

LARGE URBAN PROJECTS AND SOCIAL ACTORS

**FORCES SUPPORTING AND OPPOSING THE PRODUCTION
PROCESS OF THE RETIRO PROJECT, BUENOS AIRES 1991-2001**

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PROCESS OF THE RETIRO PROJECT, BUENOS AIRES 1991-2001**

Proefschrift

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Foreword

This research was elaborated within the framework of the Ibis research program affiliated with the Alpha Program of the European Union, coordinated by the Faculty of Architecture at Delft University of Technology in the Netherlands, which gathers researchers together from different countries in Latin America, Europe, Asia and Africa. This academic space has been an extraordinary resource to motivate me to undertake a doctoral thesis at this moment of my life, in which work commitments make it very difficult to focus exclusively only on one subject. It has also allowed me to present annually at international conferences organized by the Ibis Network advances in the research, as well as to publish them in the book series of the network.

I chose the Retiro Project as a case to study with the initial idea that the clearest trends under the broad theme of *Globalization, Urban Form and Governance* could be observed there. More explicitly, the Retiro Project showed relevant issues related to the production of new urban conditions for international businesses, confronted with the resistance of residents of irregular settlements, as with *Villa 31*, that are inserted in strategic zones of Latin American cities. To research this new situation was extremely valuable for me because since the early 1980s my line of research at CEUR/ CONICET has been centered on the study of housing problems for low-income sectors and the policies of the state on this matter. From that perspective, my original questions concerned two research issues: the first one, about the struggles of *Villa 31* to resist the Retiro Project; the second, about the conflicts and contradictions between the public plans for the area, some of them promoting its regeneration (with new uses) and some others proposing the sale of land plots to the residents and supporting urban and social improvements.

Nevertheless, from the reconstruction of the case, whose history was practically unknown, it became evident that the Retiro Project showed a great diversity of social actors (by far exceeding the dichotomy state - *Villa 31*) and of multiple interests in conflict for apparently diverse reasons. It became clear that Retiro was an extremely complex case in which global factors and local processes came together in one locality. The great challenge for me was to find a rational among the multiple social forces in conflict; to understand why certain stakeholders supported and why others were opposed to the realization of the project; as well as to explain how all this resulted in the production process of the project itself. The real challenge was to find an approach - instead of being exclusively sociologically oriented by means of studying the stakeholders and their logic, or being exclusively oriented towards planning with the analysis of the decision making process - which would become more pertinent to my background as an architect and an urban researcher. This thesis was oriented to try to understand the interaction between the production of new built-up spaces and social forces, visualizing the extraordinary land value increase which these large projects promote, as a key element in the struggle for their appropriation and distribution.

Throughout the research process I received the support and contribution of many people to whom I would like to express my thankfulness. First of all, I want to express my gratitude to my research promoters, Prof. Paul Drewe and Dr. Edward Hulsbergen, from the Chair Spatial Planning, for their permanent stimulus, orientation and understanding that accompanied the successive adjustments of my work and its extended progression.

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General Introduction

Subject and problem

This research proposes to study, by means of the analysis of a paradigmatic case, the production process of a large urban project furthered by the State and directed to create a new centrality. Our analysis is focused on the forces supporting and opposing the project that were expressed by various social actors involved (state, economic and community actors). These came to light at the same moment as a political decision was made about the project thus influencing its development and its final outcome. We will interpret these forces as strategies used by the actors to obtain benefits or to compensate damages derived from the extraordinary impact produced by a large scale project implanted in a strategic area of the city.

The broader aspect of this research deals with the relationship between territory and society, mediated by the conflicts which characterize, at each historical stage, the production, assignment and appropriation of built space. The large urban projects furthered by the public sector and oriented to create new centralities in strategic areas of the city, constitute one of the most significant phenomena which have appeared in the large Latin American metropolis under the influence of globalization.

Inspired by international projects built in post-industrial countries (such as the Olympic City in Barcelona, Battery Park in New York, the ZAC projects in Paris and the docks in London), large urban operations began to spread to Latin American cities, in the 1990s. Some examples include: the redevelopment of ports and waterfronts (Puerto Madero in Buenos Aires and Rivera Norte in Concepción, Chile), the refurbishing of old airports or industrial areas (the Tamanduatehy project in Santo Andre, Brazil, or the Bicentennial project in Greater Santiago, Chile) and the expansion of certain areas (Santa Fe in Mexico or the area of the Panama Canal) are some of these examples.

Large urban projects consist of gigantic urban operations, by means of which, relegated areas, are redeveloped as central and "brilliant" districts: modern, efficient and functional areas, capable of attracting and locating the internationalized sector of the economy and a whole platform of local supporting services. With its advanced communication infrastructure, buildings for offices of international enterprises, commercial centers, housing and high standard hotels, the large urban projects play a decisive role in the positioning of the city as a worldwide space. The production of this environment of great urban quality, and enormous symbolism, requires a strong public initiative in order to facilitate real estate operations and the necessary investments for the financing of infrastructure and buildings. This implies complex mechanisms of management and articulation between the public administration and private actors.

For all this, large urban projects are conceptualized in a number of different ways. Some view them as new artifacts furthered by private capital in the context of globalization, as a way of production of space for international businesses in opportunity areas. While others see them as a new way of intervening in the public sector of the city, as an expression of a new policy for construction in the city which may integrate modern mechanisms and tools of design and management. Finally, still others see large urban projects as a scenario in which there is a confluence of contradictory strategies of multiple social actors who operate in these significant areas.

It is not accidental that these interventions are the subject of controversy in Latin America at both the public and academic level. As Smolka (2004) has accurately pointed out “due to their scale and complexity, large urban projects question the urbanistic frameworks and land use regulations, redefining economic opportunities, generating tensions in local finances, give new dimensions to political spaces and changing the map of positions occupied by urban actors.” Large urban projects generate extraordinary benefits and damages which have only been scarcely examined. All this is reflected in the agenda of public and academic debates in an embryonic way and with few conclusions.

The incipient Latin American bibliography on the subject, affirms that large urban projects constitute, on the one hand, a mechanism for conquering business opportunities in the territory, what is often called “market urbanism.” Enterprises are implanted on “opportunity areas,” i.e. parts of the land which has remained undeveloped (areas close to activities such as ports, railways, barracks, etc.). They have a large extension and a strategic location so as to allow for the development of new uses: proximity to the center of the city and access by means of internodes transference. These are areas in which the initial value of the land is very low, but which have an extraordinary potential for expansion in the real estate market at very high prices, given their position and the type of investments they will receive.

On the other hand, large urban projects and the implanting of a luxury fragment on the existing city alters in a drastic way the urban spatial systems which have been consolidated in the area, with its neighbors and social stratification, its economic activities, its buildings and monuments, its communication services, its symbolic meaning and social practices. It allows for processes of gentrification and social fragmentation.

Because of the notable impacts caused by the large urban projects on their surrounding environments, the announcement by public authorities for the implementation of such a project on a valuable area of the city is enough to unlock a struggle of supporting and opposing forces, which will influence the process of production of the project itself, as well as its final outcome. This, added to the fact that its execution normally exceeds the periods of office of municipal governments and the limits of their territorial competence, poses strong challenges to their management. In order to envisage adequately the trade-off between opportunities and disadvantages, it is necessary to have a better understanding about the structural features which are present in these enterprises, about the social actors involved and their strategic and specific interests in the projects.

Objectives and questions for research

The general objective of this study is to provide conceptual and empirical elements which will help to understand the interaction between the production of new built spaces and social forces. Additionally, it is intended to throw light on how this affects the management of large contemporary projects.

The study hopes to cover an important gap in our knowledge given the importance of these relationships and impacts, and the challenges faced by the local governments. Yet the study of large urban projects in Latin America is scarce and recent. There is not yet a conceptual framework which might define dimensions by which they are characterized. The predominant treatment of the subject has emphasized the analysis of the physical and urbanistic dimensions of the projects, especially their aesthetic, symbolic and even functional components. Much has been said about what should be. However, there has not been enough empirical research to deal with the multiple consequences which emerge as a result of these interventions in social, as well as in territorial and institutional terms.

The specific objectives of this research are:

- a) To examine the structural features of large urban projects and their articulation with the territory, shedding light on the benefits and damages which they provoke on the involved social actors.
- b) To identify the scope of actors involved in a large urban project, their interests with respect to this type of enterprise, the strategies they develop in order to defend them and the conditions which emerge in these circumstances.
- c) To understand how these features are linked to the production and impact of a large urban project in the city, generating enormous opportunities for some and causing serious damage to others.
- d) To learn something about the incidence of all this in the production process and how a successful management of a large urban project can be achieved, in which benefits and damages are equitably distributed.

The central questions which we intend to answer are the following:

- What are the characteristics of existing Latin American large urban projects?
- What type of benefits and damages does the implementation of large urban projects cause in strategic areas of the city?
- What types of actors are involved in a large urban project?
- What type of interests do actors have in a large urban project?
- How are these interests expressed?
- How are they channeled in the production process and in the project's management?
- What effects do they have on the final outcome?
- How can large urban projects be managed in order to finish the project and to obtain a satisfactory distribution of benefits and damages?

