit by the economic crisis (Subirats and Martí-Costa, 2015). Our contribution seeks to fill this gap by providing a better understanding of the evolution of urban governance in Spain as well as unveiling

how the economic crisis and later political arrangements became the stage for state rescaling struggles. Indeed, we believe that in the last 40 years the evolution of urban governance in Spain has resulted from different waves of state rescaling. Taking Brenner's (2004) analysis on urban governance as a starting point, we rework the causal mechanism he uses to explain the transformation of urban governance as a venue for (and product of) state rescaling.

Besides Brenner's emphasis on the accumulation regime (overcoming the crisis of accumulation via state rescaling), we highlight two other elements that are missing from his logic of periodisation: the evolution of the welfare state and the role of social movements. The Spanish case shows the potential dynamics that lie beneath the logic of variation, across Europe at least: the institutional configuration of the state and the role of resistance/discontent. In this account, the term crisis also goes beyond the crisis of an accumulation regime, to embrace the legitimacy dimension (the legitimacy of the political regime: the first round of rescaling, the 1960s and the 1970s in particular), and thus the role of 'discontent' (as a response to economic and political/social crises) in remoulding the urban governance structure (combined with welfare regime changes).

Understanding contemporary urban governance

The analysis of urban governance must be set in the broader context of how state and its territoriality are changing in late capitalism. From the political economy approach (Goodwin and Painter, 1996; Hall and Hubbard, 1998; Harvey, 1989; etc.), one of the well-known contributions to the study of urban governance is to explain the shift from managerialism to entrepreneurialism. Harvey (1989) highlighted three main characteristics of the emerging urban entrepreneurialism in the USA and the UK in the 1970s: the use of public-private partnerships in order to attract investments; riskabsorption by the public institutions when risky private financial activities fail, and, finally, the centrality of place-specific projects instead of more redistributive policies.

At the same time, changes in urban governance can be seen not only through the lens of urban entrepreneurialism but also from the perspective of 'state spatial restructuring' (Brenner, 1999, 2004) under neoliberalism. Usually, state rescaling is summarised as the process of the redistribution of competences and powers from the state to new supranational (European Union, EU) and subnational (regional and local) levels as a process of 'hollowing out' the classic national-state form (Rhodes, 1997). Indeed, the process of devolution from central and regional governments to local level has also been seen as a common feature of neoliberalism (Brenner 1999; Hackworth, 2007; Harvey, 2012; Macleod and Goodwin 1999). Nevertheless, rescaling is not a linear process, insofar as spatial scales are actively and socially constructed (Swyngedouw, 1997). In this line of thought, national scale is reconfigured in relation to other scales through political conflicts and regulatory experimentation (Jessop, 2000). In the current era of austerity, three important consequences can be attributed to this process of rescaling (Peck, 2012): (1) The

intensification of uneven socio-spatial development (Peck, 2012: 633). As a result of the weakening of redistributive mechanisms of the Keynesian state, cities have become more reliant on their own limited resources. Cities with a more diverse and vigorous economic base cope better with cuts in public spending at national level than others that have less room for avoiding cuts and privatisations; (2) changes in the multilevel hierarchies of the state can be observed beyond the process of devolution. As Peck (2012: 632) states: 'systemic conditions of fiscal restraint serve to reinforce the hierarchical powers of budget chiefs and audit regimes'; (3) increasing difficulties for delivering local policy solutions. This occurs because local governments need to be seen as acting locally when in fact their institutional and fiscal capacity is increasingly restricted. Responses and conflicts between the multiscale hierarchies of the state can be observed more clearly during economic crises but a broader and bigger picture of the evolution of urban governance is needed to understand these changes and conflicts.

Current economic crises are rooted in changes and the unresolved problems of the past. In this regard, Brenner's (2004) periodisation of urban governance in Western Europe from the early 1960s to the 2000s is useful. He describes a transition from an historical context where the state promoted economic development across the national territory towards a situation where national governments prioritised capacities and advanced infrastructure in the most competitive cities and territories. In each phase, state institutions and policies privileged particular spaces, locations and scales, referred to by Brenner as 'state spatial selectivity', where different types of urban-regional regulations are hegemonic. This process has taken place in parallel to the emergence of neoliberalism during the 1970s, defined as a sociopolitical process that 'prioritizes market-based, market-oriented or market-disciplinary responses to regulatory problems; it strives to intensify commodification in all realms of social life; and it often mobilizes speculative financial instruments to open up new areas for capitalist profit-making' (Brenner et al., 2010: 329–330).