Methodology

a) Methodological strategy

The research strategy rests on three pillars: (i) the revision of theoretical approaches with regard to the production of built space and the role of social actors in this process; (ii) the elaboration of an analytical and methodological framework about large urban projects and the interests of involved actors; and (iii) the empirical study of the complex case of a large urban project and its contrast within the previously outlined framework.

(i) Revision of theoretical approaches in the production of built space and the role of social actors

The various theoretical approaches which have tried to understand the relationship between territory and society have focused on different explanations to structural processes and to public and private social actors.

Theoretical approaches which had some influence on urban research during a large part of the 20th Century are considered today “classical approaches” (i.e., ecological, neoclassical economy, institutional and Marxist). They have provided the main lines for understanding the process of urban spatial structure in different stages of the evolution of capitalist urbanization. However, it has been argued, that these perspectives suffered, either from an excessively voluntaristic outlook (individual agents operate freely and achieve changes) or from economic determinism (structural processes determined by the behavior of groups and classes).

Starting in the last quarter of the 20th Century, a variety of theoretical currents (i.e., neo-Marxist, neo-institutional, post-modern, feminist and even “structuralist”) originating in sociology, economics, political science and geography, that sought to explain the deep transformations in urban systems and the internal structure of cities which could be seen all around the world. Contemporary scholars tried to avoid the economic determinism (structural processes determining behaviors) or the excessively voluntaristic outlook (agents operating freely and achieving changes) which characterized studies in the past. Thus, they tried to find links between structural processes at macroeconomic levels and the actors fastened to the territory.

Our research focuses on a review of some of these contemporary formulations which are relevant in order to situate our object of study.

In the first place, we have examined studies which analyze the changes in urban space within the framework of global transformation. In this group we can distinguish two categories. On the one hand, there are those which have focused on the impact of macroeconomic trends on urbanization at a world wide scale. (J. Friedmann and G. Wolf, 1982 and 1986; M. Castells, 1989; S. Sassen, 1999; Milton Santos, 1996; Carlos de Mattos, 1997; Graham, 1994; Moss, 1987) They note the conformation of a new urban system at a regional and global scale. They also point out the significance of a small number of multinational corporations in these processes. Other studies focus on the effects of economic globalization on the internal structure of a large metropolis. Authors such as Sassen, 1996, 1997; Borja and Castells, 1997 have pointed to the ways in which the processes of internationalization in cities has proceeded, turning them into world or regional centers. The focus on the analysis of the geography

and micro geography of strategic places at the world level, has allowed the emergence of new urban forms which articulate with existing spatial forms, thus creating dual cities in which a new managerial and technocratic elite demands exclusive spaces where the functions of the higher third are located.

A second set of studies has been developed in North Atlantic and Latin American academic circles, which deal with the role played by urban social actors in the construction and management of the city (Fainstein & Fainstein, 1983; Fainstein & Campbell, 1999; Farret, 1985; Herzer and Pirez, 1993; Pirez, 1995; Robirosa, 2000; Rodriguez & Winchester, 1997; Clichevsky, 1990; Ziccardi, 1994). In this direction, the analytical framework proposed by Healey and Barret has been of great interest, as well as that of Lambert and McNamara (1990) who analyze the way in which individual and collective agents intervene in the negotiation of development projects in order to find out how by means of these negotiations the land market is constituted. However, the central thesis about the New Urban Policy (NUP) provides a more complete conceptual framework to understand the role of social actors in the construction of contemporary cities. (Cochrane, 1999; Cox, 1991; Lauria, 1999; Logan & Molotch, 1987; Jonas & Wilson, 1999; Stone, 1993; Tullos, 1996; Ward, 1997). The concept of NUP was coined in order to deal with a set of theoretical developments, case studies and debates which developed in the North Atlantic academic circles (particularly in the US), with the aim of analyzing policies of urban regeneration and explaining the institutional links which dominate the process of decision making in urban economic development (Cox, 1991). In this critical body of knowledge, two very influential theses can be mentioned: i) the growth machine thesis initially presented by Harvey Molotch in 1976 and reconsidered 20 years later, after having been developed by Logan and Molotch (1989, 1993); and ii) the so-called "urban regime theory" whose principles were established by Clarence Stone (*Regime Politics*, 1989) starting from a detailed empirical research which he himself developed in Atlanta, but based on the work of a set of other scholars.

A third group of Latin American studies have been examined, which have studied the role of social actors in the construction and management of the city. The works of Pirez (1994 and 1995); Clichevsky (1990, 1996); Robirosa (2000) and Herzer and Pirez (1993) provide the identification of a range of actors who operate in a certain historical moment and place. They propose some basic typologies of urban actors and their motivations. For the present study, the matrix which links type of actor, type of aims he pursues and the means he has at his disposal to achieve them is particularly important from a methodological point of view.

(ii) Elaboration of a provisional analytical framework about large urban projects

Since there are no formal models to study either this subject or finished theories, we shall try to provide a conceptual and methodological framework which may lead to a better understanding of the case study. This framework will be ample enough to relate our observations to a variety of analytical dimensions in order to answer our initial questions.

The strategy for constructing this framework is based on two basic facts:

- A provisional conceptualization of large urban projects. On the basis of the forerunning theoretical developments and a set of relatively recent studies (Amborski & Keare, 1998; Jorguensen Jr., 2001; Nuñez et. al., 2000; Nuñez and Ruiz de Gopegui, 2001; Trivelli, 2002 and 2003; Carmona, 2003; Smolka, 2001, 2004; Lungo, 2004; Sandroni, 2001; Garay, 2001, 2004; De Mattos, 2004; Arantes, 2001) the structural aspects of large urban projects will be identified: those that are the crux of the relation between large urban projects and territory and which

allow us to understand why certain actors are involved in their production and support their development. Studies referred to the Latin American reality were especially taken into account, since even if they are not very abundant, they provide elements which are comparable to the Retiro case or else have useful historical references.

Following the rules of the sociological method, we intend to build instead of an ideal type (which would demand many more initial observations) at least a set of valid propositions which shall illuminate the comprehension of this case study and expand the range of its significance.

- Stakeholder analysis and social analysis have been very useful methods for a systematization and analysis of the support and opposition caused by governmental authorities intervention in the field of social policies. This is why we have dealt with different papers which analyze and discuss the advantages and limitations of these methods, as well as the possibilities for applying them to the field of urban studies (Sebastian, 1999; Chavalier, 2001, 2004; DFID 1995, Clayton et. al. 1996; Ramirez, 2001; Grimble and Wellard, 1996). We have also referred to studies which have actually applied these techniques to analyze or predict the impact of certain policies (Pasteur, 2001; Chevalier, 2001). I have especially used the work of the International Institute for Environment and Development IIED (2000) because they have applied this method to policies relative to forestry and land use.

These methodologies have been applied with a governance approach, that is, with an approach to public policies which underlines the highly interactive nature of political processes. Governmental organizations are not the only actors – nor necessarily the central actors of the political and planning processes. Activities of planning and management of policies result from a complex network of interactions between organizations and groups in society.

(iii) Empirical study of a complex case

The research methodology is complemented with the empirical study of a particular case. As a consequence, the results we will obtain may remain true only for this case and not be expanded to other cases. However some of their aspects might have a broader significance to other projects. Others now. As is well known, case studies have always been censured due to their singularity, but have also been praised because they allow studies in depth and permit new innovative questions to emerge.

The reasons justifying the study of a particular case are many. In the first place, it allows us to approach the study in depth; the more necessary when it deals with a complex case which requires that research be concentrated on showing its multiple aspects and complex relations. In the second place, it recognizes the unique character of all social situations. In the third place, it assumes the relative novelty of the facts under study, particularly in the Latin American context. Finally, it takes into account the absence of finished formal models in the social sciences which would allow us to formulate hypotheses that are so correct that they could be rigorously verified and potentially rejected.

Thus, the case study will not be able to provide a systematic verification of the hypothesis of departure. It may not allow us to say what is true, but can be positively asserted without falsities (without being

falsified). We will therefore depart from a series of hypotheses that make sense within the theoretical and analytical framework with which we start and which establish observable relations between empirical facts. The contrasting of this case study materials with the set of assumptions from which we depart, will allow us to pose new hypotheses and recommendations for urban management.

The information I have used to approach the case study emerged from three different types of sources: a) official documents with public and reserved access: e.g., legal standards, consultancy reports, reports and documents of evaluation, maps, graphic materials and descriptive memories about different urban proposals; b) information published in the main newspapers: i.e., information notes about the project and views of the different actors involved; c) unpublished documents edited in written media or the internet, produced by state and non-state actors: e.g., public agencies, firms, political parties, professional associations, universities, planners and scholars, neighborhood organizations; d) interviews with state and non-state actors involved or not involved with the project.

b) The case study

The Retiro Project is the greatest urban renewal undertaking so far in the city of Buenos Aires. Its objective is to re-urbanize the strategic area of Retiro where there is a conflicting confluence of: the most important transportation nodes of the country (railways, port and buses); the extension of the central administrative district; a residential zone of high real estate value; a set of public parks and plazas and a settlement of poverty such as Villa 31, the oldest in the city, with a long history of struggles to obtain land.

The project was launched in 1991 by the National Executive Power which owned the land. The process of formulation involved also the Government of the City of Buenos Aires, legally responsible for approving changes in the urban and building codes of the area. The original official proposal was the object of numerous debates on the part of various state, economic and community actors, who by their efforts, succeeded in changing three times the initial proposal. After a decade, the project remains virtually paralyzed.

Throughout all these years, the areas of conflict were many:

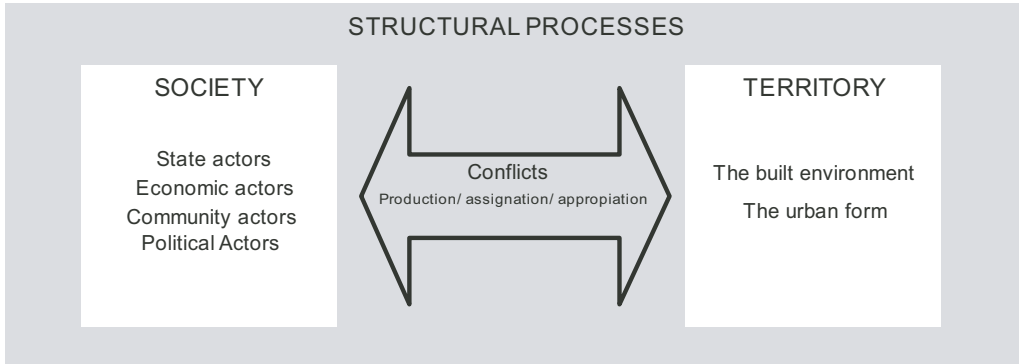
- the quantity of land to be liberated from railway use, in order to be re-designated for new private uses, by means of real estate exploitation and urban and architectural redevelopment;
- the technical solution of transportation: the possible relocation of railway stations and the aims for these buildings
- eradication or not eradication of Villa 31: the possible inclusion of a component of social housing in the project
- the degree of participation given to local professionals versus consultants and international studios in the technical and urbanistic definition of the project.
- the degree of power assigned to the organizations of the national government, versus those of the city government in the management of the project.

c) Hypotheses of the research

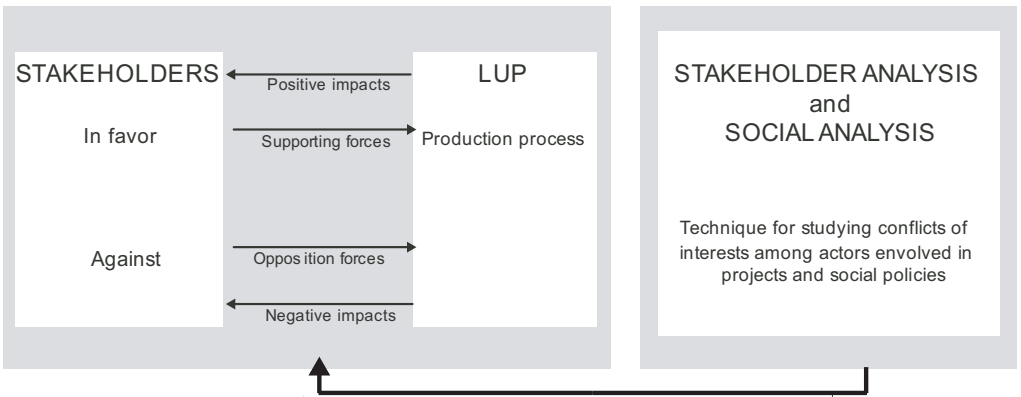
The main hypotheses presented in this research are:

- The forces expressed by the various social actors involved in supporting or opposing a large urban project contributed to shaping the processes of production and influence the final outcome.
- The forces of support and opposition displayed by the various actors involved in a large urban project, are strategies for obtaining benefits or compensation for damages (economic, political, cultural) associated with the extraordinary impact produced by their implementation in a key area of the city.

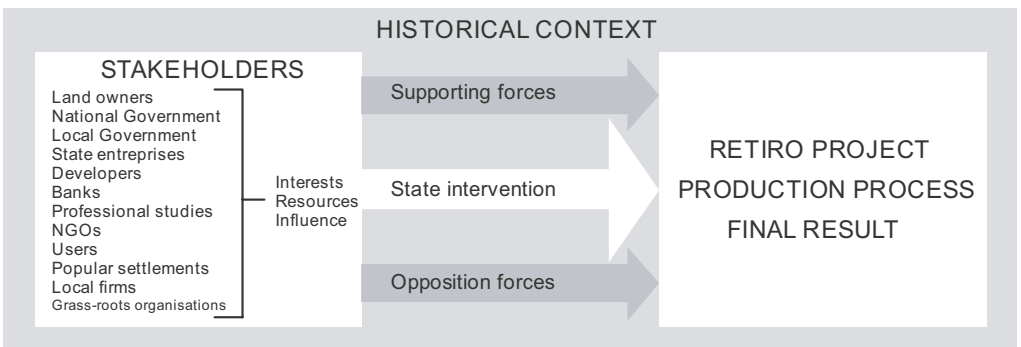
FIRST PART - CONCEPTUAL FRAMEWORK



SECOND PART - ANALYTICAL AND METHODOLOGICAL FRAMEWORK



THIRD PART - CASE STUDY



GENERAL CONCLUSIONS AND RECOMMENDATIONS FOR URBAN PLANNING AND URBAN RESEARCH

First part
Conceptual framework

1. Production of urban space and role of social actors: theoretical approaches

1.1. Introduction

The various theoretical approaches which deal with the structure of urban space as an object of scientific research, have assigned a different explanatory weight to different structural processes and to public or private social actors (market, state and civil society). Differences have to do not only with the social theories that nurtured different schools of thinking about the urban realm, but also with the great problems and social transformations which have marked each historical period .

Theoretical approaches that influenced urban research during a large part of the 20th Century, are considered today as “classical approaches” (i.e., ecological, neo classic and economic, institutional and Marxist). These theoretical approaches have provided the concepts for understanding the processes of structuring urban space in the different evolutionary stages of capitalist urbanization. However, it has been argued that these perspectives presented either an excessively voluntaristic view (individual agents operate freely and undertake changes) or another one marked by economic determinism (structural processes determine the behavior of classes and groups). The present view states that “classical” approaches have not paid enough attention to the relationship between the more ample process which guide the strategies of various actors and the way in which they behave, by displaying resources for specific investments. It is thought that they have failed in approaching an essential dimension of analysis: how the city is built, in the form of both building and sites and the roles played mainly by the land owners, the construction industry, the financial sectors, intermediaries, consumers and the state. To disregard these relationships – which scholars have designated as a dualism between agency (collective or individual) and structural properties - has prevented a multidimensional comprehension of the processes leading to the transformation of urban space and has lead to a misunderstanding of how the city is produced and used.

Over the last quarter of the 20th Century, a variety of theoretical currents (neo-Marxist, neo-institutionalism, postmodernism, feminist, and even “structuralism”) arising from sociology, economy, political science and geography have been applied to explain the deep transformations in urban systems and the internal structure of cities, that have occurred in the whole world.

The emergence of new work processes and products, the appearance of a new service economy, the increasing integration of consumer and production networks at global level and the changing cultural styles and modes of social regulation, have deeply altered the spatial form of the city and its functional role. Production and population have been decentralized, while economic control has become more and more concentrated in multinational firms and financial institutions. The new logic of production, employment and distribution, has generated changes in the land use and in the social occupation of land: a new order has been produced in the urban hierarchy and in the economic and political linkages between cities and inside cities. New urban forms and new urban actors have emerged (Fainstein, 1999).

In order to understand these complex processes scholars have appealed (according to Susan Fainstein) to two large approaches. In both different processes receives their hierarchy, relevant actors are identified, and possible solutions to the problems under analysis, can be found: a “global approach” and an “inside to outside” approach.

The first, or global approach, scrutinizes the international system of cities (and its national and regional subsystems). Scholars using this perspective predict uneven development and consequent territorial difference; from their vantage point, which particular places win or lose matters less than there will be winners and losers. In contrast, the second approach, which works from the insider out, examines the forces creating the particularities of a specific place –its economic base, its social divisions, its constellations of political interests, and the actions of participants. Within the first framework, differences among cities are manifestations of varying components that comprise the whole. The second traces urban diversity to internal forces and the tactics used by local actors (Fainstein, 1996: 170).