Contrary to the assumption that neoliberalism is a coherent and fully formed project expanded through globalisation, these authors stress the 'variegated' character of the process of neoliberalisation. Brenner et al. (2010) argue that this process creates an uneven pattern of development and is a result of a constant ongoing collision between neoliberalisation projects and 'inherited politico-institutional arrangements' (2010: 331) on multiple scales. However, despite this general picture and recognising the intrinsic 'variegation' of neoliberalism, there is still no explanation of variegation in the 'inherited politico-institutional arrangements' that collide with, or are embedded in, neoliberal projects.

In this sense, the analysis of urban governance from a political economy approach needs to be complemented by other perspectives, taking into account the specificities of national and local institutional settings and the relation between stakeholders at multiple scales. Pierre (1999) highlights national politics and state traditions that establish local and urban politics as the most important factors explaining variegation. According to him, 'economic, social, political, and historical factors pertaining to the exchanges between the local state and the

local civil society' (Pierre, 1999: 375) are useful to understand the different inherited politico-institutional arrangements. Other authors like DiGaetano and Strom (2003) stress that national and local institutions filter the changes in the structural context such as the process of globalisation (enhanced urban competitiveness between cities) and state restructuring (mainly the process of devolution). Local leaders and political entrepreneurs are also key elements in understanding forms of urban governance (DiGaetano and Strom 2003; Lowndes, 2005) because they are able to bring previously marginal groups into new alliances with a view to changing institutions.

In this regard, urban social movements have played a key role in the relationship between local government and local civil society. Mayer (2009) makes a historical reading of urban social movements distinguishing two different types. On the one hand, there are those movements contextualised in the Fordist city which address their demands towards institutions so as to improve social reproduction and collective consumption. On the other hand, Mayer depicts a post-Fordist scenario where there is a greater diversity of demands and forms of collective action. Some of them even actively participate in the rollout moments of pro-market regulation; they become important in covering welfare services that are not provided by the state. Other struggles have openly been placed against neoliberal urbanism, such as major urban projects, privatisation or campaigns against gentrification. With the emergence of the Occupy or the 15-M movements in Spain, there is greater connectivity between local struggles that combine the traditions of autonomy, the defence of public services and the defence of radical democratic forms of government. In short: there are not only the pro-market forces operating over the post-Second World War welfare institutions. In this interplay there are also social forces that not only defend social services but also try to rethink welfare institutions in a paradigm that distances these changes from neoliberalism.

Given these considerations, our hypothesis is that the Spanish case shows a similar trend towards embracing neoliberalism but the way this process has been carried out is characterised by the role of urban social movements and the importance of inherited politicalinstitutional arrangements. In other words, the multiscale relationships between national, regional and local institutions and actors framed in a global process of state restructuring explain the evolution of urban governance, which presents some differences compared to the UK and the USA. In the Anglo Saxon context, the Thatcher and Reagan governments in the 1980s officially opened the neoliberal era. Conversely, in Spain, together with Greece and Portugal, it is during the end of the 1970s and throughout the 1980s that the bases of the Mediterranean welfare state were laid (Guille'n and Leo'n, 2011). In the Spanish case, the expansion of the welfare state cannot be separated from the process of decentralisation from state to regional governments. As it is an uneven process of devolution, some regional governments play a key role in the urbanisation of the territory but also in providing welfare (Gallego and Subirats, 2011).

In summary, in order to understand the mutations of urban governance in the Spanish case we must address three interrelated issues already mentioned: (1) A common starting point

in the neo- Marxist literature on urban governance is to set the birth of urban entrepreneurialism in the transition from Fordism to post-Fordism. We look at the evolution of the Spanish political economy in this transition taking into account the multiple rescaling processes. The transition from a late industrial to a services economy is characterised in Spain by the configuration of private oligopolies in the field of banking and basic services (electricity, water, telephony.), the internationalisation of leading industries such as the automobile and the growing importance of the construction and tourist sectors. In this evolution we will pay special attention to the development of state spatial selectivity where European integration, regional decentralisation and the emergence of some Spanish global cities are important drivers of change of multilevel governance in each phase.