Whatever the approach that is used, scholars try to avoid economic determinism (structural processes determine behavior) or an excessively voluntaristic view (agents operate freely and achieve changes) which have characterized the urban approaches of the past. In this way, they try to find linkages between structural process at the macro- economic levels and the social actors located in this territory, between “global” and “local.” We will render a revision of some contemporary formulations which we find relevant in order to situate our object of study.

1.2. Global transformations, rearrangement of urban hierarchies and new social actors

Two main theses are derived from contemporary studies which analyze the changes in urban space within a framework of global transformations: the thesis about a new system at the planetary level and the thesis about new urban forms and intra metropolitan duality.

1.2.1. The thesis about a new urban system at world and regional levels

A set of studies has focused on the impact of macroeconomic trends on urbanization at the world level and on the transformation of the urban systems of countries and regions. From this perspective, the spatial reorganization of capital provokes processes which drastically alter the local decisions and the productive matrix of urban conglomerates.

The works of J. Friedman and G. Wolf (1982 and 1986), M. Castells (1989) and S. Sassen (1999) are crucial for understanding the economic, social and spatial changes of the large world metropolis. Also, authors like David Harvey (1999), Edward Soja and Michael Storper, Alain Lipietz, Georges Benko and Pierre Veltz have nurtured the new theories about restructure and dynamic of space in the 1990s. In Latin America, authors like Milton Santos (1996) and Carlos de Matos (1997) have provided theoretical and empirical elements for a new comprehension of territorial transformations which are being experienced by many metropolises.

All accept the conformation of a new urban system at the world and regional levels and they point to the leadership of a small number of multinational corporations.

According to this mainstream view, the logic of the new productive system (its flexibility and adaptation of technological systems that are interactive and not centralized) is the main cause which explains the constitution of a new system of urban centers with different hierarchies at world level. The technological revolution of information and the globalization of the processes of production, distribution and management of the dominant economic activity (advanced services and high technology industries)¹ are pointed out as key elements which constitute the basis for the emergence of a new model of spatial structure in the whole world, characterized by a pattern of dispersion and concentration.

According to Castells (1989), the system of dispersed production, favored by new information technologies, is combined with the existence of nodes with high levels of innovation. These constitute the heart that commands these systems. We are talking about the global city, with new functions. These are highly concentrated points of command where the world economy is organized. They constitute key locations for financial activities and advanced facilities for production. At the same time they are places of production, innovation and marketing for products generated in the leading sectors. In these centers of management we find an agglomeration of financial activities, insurance, consultation agencies, real estate, legal services, publicity, design, marketing, public relations, and security, information and computer systems. What is important is the interrelation of these cities by a flow network (Graham, 1994; Moss, 1987).

In short, according to De Mattos (2002), the new type of city which emerges in this stage of capitalist modernization is characterized by the transition from a compact, self-centered city which appeared as the highest expression of a developed industrial status, towards a city rendered by the crossing of multiple networks. The city which appears is the expression of a society organized on the basis of networks and nodes, where –as Castells maintains (2001) - “the logic faced by the space of flows and the space of places, structures and de-structures simultaneously the cities which are transformed by a combination of nets and places.”

A key question which scholars have posed when studying these problems is why certain leading activities are located in certain cities. Sassen (1999) offers a very convincing hypothesis. She maintains that, instead of locating any one place in the world, leading activities concentrate on a net of directional centers based on the agglomeration of advanced services on a limited, saturated and overvalued space of districts in the large cities. This happens because the revolution in communication technologies – that has allowed this pattern of dispersion and the firms to move from one place to another - has not eliminated the demand of these firms for certain built environments and of certain urban configurations with a vast concentration of infrastructure and labor resources. Moreover, according to Borja & Castells (1997), competition among enterprises in the new economies is strongly dependant on conditions of productivity in the territorial realm in which they operate. This includes: adequate technological infrastructure, communication systems which ensure connection of the territory with the global flow of persons, information, and merchandise and, above all, with human resources capable of producing and managing the new economic and technical systems.

There is some debate around the question of how many cities have these functions and what places they occupy in the world hierarchy. Some authors agree with the emergence of a network of large

1 Globalization can be defined as greater interdependency of markets of goods and services of all types. They are characterized by a financial lack of regulation, a greater opening towards all external economies and the emergence of geo economic blocks, as a result of greater competitive pressures and the need to expand those markets.

metropolis – in the North as well as in the South - that act as centers of coordination, control and services for world capital. According to Sassen, this network of strategic places unites the main international financial and commercial centers, such as New York, London, Tokyo, Paris, Frankfurt, Zurich, Amsterdam, Los Angeles, Sydney, and Hong Kong, among others. However, they have also incorporated cities of developing countries, among which San Pablo, Mexico City, Buenos Aires, Bangkok and Taipei could be included.

A consequence of the conformation of a new urban system at the world and the regional level is the increase of spatial and economic inequalities among cities. The emergence of a network of strategic nodes implies that an enormous territory is excluded from the processes which nurture the economy in the present era. Included here, are not only the enormous masses of population in developing countries, but also manufacturing centers and port cities which formerly were important to the advanced economies. This means not only a quantitative increase in the degrees of inequality, but also qualitative changes in the social, economic and spatial forms. Sassen describes them as “a new geography of centralism and of marginality.”

Actors that are leading these processes at a planetary scale (the “global forces”) are a small number of multinational corporations which force capitalism to find a new structure² and influence national governments. Scholars who use this perspective predict an unequal development and consequently, territorial differences; what places win or lose is less important than the fact that there inevitably will be winners and losers (Fainstein, 1999).

The concept of “global cities” has received criticism from many places. Korff has questioned the economic determinism implied in this conceptualization and argues that the use of aggregate statistics only tends to distort reality (Korff, 1987). Without ignoring the relevance of the global economic processes, he considers it necessary to incorporate an historical perspective and to develop detailed empirical studies in order to give more flexibility to this concept. His proposal emphasizes the need to consider the way in which the system is modified by the actions of their inhabitants.

Other researchers, such as Marcuse and Van Kempen (2001) maintain that almost all cities are influenced by the globalization process and their connection with this process is not a question of being on the higher or on the lower levels. What is important are the nature and the scope of this influence. In this direction, some scholars maintain that with globalization, a set of features inherent to the basic identity of each city, do not necessarily disappear or vanish into thin air. According to De Mattos (2002),

2 “There are two possible explanations for this new structure of capitalism, according to different theoretical approaches. The predominant economic theory emphasizes the low cost of labor in the less developed countries, the enterprises and scarce regulations in new industrial countries and the lower costs of transportation, key elements which influence industry in the richer nations. In order to face this competition, firms have to shorten their own costs of production, for example, by moving them to places with cheaper labor forces. On the other hand, “leftist” scholars have emphasized the power of capitalists to produce changes which have increased investments’ profits while decreasing the power of labor. This explanation relies on a change in the rules of accumulation. The crisis of Fordist capitalism gave place to “flexible” rules of accumulation which implied a higher mobility of capital from one sector to another and from one place to another. This was accompanied by flexible techniques of production which allowed for customized manufacturing just-in-time inventories and short production runs. A new mode of regulation made it possible to impose this type of regime. Unfortunately, this mode of regulation diminished the welfare state, reduced the role of unions and supported those social organizations which had to increase competition.” (Fainstein, 1999:6).

there is evidence that by virtue of globalization, each city is transformed, but preserves many of the features established and consolidated along its history, the same that distinguish them from other cities in the same geographic realm.

1.2.2. The thesis of new urban forms and intra metropolitan duality

A second current of theoretical studies has focused attention on the effects of the globalization of the economy on the internal structure of large cities. From this perspective, they try to understand how these processes of internationalization are constituted in cities which function as regional or world centers. They also try to explain what the consequences of this evolution are, for the socio-economic conditions of their citizens. According to Sassen, this approach has shifted the center of attention from the subject of power exercised by the large geo-economic blocks on governments and economies, to the subject of space, i.e. to the place in which these multiple activities and necessary modes of organization develop, in order to sustain a worldwide network of manufacturing services and markets.

The focus of analysis on the geography and micro geographies of strategic places at the global level has made it possible to link the production complexes with their location in certain places (S. Sassen, 1997). It has allowed also the outlook on the emergence of **new urban forms** which articulate with already existing spatial forms, creating dual cities and giving evidence of the presence of **new consumers in the city**.

The new centers of business, where the superior functions of the new system are located, requires exclusive spaces for the managerial and technocratic elite, as had happened before with the bourgeois elite. They demand an infrastructure of communications, telecommunications, advanced services, technological centers and qualified educational institutions, condominiums for hotel activities geared towards international tourism and traffic within the city. In cities such as London, New York and Tokyo, this demand (according to Sassen) contributed to the expansion of the highly-prized real estate market, with active participation of foreign firms such as investors and buyers and consumers of buildings. Auction for space was limited to specific locations, i.e. to central locations, in which case bidders were inclined to pay very high sums.

This demand constitutes a key factor in the development of large renewal urban projects, by means of which, areas that had formerly been considered marginal, undesirable or impossible to improve, were reconstituted as central areas.³ The new forms of spatial organization produces exclusive fragments of the city adapted to global demands and goals. They provide the material and symbolic support for pioneer activities and for wealthy sectors. Their presence in the city is so notorious that socio-spatial differentiation is emphasized.

Therefore, sectors which operate outside of these subsystems oriented to world markets are increasingly at a disadvantage.⁴ The latter are expressed in physical obsolescence and the decadence of certain urban areas, while forming "urban ghettos" in the large cities. Thus, together with the creation of *strategic spaces* at the urban level (including the traditional urban center and new networks

3 The Western area of midtown Manhattan and the old docks in London were converted into sites for high level offices.

4 This includes a retreating manufacture industry, small and medium sized enterprises and a good part of commercial shops in a situation of precarious subsistence and lesser values for non specialized work.

of commercial centers and cores of economic activity in former peripheral zones, located in central areas or further away)⁵ there is a decentralization of areas that were formerly considered central.

Scholars who use the analytical perspective that is centered on the site, remark on the increase of spatial segregation for classes and racial groups. However, the approach “from inside out” allow us to see, according to Borja and Castells (1997), that the economic and technological processes that are at the basis of this transformation, are enmeshed with the history, the culture and the institutions of each country, region and city, producing a large diversity of spatial models. This view will permit us to pose the possibility of citizens control over their own lives; it will further allow the enhancement of a “re launching of cities as dynamic forms of life and management.”

1.3. Social actors and specific mechanisms of space production

1.3.1. Introduction

Although current formulations recognize the importance of extending the traditional explanations on which they were based, either of economic determinism (structural processes determine behavior) or of an excessively voluntaristic view (agents operate freely and obtain changes), in the majority of cases, the recent theoretical currents are insufficient to understand the specific mechanisms by which cities are built.

The role of social actors involved in the production of space in the form of both buildings and sites (land ownerships, the organization of the construction industry, the nature of the finance invested in urban development and the significance of intermediaries, from developers to property consultants) lie hidden or are given little attention in the social scientific literature on urban issues.

However, there are a set of studies that proceed in this direction, from the field of Marxist economics, urban geography, urban planning and political science. We will examine some of these studies which were developed in the North Atlantic (United Kingdom [U.K.] and United States [U.S.]) and in the Latin American academic environments.

1.3.2. Structure and agency in land property development: the contribution of U.K. studies

In the U.K., a set of theoretical works and empirical studies, emphasize that the process through which the built environment is produced and used (and in particular the process of land and property development) is critical to the understanding of urban development and the attempts at managing it. A key issue for this view is the relationship between the strategies, interests and actions of the various agents involved (landowners, investors, developers, consultants, public agency planning officers, politicians and community groups) and the organization both of economic and political activity and of values about land, property, building and environments which frames or “structures” their decision-making.

⁵ At the metropolitan level, strategic spaces are also referred to as regional nodes of economic activities oriented to exports.

Healey and Barret (1990) propose an analytical framework which provides useful elements for a detailed analysis in this direction. Together with Christine Lambert and Paul McNamara, these authors have worked a long time in the construction of a framework of this type.

They maintain that, in order to understand the way urban space is socially produced, one has to pay much more attention to the way in which individual and collective agents interfere in the negotiation of development projects. A key issue is in what way, through negotiations, the land markets are constituted and decisions taken on specific projects (Healey and Barrett, 1990).

They argue as follows: “The pending analytical task is to relate the institutional analysis with the economic dynamics expressed in flows of resources, and with the political organization and the cultural values which are reflected in rules and ideas.⁶ This requires the development of an explicit approach to the relation between structure (in terms of what drives the development process and produces distinctive patterns in particular periods) and agency, in terms of the way individual agents develop and pursue their strategies” (Healey & Barrett, 1990).

The approach they adopted draws particularly on the work of Giddens (1984), who argues for a relational approach between structure and agency in which *structure* is established by the way agents operate: deploying, acknowledging, challenging and potentially transforming resources, rules and ideas, as they frame and pursue their own strategies. Structure may be seen to inhere in the various resources to which agents may have access, the rules which they consider governing their behavior, and the ideas which they draw upon in developing their strategies.

In their work, they also state that “allied to theory concerning the dynamics of economic and political organization, such an approach promotes an understanding of the ‘*development industry*’ as actively involved in its own reconstitution, while at the same time being driven to restructure by external pressures. Thus, the critical task for the analyst seeking to understand the process of production of the built environment, is an examination of how such external pressures are reflected in, and affected by, the way individual agents determine their strategies and conduct their relationships as they deal with specific projects and issues and as they consider their future stream of activities” (Healey & Barrett, 1990:90).

This approach – according to the authors- provides a way to drive empirical research in such a way that structure affects and is changed through the manner in which individuals act in the development process. They suggest that research should emphasize:

- *Resources* for development channeled through the financial system, via the system and interrelationships between supply and demand;
- The *political and institutional* rules which limit the construction of opportunities for development;
- The *ideas and values* which people sustain about what should be built, what they would like to occupy and the type of development they are looking for.

6 Institutional research focuses on the way in which institutional and political rules as well as ideas and ideologies limit and create structural possibilities to the strategies and relationships between agents.

New actors have entered the field as a result of new ways of financing, new governmental policies and to the impact of the restructuring of land markets and properties. The existing ones changed their organization, their strategies and their interests in land and property. In the U.K., financial institutions have increased substantially their property holdings since the beginning of 1985.

1.3.3. The central theses of the New Urban Policy: the contribution of U.S. studies

The central theses on the New Urban Policy provide a good conceptual framework to understand the role of social actors in the construction of the contemporary city. The concept has been coined to refer to a series of theoretical developments, case studies and discussions that took place in the North Atlantic academic environment (particularly in the United States) with the aim of analyzing policies of urban renewal and to explain the institutional links which dominate the decision-making process of urban economic development (Cox, 1991). In this critical mass of knowledge, we find two influential theses:

- (a) the *growth machine thesis* initially presented by Harvey Molotch in an article published in the mid 1970s (Molotch 1976) and re floated 20 years later, after having been developed by Logan and Molotch (1989, 1993)⁷, and
- (b) the so-called *urban regime theory* whose principles were established by Clarence Stone (1989) on the basis of a detailed empirical research which he himself developed in Atlanta, but relying also on the works of a number of other authors.⁸

a) The growth machine thesis

This thesis identifies the question of **growth** as a fundamental political and economic must of virtually every locality. Part of this idea is that space is a merchandise which can produce **wealth and power** for their owners and that explains why certain agents are involved in the decisions which affect urban development.⁹ Eagerness to increase rents, benefits and incomes generates consensus among an ample range of elite groups whose activities have a spatial base (without caring how separated they may be in other aspects). Their priorities are those which will affect the patterns of land use, public budgets and urban social life.

At the heart of the elite groups in favor of growth is a rentier class – organized around developers, real estate agents and banks, who have interests in the exchange of land and property. The growth machine is also composed of politicians, news media, public agencies of quasi public facilities (water, transportation, electricity, gas) and other auxiliary actors such as universities, chambers of commerce, etc.. It is a mixture integrated by a diverse social strata of high and medium incomes, who are interested in growth, increasing the value of land and the income sources for its members. Contrary to what had

7 The original formulation of this thesis is stated in an article by Molotch in 1976, The city as a growth machine: towards a political economy of place. However, the most complete explanation of this thesis is elaborated in Urban Fortunes (Logan and Molotch, 1987). Years later, Molotch reasserts the standing of his thesis: Molotch (1999) Growth machine links: up, down, and across.

8 Stone, Clarence (1989) Regime Politics. Lawrence: University Press of Kansas. Among others: Mollenkop (1983) The contested city, Princeton University Press; Elkin (1985); Fainstein S. & Fainstein N. "Regime strategies, communal resistance and economic forces" in: S. Fainstein et. al., Restructuring the city: The political economy of urban development, Longman, 1983.

happened in the past, the growth machine is less personal and has become a multi faceted matrix with important social institutions exercising pressure in complementary directions.

The agenda of these urban elites is to secure conditions for growth. Almost always, this implies a collective organization to influence the government which controls the most valuable standards and fiscal resources for growth, especially those referring to the control, exchange and development of plots. Once organized, these **growth coalitions** stay together: they are the “driving interests.” They imply a continuing interaction between business people and public officials (including financial support for their political campaigns). Another way of stimulating growth is to generate “a good climate for business.”

What is more important than anything else – according to this thesis - is that growth coalitions tend to insure that the citizens be receptive to changes in their environment. In this sense, ideologies and speeches about growth are a well-known part of this machine.¹⁰ Supporters of the growth machine proclaim that a more intensive development will benefit virtually all groups in a community, since growth increases the collection of taxes, generates employment, and creates resources in order to solve existing social problems among other things. These propaganda activities must unite interests which otherwise would be antagonistic; they should also further a sense of community within the locality (Molotch, 1976:315; Jonas & Wilson, 1999).