(2) The evolution of the welfare state. As mentioned before, most of the literature assumes that the progress of neoliberalism is built on dismantling or reconfiguring post-Second World War welfare arrangements. When reading critical urban theory, one may have the impression that at a certain point of time welfare services were just privatised or reconfigured to rule in favour of promarket agents, assuming that this process is 'variegated'. In the Spanish case we see a much more complex scenario where welfare institutions and services are expanding (at least until 2008) while at the same time some are externalised or dismantled depending on the economic growth and the political orientation of the ruling governments at national, regional or local levels.

(3) Finally, the role of urban social movements has been highlighted as essential for their opposition to or participation in the consolidation of cities' neoliberal trends. In Spain, urban social movements were crucial to organise democratic opposition to the dictatorial regime, to put into question the success of 'desarrollismo' for working-class living conditions, and to lay down the policies of the new local governments during the 1970s. Although in the 1980s and 1990s they had a more ambivalent role in relation to urban entrepreneurialism, currently social movements have been crucial to organise opposition to austerity measures and to lead new political coalitions to the main cities in Spain and the regional governments. On the basis of the above framework of analysis, in this article we discuss Spain's rescaling story, ultimately to explain how the post-2008 austerity policies have shaped the landscape of urban governance in this country.

Urban governance and state rescaling in Spain

The Spanish Constitution of 1978 transformed the basic territorial structure in Spain. As in other European countries, the decentralisation process started in the early 1980s resulted in progressive regionalisation or the rise of stronger levels of subnational government. The state is territorially organised into three levels of government: central government, the regional tier or the Comunidades Auto'nomas (CCAA) and the local tier (formed by 8114 municipalities and 50 provinces). Except for pensions and unemployment benefits, regional governments are responsible today for four pillars of the Welfare state (education, health and social services) (Gallego and Subirats, 2011). Indeed, around 75% of CCAA's budgets goes on healthcare, education and welfare systems. Overall, subnational governments are in charge of approximately 50% of the total budget devoted to welfare services (Del Pino and

Pavolini, 2015: 248–250). Taking these three interrelated factors into account, we identify three main periods in which there is a process of gradual transformation of urban governance in Spain: democratic transition in the late 1970s and early 1980s; urban entrepreneurialism between the late 1980s and 2007; economic crisis and urban austerity policies since 2008.

New democratic governments and asymmetrical Keynesianism

Brenner (2004) labelled the phase between 1960 and 1970 as ‘spatial Keynesianism’ where national states promoted economic development by spreading industry, population and investment across the national territory while local governments were in charge of the provision of the collective consumption. The following phase in ‘Western Europe’ is ‘Fordism in crisis’ (1970–1980), where new urban and regional policies were introduced to address the industrial decline whereas national state maintained its redistributive project.

However, in the Spanish case, the crisis of Fordism is prior to the development of the modern welfare state and the process of devolution is simultaneous with the development of the welfare state. This is a significant singularity in relation to Brenner’s periodisation. The crisis of Fordism during the 1970s–1980s hit different regions of Spain unequally. It affected mainly industrial regions such as Asturias and the Basque Country, but also Madrid, Insular territories, the Mediterranean Coast and northeastern regions. The destruction of jobs affected both the industrial (iron and steel, naval, textile) and the agricultural sectors (in the poorer regions). In response, the central government implemented focused regional policies and inter-regional solidarity funds to mitigate the consequences of the Fordist crisis. Such funds became insufficient to counteract the effects of the crisis and gradually faded away because of the process of regional decentralisation and the increasing importance of the structural funds of the EU: ‘With the consolidation of the State of the Autonomies and European Community integration, the central government seems increasingly detached from its responsibilities in territorial balancing policies’ (Etxezarreta, 1991: 305; authors’ translation). Indeed, there is neither a constant nor a successful territorial policy seeking to reduce regional inequalities.

We can label this period as one of ‘asymmetrical Keynesianism’, as a result of asymmetrical regional devolution and the inefficiency of regional state politics in dealing with the uneven regional impacts of the industrial crisis of the 1970s–1980s. The late 1970s are a clear moment of institutional change with the shift from a dictatorship to a decentralised democratic state. The process of decentralisation to the CCAA was parallel to the development of the Welfare state, which took place later but quicker than the European average (Guille’n and Leo’n, 2011). Moreover, devolution has been an asymmetrical process among the regions with varying speeds and levels of intensity (Subirats and Gallego, 2002). For instance, competences on health were transferred to Catalonia, the Basque Country, Navarra, Andalusia, Valencia, Galicia and the Canary Islands in the early 1980s, while the transfer of health jurisdiction to the other ten CCAA only occurred in 2001. A final important element in shaping urban governance in this period is the role of urban social movements, an element missing from Brenner’s periodisation. In the 1970s and early

1980s, the urban agenda was constrained by the structural deficits from the dictatorship as a result of rapid growth in the main cities (Madrid, Barcelona, Bilbao, Zaragoza, Valencia) during the industrialisation of the 1960s: there was a chaotic and disjointed urban configuration without any kind of comprehensive planning. The inherited politico-institutional arrangements at local level implied an internal reorganisation of local governments in the 1980s with three main objectives: (1) to deliver more redistributive policies, (2) to ensure greater citizen participation, and (3) the use of urbanism and planning to regulate growth and improve the living conditions in workingclass neighbourhoods hit by the crisis. Cities were modernised and transformed in this first democratic period, resulting in a better quality of life for their inhabitants with regard to public spaces, local services and housing (Iglesias et al., 2011). In this period, urban social movements demanded an improvement in public and urban services and were highly active. These movements can be understood as a reaction to the crisis of the Fordist city (Mayer, 2009) and, in the Spanish context, the fight for democracy. Community members, left-wing parties, intellectuals and technicians formed a citizens' alliance that was crucial for the development of new democratic urban policies. After the first democratic local elections in 1979, some of these organised groups, such as neighbourhood associations, lost their strength since some of their leaders joined political parties and local administrations. In the new institutional framework of the Spanish Constitution, the new political parties who were elected to local councils started a process of a gradual transformation of the inherited local institutions.

In summary, we have labelled this initial phase asymmetrical Keynesianism for two reasons. First, because of the unequal response of the central state to the crisis of Spanish Fordism. Second, because of the model of political decentralisation designed by the 1978 Constitution where some regions had more responsibilities than others. This created a new model of intergovernmental relations between localities, regions and central government. At the same time, local governments became the main venue for policy change in the transition from dictatorship to democracy. This process was driven by urban social movements and leftwing political parties as a response to the urban crisis of central state-led Fordism.

Urban and regional entrepreneurialism

This period spans from 1986 to 2008 and can be divided into three subperiods: the expansion of the late 1980s (1986–1992), the crisis of the 1990s (1993–1996), and the great economic expansion (starting in 1997 and especially intense between 2000 and 2007). Spain's entry to the EEC in 1986 and the industrial crisis shaped the first subperiod of the transformation of Spanish society and urban policies. In order to deal with the crisis of the 1970s, the national government imposed deflationary policies to restructure industry, restore profitability and attract foreign investment (Charnock et al., 2014). This meant the closure or drastic reduction of heavy industries (integrated steel, speciality steel, shipbuilding and household appliances) and a process of the decline in real wages through the introduction of new flexible types of contracts. In contrast to other European countries, and with the exception of the automobile industry, there was no major investment in the