A remarkable consequence of this process of formation of growth coalitions is the eventual emergence of a **counter coalition**. In a highly merchandized ground of production of urban space, there is a conflict between land use and its exchange (Logan & Molotch, 1987). This is due to the fact that, in order to establish preconditions for economic growth, it is necessary to change the built environment. These changes could have negative effects on residential neighborhoods and on local living standards. The construction of highways, opening up of new streets, new taxes and other issues, generate costs

9 The intellectual support of the thesis on growth machines is complex. They are inspired by urban ecology, by community power analysis, by neo-Marxism, the theory of structures and even transcendental realism. According to Molotch, the idea of a growth machine came at a time when American urban scholars still perceived the city through acrylic lenses of concentric circles, the rank-size rule and other arid versions of explanations without any value. “Critical comments came from those who were mainly concerned because urbanism had created some type of social alienation, mass consumers or kitsch conformism. Related to their Marxist concerns with places of labor and class, leftist scholars gave little attention to the agents, processes and consequences of the construction of a city – those mechanisms which really determine production environments and community life. When political economists dealt with urban matters, they were more worried about inequalities of income, the closing of factories and the decline of local economies. There were few efforts to explain specific mechanisms by means of which space was produced and living opportunities were distributed (Harvey and Lefebvre were the main exceptions). Up to now, “urban” is often linked to problems which take place in cities and not with the mechanisms which produce space and the settlements where these evils occur. For the Left what is of key interest with regard to urban space has not been how it is built, but the manner in which space appears in the production mechanisms and makes people miserable” (Molotch, 1999:247).

10 The power of language in the machine that models everyday social life permits this speech on growth to acquire an air of normality. In other words, the growth machine speaks not only about appropriate ways to grow, but also about those who have to lead, what their values should be, and what public values ought to be. This approach for to understanding the subject, is focused on a new language which has deeply permeated the social sciences. Whether a liberal growth machine, a conservative, or center growth alliance, their political agendas are always activated by accumulations of representations about the people, the places and the processes met in daily life. People start to understand the work growth – its perspectives, its possibilities, who wins and who loses - by means of a significant rather than interacting with crude reality.

and obstacles to local residents, thus generating opposition. Molotch suggests that the emergence of a “counter coalition” organized around environmental questions and redistribution may eventually be a strong force in urban politics, strong enough, even for the growth machine.¹¹

However, as Molotch points out, the growth machine has proved to be quite capable of sorting the opposition by changing the geographic scale and the scope of its activities. Inasmuch as local economies become more integrated to the development of global systems, this results in alliances between rent holders and mobile capital (national and international) in order to frustrate resistance to the free development of the market (Molotch & Logan, 1984). As a consequence, the process of land development is increasingly guided by developers, whose material interests have more to do with the volatility of financial global markets than with the results of local decisions of zoning. At another level, these developers simply evade local control measures of growth and build in other localities or more simply, find ways to mock the law (Warner & Molotch 1995).

The strength of these arguments – as many analysts agree - lies in: (i) the identification of a structural guide to urban policies focused on economic growth as an essential asset of the city and (ii) the key role assigned to property and to those interests having to do with the maximization of incomes arising from rent and real estate values. Furthermore, the thesis of the growth machine continues to be valid two decades after its postulation. This is so, because the central questions to which it refers, not only continue to be valid in North American cities, but extend to other places in the world within the context of the global economy (Jonas and Wilson 1999; Cochrane, 1999; Llauria, 1999).

b) The urban regime theory

So-called urban regime theory (URT) was meant to offer a less deterministic perspective. It incorporated a large part of the findings from the growth machine approaches, but in opposition to that formulation, URT sees the “growth coalitions” only as one of a number of possible constellations that can be assumed by an urban government coalition (even the land interests are not necessarily the local fractions dominated by capital). This urban regime theory provides a more flexible view on the question of the relative autonomy of the local state. This is why it has been well received among North American and European scholars interested in the study of urban politics.¹² The development of this approach is attributed to the theoretical efforts to understand the growth of public-private partnerships in the 1980s and 1990s.

The urban regime, as defined by Stone in *Regime Politics* (1989) - is a set of arrangements or relationships (formal and informal) by means of which the whole city is governed. The regime is formed by enmeshed interests in which, public institutions as well as private agents, work behind a negotiated agenda in order to carry out the decisions of the government. Informal arrangements surround and complement the work of government authorities.

This means, on the one hand, that in order to know who governs the city, it is not enough to identify

11 Another important consequence associated with the formation of a growth coalition is the fragmentation of this coalition. Growth coalitions in different places have to compete with each other, in order to attract mobile capital to their respective localities. As a result of this inter urban competition there will always be winners and losers since the resources to be distributed are limited.

12 In the same way as happened with former theories, imported from the United States, the idea of urban regimes developed in the U.S. in the 1980s, in Europe in the 1990s and in Latin America in the year 2000.

the political leaders and the organization of the public sector. They alone do not govern, even less so the city whose administrations have less power than the national or provincial states. According to Stone, the capacity to govern cannot be captured simply by means of the elections, since frequently the winning coalition of an election is not necessarily the government coalition. The capacity to govern is created and maintained by joining coalitions of partners with relevant resources, governmental and non-governmental.

On the other hand, the regime theory assumes that, although among private agents the main group which integrates government coalitions is the entrepreneurial sector (due to the importance of private investments in the city's economy)¹³, others are also included such as worker's unions, political parties and a whole range of organizations of the third sector. Stone implies that the principle of cooperation which sustains the regime (by virtue of which the private sector relegates some of its objectives in order to obtain this cooperation and politicians who also make their own public policy compromises) results in a form of government which, even with a bias towards the interests and preferences of the entrepreneurial sector, becomes creative.¹⁴

These statements have opened a discussion on the most appropriate forms of political leadership and of agreements with the government for present day cities, particularly for North American cities in which private and non-governmental sectors deal with powerful resources. It also applies to a majority of cities in the world where the local states are broken and are forced to attract investments in order to improve the living standards of its citizens.

There is a consensus in considering that the idea of a regime is a good description of a form of urban governance in a time in which the private sector is increasingly important. It is noted in what form the theory questions the traditional division between public and private, inasmuch as private interests become directly involved in the process of urban governance. The way in which this theory allows us to explore the political power arrangements beyond the limits of government as usually understood, is also appreciated. In this sense (as proposed by Cochrane) this approach offers an advance with respect to other analysis in which local governments seem to be forces by enterprises to follow their political agenda, or on the contrary, it is the elected officials who appear to be determining urban politics. The power involved here, is presented as a power to act in order to achieve certain ends, and no longer (as in other pluralistic models) one power over the others. The underlying political logic of these stable regimes is not conducted by groups of influence on certain questions, or else by electoral pressures, but rather by the ability to recruit certain resources around a (relatively fluid) political agenda which has been developed a long time.

The question one is tempted to ask when analyzing actual reality in the light of these statements is: What is the orientation of these agendas and how significant is the bias of urban politics towards entrepreneurial interests? For some researchers, these agendas seem to be focused around an objective of growth, inasmuch this promises material gains in the long term, whose benefits can be shared locally (Stoker, 1995; Stone, 1989, 1993; Ward, 1995). Others are much less optimistic and maintain that the bias

13 In turn, these coalitions were not necessarily centered on real estate interests, which are not dominant fractions of capital and thus are in contrast to the formulation of the growth machine.

14 For the urban regime theory, public policies are determined by three factors: (i) the composition of the governing coalition in the community; (ii) the nature of relationships between members of the governing coalition; and (iii) the resources which members provide to the governing coalition (Stone, 1993).

of urban politics is complete, since the power of the market systematically hinders political institutions to act in the interest of the public (Elkin, 1987, Fainstein & Fainstein, 1983).

1.4. Social actors and management of the city: the contribution of Latin American studies

1.4.1. The typology of actors

In Latin America, Pirez (1993, 1994, and 1995)¹⁵ has reflected theoretically on the role of social actors in the production and management of the Latin American city. In many different papers, he provides interesting analytical criteria for the study of social actors, from a perspective which takes into account the structural determinations and the diversity of individual and collective practices.

Pirez proposes that, although urban phenomena originate in structural processes (capitalist accumulation and the corresponding forms of domination), they also depend on the tasks developed by individuals and groups who constitute society. The latter corresponds to very different realms from an economic, social, ethnic, gender, cultural or political point of view.