automated manufacturing processes because of the small scale of the industries that remained in the process of industrial restructuring. Because of relatively low labour costs, the undervalued industrial assets and the large domestic market, Spain became an attractive country for foreign investment. According to Liberman (1995: 338, cited by Charnock et al., 2014: 56) by 1991, foreign capital controlled 97% of Spain's information processing industry, 95% of the country's automobile manufacturing industry, 90% of its electronics industry, and 41% of food processing firms. The strategy of the state was 'to concentrate and centralize capital in banking, utilities, and energy, and the politics of economic management in the context of deindustrialization, fiscal expansionism, and the growing intransigence of the main trade unions' (Charnock et al., 2014: 59). This evolution created a dualism in the Spanish economic structure. On the one hand, there were state-protected sectors that gained investments and acquired a sufficient scale to start a process of internationalisation. In contrast, a vast amount of medium and small domestic factories in clusters and agglomeration economies in the metropolitan areas of Valencia, Barcelona or Madrid survived the increasing competitive pressure because of low wages and informal labour as suppliers for automobile companies or taking advantage of their location. Besides, the profitable investments of a growing sector such as construction or tourism and the development of the regional welfare services consolidated the transition from an industry-based to a services-oriented economy. Many left-wing local governments that stayed in power during the 1980s were progressively replaced by right-wing governments, with the important exception of Barcelona. The new policy orientations converged towards the cultural and recreational dimension of cities, conceived as new centres of attraction for tourism and leisure. At the end of the 1980s, some forms of public-private cooperation started to develop in many cities, especially through the private management of public services. The effects of the economic recession of the early 1990s limited the possibilities of new city projects until 1994-1995. In the mid-1990s, the development of megaprojects linked to international events facilitated the entry of private-sector capital into public management, although it is worth noting that there was significant state control over the investments. The simultaneous development of the Universal Exposition in Seville, the Olympic Games in Barcelona or the Guggenheim Museum in Bilbao clearly shows the transition from Asymmetrical Keynesianism to the Globalisation Strategies phase in Spain. In this context, the traditional urban social movements fighting for public services and equipment were replaced by new social movements focusing on issues such as feminism, immigration and racism, the environment and the ageing population. Many of them were progressively institutionalised, subsidised and part of the outsourcing services of the local or regional state. At the same time, together with the squatter movement, some protest movements appeared as a reaction to the destruction of natural sites, urban centres or urban reforms, linking the urban to environmental concerns (Iglesias et al., 2011). To sum up, in this period urban social movements changed in their nature: they were progressively institutionalised and related to the fight against urban speculation. While 1997 is the starting point of economic expansion, the period between 2000 and 2007 is characterised by sustained economic growth, at an average rate of 4% per year (Charnock et al., 2014: 69). This economic growth is explained by the development of the construction and housing

sector (organised around public investment in infrastructure and urban development), especially intense around the Madrid urban region, the peripheries of large and medium cities and along the entire Mediterranean coast (García, 2010; Romero, 2010). New land policies enabling urbanisation had previously been approved in some CCAA, like in Comunidad Valenciana, where in 1994 the regional government passed a new planning Act favouring private initiatives in the process of planning and urbanisation (Iglesias et al., 2011). Here we find a clear example of neoliberal 'regulatory experimentation' and 'interspatial policy transfer' (Brenner et al., 2010), first tested in a region and then applied as an umbrella to the whole country by the same political party. Indeed, the Spanish law regulating land regime passed in 1998 by the Popular Party (PP) introduced a relevant regulatory change whereby all land was considered urban or potentially urban if it was not explicitly protected (Coq-Huelva, 2013). In this phase, many general plans were revised and new infrastructures linking major metropolitan areas were designed, with the support of the state, the EU and regional governments. Additionally, the high-speed train network was developed to reduce travel times between all of the provincial capitals in the country and Madrid. The political aim of centralising rail connections was also accompanied by the consolidation of Madrid's airport as an international hub (Albalade and Bel, 2012), consolidating 'state spatial selectivity' focusing on its capital. Cities tried to specialise while diversifying their economic base in the context of globalisation. Leisure and business tourism remained important for many of them; it was especially enhanced by the creation of competition to host international events such as Formula 1, cultural events, major fairs or the Olympic Games. Most of these events were associated with mega-projects designed by famous architects with the objective of creating new symbolic references to the city to legitimise ongoing projects, the best example of this being the city of Valencia (Iglesias et al., 2011). The logistic sector was also growing in port cities, while urban projects pursuing economic specialisation in intensive knowledge sectors were also emerging. One example of a city's specialisation is that of Madrid. The capital of the Spanish state underwent a major change because of its particular insertion into the international capital flows and its transformation into a new node in the global economy (Observatorio Metropolitano, 2007). The strengthening of Madrid as a global financial and business node began with the 1992 Maastricht Treaty, the creation of a single European market in services and energy and the subsequent monetary union. Thus, the state began a policy to privatise the major public utilities and energy companies (such as Telefónica, Repsol and Endesa) and banks, most of them located in Madrid, which held a privileged position in the domestic market. Besides these companies, we should add the big construction companies that also internationalised over the years (Sacyr, OHL, Ferrovial, Acciona, etc.) thanks to the extraordinary benefits of the Spanish infrastructural and residential boom (Charnock et al., 2014: 76-77). Throughout the 1990s another important structural change took place in Spain: financialisation (Coq-Huelva, 2013). The financialisation of domestic economies occurred through mortgages and the investment of family savings in real estate properties. Robert Brenner (2009) labelled this process 'asset-price Keynesianism' where individual investment in financial assets replaced the traditional forms of mutualising the risk by the post-war Keynesianist state. However, welfare policies in Spain were not reduced in other

fields, some of them were expanded. For instance, the central government introduced support for care for the elderly and the disabled (Law on Dependency, 2006). This last phase of the urban entrepreneurialism period is categorised by the increasing use of Globalisation Strategies by the biggest cities with the simultaneous expansion of urbanisation in the Madrid region and along the coast. Regional governments progressively replaced the central government in its entrepreneurial efforts to favour market logics and to keep cities active in inter-urban competition (Lobao et al., 2009). This leap is not directed by the central state in the Spanish case but with the process of decentralisation and the increased autonomy of regional governments, sometimes competing against other regions. Two examples of this trend would be the role of saving banks and the case of the Spanair airline. The regional saving banks played a fundamental role in the urbanisation process by lending to the developers and giving mortgages to future homeowners. These banks were highly politicised by the regional governments and helped decide which projects should be funded (Rodriguez et al., 2011). The other case is the investment of 173 million euros from 2009 to 2011 by the Catalan government and Barcelona Local Authority to control the Spanair airline in order to promote Barcelona Airport as an intercontinental hub competing with Madrid airport (Iglesias et al., 2011). At the same time, regional governments increased their competences in education and health. Indeed, the full transfer of health jurisdiction only occurred in 2001, when the INSALUD (Spanish Health Institute) services were transferred to all the CCAA. Therefore, we find parallel processes of urban/regional entrepreneurialism and of welfare development, depending on the city and the region. Apparently contradictory, competition for investments in physical infrastructure to enhance regional entrepreneurialism go hand-in-hand with the competition among the regions for state's redistribution of regional welfare services. In fact, this has been the engine behind the development of the Spanish welfare state. Moreover, regions manage these funds differently. In some regions there has been a progressive outsourcing of service delivery while others have maintained their public character. In the case of local governments, we also find this differentiation: in some cities the welfare state has been expanded to preschool education and in others it has not. Throughout the process of decentralisation a greater diversity of ways of managing welfare policies is detected: 'The regions have become the privileged managers of a set of basic social rights and resource centres to be exploited by the entrepreneurial sectors. The regions and, more specifically, their executive bodies and administrators have become veritable power nuclei in highly specific sectors, playing a determinant role in key areas of welfare' (Gallego and Subirats, 2011: 112). In summary, the 1990s represent a period of deep political, economic and interscalar changes. This decade signifies an important political shift from the Socialist to the Conservative party in many regional governments, cities and the national government. The emergence from the crisis of 1992–1993 was made possible by strengthening the economic model introduced at the end of the 1980s and mainly because of financialisation with a rescaling of entrepreneurialism from local to regional governments in some regions and an increasing role of Madrid as global city. At the same time, instead of a retrenchment of the welfare state we see an expansion in some fields and local and regional variegation in relation to the management of welfare services.