Pirez's central hypothesis is that the behavior of urban social actors is determined on the basis of the relationship between social and territorial dimensions. This means that the role they play in the city is dependant not only on the position they occupy in the social structure (determined by structural conditions) but also on the particular way they organize as units of action. In other words: urban actors can be explained on the basis of structure (socio-economic), territorial (the place they occupy in the city and their dominance relationship), the representation they have of the city and the strategies which they formulate and execute (Pirez, 1995). In a more simplified way, it can be said that Pirez distinguishes four types of actors according to the logic which guides their actions in the production of the city:

- Actors who participate in the production of the city oriented by a predominantly economic logic of obtaining benefits. They can be subdivided into two types: a) those who produce *in the city*. They undertake urban economic activities which depend on an urban agglomeration, are based on it and, in turn, promote or develop industrial, commercial, and financial activities as well as all sorts of services. b) those who produce *the city*. They produce the material and functional components of the city: production of urban land, of infrastructure and of facilities (housing, streets, sidewalks, highways, networks of water, gas, light and telephones, buildings for schools and for the sick, etc.) as well as urban services such as the functioning of those already mentioned, plus transportation, illumination, etc.
- Actors who participate in the production of the city who are predominantly oriented by a *political logic*. These are government actors who interfere in the production of the city either in a direct way, providing material components and services which the market does not offer, or indirectly, creating conditions and establishing regulations to orient private actors by means of standards and action plans.

¹⁵ Pirez & H. Herzer (1993) have also produced a typology of actors, based on a study of intermediate cities in Latin America.

- Actors who participate in the production of the city, essentially oriented by the *logic of need* in processes destined to the immediate satisfaction of this need. These actors produce components of the city (housing, but also urban infrastructure and basic facilities) in an autonomous way - which is called self production/self management - but also in association with government and manufacturing actors and finally, relating to other logic and participating with them.
- Actors guided by the *logic of knowledge* (scientific, ideological, and technical) which is subordinated to the other three. They can be defined along three different social lines: academic, governmental and private-technical. All three contribute to the decisions of the former. Although Pirez does not say so, we understand that included here are scientists, teachers, professionals, technical personnel and planners.

Following Pirez's line of thought, this logic is not sufficient to explain the behavior of the city's actors: "in order that the actors relate to the city, it is necessary that they perceive it as an object of their behaviors." Finally, the strategies which social actors formulate and develop in relation to the city are "manners of developing their interests or satisfying their needs. Strategies are supposed to be a certain type of estimation in which every actor takes into account, not only his own interests or needs and their relationship with the other objective components, but also an expectation about the behavior of the other actors" (Idem: 12).

Nora Clichevsky (1990, 1996) shares this view of the city as a product of society at a certain historical moment and place. Clichevsky (1990, 1996) has also provided an identification of actors who operate in the construction of a Latin American city and who influence the way in which the city will be regulated. Thus, for this researcher, public and private interventions define and redefine all along its history, the configuration of the city and the distribution of its internal functions. These interventions are directly related to the different interests that various social actors have on the city, which in turn leads them to outline their own and differentiated aims and strategies. Without pretending to establish a typology, she defines the following actors and their motivations.

- *Owners of capital* define possible alternatives to investment in the urban area, vis-à-vis other investments. The city can be, for them, a "place for businesses" or be a business in itself: the city "as business." Economic groups interested in the construction of the city exercise pressure on the government and try to influence the decisions about change of standards in land use or approval of exceptional cases. The approval of "exceptions" is a fast way in which to respond to the demand of the private sector that has to gain by them.
- *The more needy sectors* of urban space respond more or less, according to political moments and to their own level of organization in order to achieve (or defend) their place in the city. The population which lives and uses the city has less power in decision making on the use of space than those who represent economic interests.
- *The state*, by means of direct interventions of regulating tools and the "extra regulating" mechanisms, conditions the role of the city as a "place for business" or else the city "as business." The way in which the state acts in the city has a direct correlation with: the objectives of each of the sectors which govern them, as well as the various conceptual views about urban space, which define different ways of analyzing their problems and different theoretical and conceptual approaches to urban planning.

- *The politicians.* Since planning is defined in the last instance in the political realm, relationships between planning methodologies and politicians are established according to each moment. "Sometimes politicians prefer traditional planning because they possess a low innovative view or because the new tools which technicians present to them, are against real estate interests or land owners, to whom they are related, or have given them support in order to continue as political officials. It can be both at the same time" (Clichevsky, 1996: 16).

1.4.2. Scenario and questions

Mario Robirosa (2000) is another author who has explained the concept of social actors from a perspective of their role in urban planning, emphasizing the "scenario" and the "questions" they face. When defining actors in relation to an actual situation of interaction (a project), Robirosa points out that a social actor can be a person, a group, an organization or any type of institution: a firm, a government agency or a community association.

What characterizes or identifies each actor is his particular position on this stage, his role (or what he does or could do) and his purposes or interests with respect to this scenario. Other elements which differentiate each actor from the others (apart from their situational position) are: (i) their perception of this scenario; (ii) whether they belong to different cultures, subcultures and interpretations which may explain their perceptions; (iii) their interests, objectives and values; and (iv) the reasons of the actors when they have to make certain decisions.

In short, one could say that the relevant processes in the production and management of a city are a consequence of the combination of strategies of different actors, in which there are not only interests but also specific rationalities.

1.4.3. Matrix of local social actors and urban management

Hilda Herzer and Pedro Pirez (1993) have elaborated a typology of local social actors who participate in the production and management of the city on the basis of their work on intermediate Latin American cities. Their studies have particular interest for our research because they propose desegregation of Pirez's basic typology and move on to identify the objectives pursued by the actors (synonymous to interests) and the means they employ in order to achieve them. Thus, they distinguish the following types and subtypes:

(i) **State actors:** they direct and execute public production processes of the city. Included here are public officials, bureaucracy and public enterprises at national, regional and local levels.¹⁶

Public officials: executive officials, as well as members of the legislative power pursue two types of basic objectives. On the one hand, to satisfy the needs or solve the problems of the population and the economic activities of the cities. On the other hand, accumulation of power

16 In Latin American intermediate cities, the authors quoted here, have found a greater presence of state actors belonging to the executive power vis-a-vis the legislature. Therefore, the relationship to the municipalities of groups with lower resources, basically depend on the political goodwill of the mayor. Each mayor puts his own mark on his government, a fact which generates uncertainty about the continuity of certain policies (those that further development as well as those that compensate) between one administration and the next. Another feature which characterizes the decision making process, is appeal to consumers, which is exercised by mayors with great autonomy.

by occupying positions which enhance decision making capacity to define policies and use of resources, as well as their maintenance.

In order to achieve these objectives, political state actors have to be in a position to command these municipal resources, i.e. to have these resources available and the capacity to use them, as well as their being used in accordance to this decision. Officials of the executive power are ready to satisfy these prerequisites, since they control the municipal bureaucracy. Members of the legislature depend on executives to achieve this, but, in turn, executives are dependant on legislative members to approve a series of standards, some of which determine the existence and availability of resources.

Bureaucracy: Their main objective is the execution of the decisions made by public officials. They also seek to guarantee the institutional function as well as the survival of structures, as a way to improve their own working conditions. For this, they use management techniques. In this sense, the municipal administrative curriculum becomes especially relevant. Bureaucratic actors are in a position to act upon political decisions, depending on their relationships with the rest of the actors and the position they occupy in the state bureaucracy.

State enterprises: They seek to achieve technically adequate conditions for providing services (water, sewages, light, etc).. The presence of the mayors and their government organizations, gives them their own political orientation.

(ii) **Economic actors:** they are defined by their search for benefits in the market, either in the industrial, commercial or service sectors. Included here are individuals and small, medium or large enterprises, of national or foreign origins: "Included here are those that develop economic activities in the city, such as the grocers or ambulant salesmen to the market as well as more advanced industrial firms, banks and chains of supermarkets" (Herzer & Pirez, 1993:32).

Entrepreneurs: there is an important analytical distinction between economical actors who "produce IN the city" and those "who produce THE city." Not all entrepreneurs of the first group show an interest in the city's problems and their management (for example, entrepreneurs who produce for other than local markets, show little interest in the local government). Instead, entrepreneurs of the second group show direct interest in urban public policies. These firms tend to relate to the municipalities in order to influence those decisions which affect them (construction and assignment of works, for example). The way in which they can direct municipal governments can be through their influence oriented towards discretionary dealings in public auctions (32), or directly on public authorities or by means of the governing political party.

Entrepreneurial organizations: they are organized in chambers or associations which represent the entrepreneurs' interests. They have a certain behavior which differs little among its members. They try to influence the processes of decision making by means of "lobbies" or shady procedures and in order to do so, they resort to the authority of higher hierarchies (regional or national).

(iii) **Community actors:** oriented to activities related to their reproduction as social subjects in a way that expresses solidarity. Here are included individual community actors or their families and organized community actors.

Individual community actors or their families: they are essential units that guarantee their reproduction. Also important is that they establish informal political relationships, such as those of consumers.

Organized community actors: They have a greater presence in urban management than the individual. Included here are: a) organizations with a territorial base (neighborhood centers, commissions, promoter societies) attending to the satisfaction of basic needs for those individuals who are unable to cover them on the market or the state and b) unions which deal with the defense of working conditions, incomes, etc. for their associates.

(iv) **Political actors:** they include individuals and political parties. On the local scene these parties depend to a large degree on the control of resources by the state bureaucracy.