Economic crisis and austerity policies

The last phase illustrates the impact of the crisis and the subsequent austerity policies imposed by the EU but especially how institutions filter these economic changes through the multilevel setting that defines the Spanish state. The EU was a key player in imposing an austerity regime in Spain, which officially started with the reform of the Spanish Constitution in 2011. The regions, principally responsible for welfare services, were the levels of government to be most affected by the cuts. Moreover, a process of re-centralisation started at the expense of local governments. In response, a new plural movement (15M, Indignados) burst onto the political scene and in the following local elections a plural coalition of actors reached the government of the main cities of the country creating translocal networks between them. This period began with the economic crisis of 2008 and can be divided into two parts. In the first (2009–2011), unemployment soared, especially in those municipalities with a greater dependence on the construction sector, such as the metropolitan municipalities of Madrid and those on the Mediterranean coast (for more details see Blanco and Leo'n, 2016, this issue). At the same time, towns and cities began to notice a decline in revenue from the real estate sector that helped to cover ordinary expenses. In consequence, the central government launched Plan E (Spanish Plan to Stimulate the Economy and Employment) with a budget of around 40 billion euros. Among the measures to promote employment, the Local Investment Fund (8 billion euros) stands out because of its impact on local governments, who chose the projects for funding. The fund was used for the rehabilitation of buildings, improvements in public spaces and facilities and infrastructure projects (water supply and sanitation, public transport and sustainable mobility, waste collection and recycling, etc.) (Valle's and Maravall, 2010). This stage is characterised by the state initiative of public contra-cyclical investment policies in order to revive the economy. Initiatives such as the Local Investment Fund or the new Housing Plan joined the familiar development model based on construction and failed to solve the financial problems of the municipalities, increasing state public debt. These measures were another 'Keynesianist turn' that aligned with previous initiatives of economic revitalisation. However, the results were a somewhat disappointing. Not only did unemployment rise but the measure also failed to change the post-Fordist foundations of the Spanish economy. The second phase (since 2011) is characterised by the austerity measures dictated by the Troika and executed by the central government. The phase began with the reform of the Constitution in 2011, adding to the text the concept of the 'fiscal stability' of public administrations and the absolute priority of debt repayment and interest. Through this tool, the central government shifted the responsibility of major cuts in welfare services (education, health and social services) to the regions. For instance the government of the Comunidad de Madrid developed an ambitious plan of outsourcing and privatising public services such as health and education. This policy followed the privatisation of urban services performed by the municipal government, also in the hands of the Conservative Party, such as waste disposal, which was performed by a large construction company (FCC). In the general elections of 2011, the PP won with an absolute majority and continued to follow the restructuring policies that the Socialist Party had adopted at the end of its legislature due the pressure from the EU. The legislative reform of the labour market in

2012 is another example of policies driven by Troika directives. Moreover, the central government has undertaken various measures in order to 'streamline' the administration. Among them, the local government reform approved in December 2013 should be highlighted. This reform represents a re-centralisation process: 'with a substantial return of central governments to the centre of decisionmaking and a reduction in the role of other actors' (Del Pino and Pavolini, 2015: 256). The reform limits the powers of local governments and can even remove some of their powers in favour of the provincial government. As Peck points out, the austerity regimes cannot only be seen at policy level, but also as they become 'an indirect driver of ongoing organizational transformation [...] to reinforce the hierarchical powers of budget chiefs and audit regimes' (2012: 632– 649). At the same time, the reform is a rollout moment, improving the chances of private companies to manage local services. In this context, non-profit organisations, especially those linked to the Catholic Church, partly meet the demands of citizens that were previously provided by local governments. There has also been a change of policy, since the majority of Spanish cities have abandoned the fight to host big international events, except for Madrid, which unsuccessfully submitted its bid to host the 2012, 2016 and 2020 Olympic Games. As a result of the weakening of redistributive mechanisms of the welfare state at national and regional level, cities have become more reliant on their own limited resources. The cities with a more diverse and vigorous economic base cope better with cuts in public spending. In Spain, the crisis has accentuated the existing inequalities between northern and southern cities without any change in the mechanisms of redistribution (Subirats and Martí'-Costa, 2015). Our focus on agency, missing from Brenner's account, brings the role of new social movements to the centre of analysis. Indeed, new social movements have emerged as a response to the context of austerity policies and urban crisis. It can be seen as the 'double movement' described by Polanyi (1944) before the marketisation of life now promoted by austerity measures. In a new cycle of protest, new groups, platforms and political parties have proliferated to denounce the effects of austerity policies and corruption in Spain (indeed, different scandals have affected majoritarian political parties at all levels of government). Among them, we find the Indignados movement of 15M that emerged in 2011 and was mainly visible because of the occupation of central squares in the biggest cities (Castan~eda, 2012). The Indignados created a new space of debate that questioned the form of the national state and the supposed benefits of European integration (Charnock et al., 2014: 115). The platform against mortgages (PAH) has also emerged as a key group in its support of the most vulnerable, who have lost faith in official institutions (see Blanco and Leo'n, 2016, this issue). Moreover, other social movements at regional level have been spreading in the defence of public services such as healthcare and education. Over time, some of these social movements have moved to the electoral arena, with new political parties such as 'Podemos' ('We Can') at the European elections of 2014 and new local candidatures such as 'Barcelona en comu' or 'Ahora Madrid' at the 2015 local elections. The multiscale nature of this 'double movement' must be highlighted: the European elections were planned by Podemos as the first step to winning the national elections, and at local level we find these plural coalitions composed of left-wing parties and urban movements. Finally, a political and citizens' movement seeking secession in Catalonia can be explained,

in part, as a reaction to austerity policies and the uneven distribution of public spending (another example of the unintended consequences at regional level of state spatial restructuring as a result of the crisis). In conclusion, the last phase is based on a clear neoliberal agenda giving absolute priority to the payment of debt: reduction in the structure of the public administration and in welfare expenditure. These affect all levels of government: national (pensions, financial help for those with dependants), regional (health, education, and housing) and local (social and cultural services). This is a multiscalar phenomenon, where the global, the national, the regional and the local interplay, and where urban social movements regain importance as political actors and drivers of change.

Conclusions

In this article we provide new insights from the Spanish case to understand the evolution of urban governance with a special focus on the impact of national capitalist crises. The general approach to urban governance in Western Europe does not take seriously into account Spain's peripheral economic position in the European Union, its late transition to democracy or the decentralised composition of the state. For instance, the first phase of urban governance in Western Europe described by Brenner (2004) as spatial Keynesianism makes little sense in Spain, where we observe 'asymmetrical Keynesianism' because of the variegated crisis of Fordism, the evolution of the welfare state and the process of political decentralisation of the state at the same time. Moreover, there are different timescales because of Spain's political history and its specific institutional configuration. As an example, glocalisation strategies were not introduced until the early 1990s in parallel with the process of integration to the European Union. Four specific observations can be made in the case of Spain. First, a key feature of the Spanish state's restructuring since 1978 has been the process of regional devolution and the evolution of the Comunidades Autónomas. This process improved spatial redistribution over Spain with a network of large and medium cities that have become regional or provincial capitals. Moreover, the beginning of the neoliberal period in Europe coincides with a period of expansion of the Spanish welfare state, where regional governments played a key role by becoming responsible, at different speeds, for welfare services. These two processes greatly overlap and are territorially variegated. We have noted a process of the rescaling of urban entrepreneurialism from cities to regions, especially among the more economically dynamic such as Comunidad de Madrid, Comunitat Valenciana or Catalunya. Nevertheless, this process did not involve a clear retrenchment of welfare policies until the crisis in 2008, although there have been several reforms to increase the flexibility of the workforce and a process of outsourcing welfare services. Second, the beginning of the glocalisation strategy phase coincides with Spain's entry to the EEC and the consequences of globalisation on the Spanish economy. We have highlighted an association between the glocalisation strategies and the process of neoliberalisation promoted by local and regional governments. During this phase, state spatial selectivity changed and since then has increasingly focused on Madrid, reinforcing the centrality of the city in the Spanish urban network and as an economic bridge between Europe and Latin America. During that time, there has been an increase in the neoliberalisation of urban policies by the governments of the conservative Popular Party in

local and regional government. Third, the economic crisis and later political arrangements became the venue for state rescaling struggles. At this point, the state became a gatekeeper for the cuts in public budgets and 'fiscal stability', increasing its control over the Comunidades Auto'nomas and local governments, following European guidelines. Indeed, it is a phase of the political 're-centralisation' of the state. The state strengthens its role as guarantor of spending cuts and the fiscal stability of both regional governments and local governments, which are responsible for the provision of welfare services (in areas such as education, health, housing, etc.). Fourth, the role of urban social movements has been crucial to shape urban policies in the state's restructuring, especially in the first and last phases when the economic crisis has been deeper. In both periods (early 1980s and from 2008 onwards), they have defended the welfare state and the role of local governments as pillars of health and education services. Also in both periods, urban movements have created coalitions with left-wing parties so as to rule local governments. In the context of urban austerity, the nature of these coalitions is multiscalar, seeking to gain power also in regional and national elections. Our analysis of the Spanish case has shown the interaction between global trends and specific national and regional institutional contexts with local coalitions of actors. However, changes in urban policies have not been equal among all cities. This aspect has not been covered in this paper but, from our research, we have observed different local responses to the crisis, for instance, between Barcelona and Madrid. These place-specific variations highlight the importance of analysing urban governance both from a macro perspective (the transformation of the state) and a micro approach (local coalitions). In this sense, we believe that further research combining both analytical perspectives could help to understand the current changes in urban governance.

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