These authors maintain that the relationship which each actor establishes with the management of the city is dependent on the objectives and the means they use to achieve them.

Second part
Analytical and methodological framework

2 Towards a conceptual framework of large urban projects

2.1. What are contemporary large urban projects?

2.1.1. Some definitions

At present, there are not as yet any well-defined concepts about "Large Urban Projects." Mario Lungo argues that, this is an ambiguous, complex and polysemic notion for many reasons. Since large urban projects: i) may include various functions (recuperation of historic centers, construction of mass public transportation systems, reutilization of ancient industrial, military, railways, ports, airport zones, etc.; renewal of large areas with obsolete housing, construction of new zones for entertainment or tourism); moreover, ii) they have different scales (metropolitan, city, zone of neighborhood); and because iii) their determinant factors are very different due to the complex heterogeneity of the interests here considered (Lungo, 2004:20).

Guided by a concern for finding singularities in the Latin American large urban projects, a few authors have advanced certain definitions which enhance their differences from any other monumental interventions of the present or the past.

Jorgensen Jr. (2001) has tried to find a concept for Urban Operations in Brazil and defines them as a special type of urban intervention, of public or private initiative, but guided preferentially by criteria of public interest, directed towards a structural transformation of the existing urban environment and including, at the same time or alternatively, the following features: (i) the combination of capital from public or private investments, (ii) a new design of rural property structure, (iii) the appropriation and management of rights to use and build on the land and private obligations for urbanization and (iv) the appropriation and management of positive or negative externalities in the intervention.

In their analysis of public strategies for the coastal area of the city of Buenos Aires, Nuñez and Ruiz de Gopegui (2001) maintain that contemporary urban projects constitute a new form of management and administration of urban space. Their peculiarities consist in that the public sector uses a certain logic, pertaining to the private sector in relation to land profits, which can be advantageous for generating benefits for all citizens.

Trivelli (2002 and 2003) observes that often the initiatives of large urban projects are furthered by state agencies in Latin America and are linked to public property of plots. But they also emerge in response to challenges faced by public functions of urban development, either in functional or territorial terms: recuperation of coastal fringes or river margins; recuperation of obsolete urban zones, recycling of railway stations, airports, military bases, markets, and others. From the point of view of the administration, for this author, the large urban interventions may constitute examples for a new policy for building the city which involves new mechanisms and tools for design and management.

Carmona (2003) argues that the objectives of the large urban projects are the need to revitalize the city's centers and the significance of central business districts (CBD) according to the change from a manufacturing economy to an economy of services. For Carmona, given the increase of levels of international competition, large urban projects are a manner to position the city in a global context. Thus, they will have to provide space for new facilities and services required by national and international investors. If their purpose is to change the obsolete condition of the city in order to unchain new transforming forces, Large Urban Projects are detonators for a competitive city.

Lungo (2004) conceives of large urban projects as large emblematic structures and also as a set of urban actions at the intermediate level which, due to their integration, have a strong impact on the city. He maintains that beyond functional differences, the central points of discussion posed by large urban projects are: management of land, standard regulations and their tools, the relations established between public and private interventions, financing and economic as well as the cultural, environmental and urbanistic impacts provoked by their execution (Lungo, 2004 a).

Smolka maintains that these projects present new features which differentiate them from large interventions of other periods, such as:

“In many cases, they have a public-private, national and international management: they require financing which demands complex relationships between different actors; they are conceived as unchaining urban processes which transform or reorient their environment and even the growth of the city in its totality; they tend to emphasize the existing socio-spatial polarity and they surpass actual standards, all of which contributes to an argument with traditional urban planning” (Smolka, 2004 a: 12).

Garay (2004) after analyzing the peculiarities presented by large urban interventions in different countries (the U.S., France and Spain) concludes that scale is not the distinctive feature compared with those from the past. According to this author, innovation is to be found in management mechanisms, especially in the linkage between public and private and also in intersectorial coordination.

2.1.2 Large urban projects under study

In this study, we are interested in analyzing large urban projects furthered by public initiative. These projects constitute a special type of urbanistic intervention, since they carry a series of new attributes from the point of view of urban centrality (in terms of new spatial answers to the demands of capital), as well as from the management of urban space by the public sector. These are examples of public management linked to real estate capital.

From this perspective, in a first generic definition, one can say that the large urban projects under study are constituted by huge urbanistic operations, directed to create new spaces of centrality and to generate resources for the public assets. By means of these operations, areas that are strategically located and that had been relegated are constituted again as central areas: modern, efficient and functionally capable of attracting and lodging leading economic activities, particularly those linked to the internationalized sector of the economy and its local support platform. These brand new districts, with their advanced infrastructure of communications, buildings for offices of the international enterprises, commercial malls, condominiums, and high standard hotels, play a distinctive role in the

positioning of cities as world spaces. The production of these spaces for business, international tourism and high income consumers, require a strong public initiative to facilitate real estate operations and attract massive investment which is necessary to finance building and facilities.

This preliminary definition assumed that studies of social housing enterprises are excluded (of the kind of Favela Barrio in Brazil) or the recuperation of historical centers (Historical Center at Quito) which have been typified as large urban projects in some studies, but whose objectives and contexts of emergency and development are quite different from our own analysis.

Thus, it can be said that the large urban projects under study are constituted at the same time by: (i) a spatial response to the new demands posed by private capital in the context of a progressively more global economy, and (ii) examples of an urban policy of land promotion and marketing of cities, supported by complex relationships between the public administration and private actors.

In what follows, we will proceed into the analysis of the more striking features of large urban projects by reviewing some relatively recent studies, which have explored their varying properties. It is important to point out that large urban projects are not being examined in all their dimensions and complexities. What is interesting is to emphasize those aspects which seem to be crucial at the point of understanding the interests of involved actors and the logic of their support and opposition.

2.2. Contextual factors and objectives of large urban projects

Large urban projects are situated within a context marked by deep economic, social and spatial transformations, which large cities in the world have been experimenting in the last quarter of the 20th Century. Among these transformations, globalization, economic reforms, less regulation and the introduction of new approaches to development management in urban policies and urban planning, should be emphasized.

A first set of processes which condition the appearance of large urban projects is associated to the **need of a strategic position of cities in the new global scenario**. Within the competitive framework between metropolises, in order to relate to international circuits of the economy (with their requirements of the creation and expansion of central functions and specialized services), large urban projects are occupying a privileged position as key operations to that end. Their principle aim is to create appropriate and attractive environments in which enterprises may find: on the one hand, infrastructure, transportation, facilities and services which will allow them to function at international, regional and national levels and on the other hand, urban conveniences that guarantees a high quality of life for entrepreneurs, for the administrative and technical personnel linked to leading firms and also for high income consumers as well as international tourism.

Another set of reasons which give rise to large urban projects is **the expansion of the role of local governments and their complex agendas to deal with the framework of fiscal crises**. The extensions of the field of local politics (whose causes are not meant to be examined here) have implied the emergence of certain entrepreneurial actions and “promotion of territories” together with the

strategic planning and marketing of cities. Large urban projects are conceived as transcendental operations to deal with the economic decline of cities and increase their fiscal resources. By attracting private investments, these depleted areas which had become relegated due to industrial decline (railway areas, ports, abandoned airports) found new functions and generated urban surplus value that can be won by the public sector. In this way, incomes are increased.

As Lungo and Smolka pointed out, “when describing the motives that justify these programs, the rhetoric focuses on their instrumental role in strategic planning, their effectiveness in boosting their intercity competitive position”(Lungo & Smolka, 2005:3). It was effectively the abandonment of planning for the urban totality and the need to strategically adjust to market forces that provided the ideological acceptability of large urban projects.

A third core of characteristics which have been defined at the base of large urban projects is **the growing importance of real estate capital in the definition of the orientation and contents of urban development**. As remarked by De Matos (2002) the growing *financing* of the world economy has furthered an impressive mobility and autonomy of capital. Under these dynamic events a legal and illegal supply of real estate capital has intensified at world levels. These are highly speculative and largely oligopolistic, since they consider land as a privileged means to be revalued and also for recycling. This author says: “in the whole world, this capital – generally controlled by large enterprises in which their transnational character can be seen - finds its best benefits in metropolitan concentration, where demand from families, as well as enterprises, opens up a field of action that is practically unlimited” (De Mattos, 2002:4 of 7). Large urban projects constitute real estate operations in which production and marketing of land is crucial for obtaining incomes and benefits.

At the beginning of the 1990s some urban literature referred to European cities which had already observed the existence of these double groups of public and private processes mentioned before.

Archer (1991) remarks that the principal aim of these large projects (“in this time of project urbanism”) is to create an event, a program of facilities or enormous equipment where the impact will economically and symbolically benefit the whole city, the region, or the country. The image of the city which large urban projects promotes and the urban equipment they leave as a legacy, according to this author, draw the lines of a very strong symbolic power. Universal exhibitions and Olympic Games have played this role, particularly in Spanish cities such as Barcelona and Seville. But also in Paris in a program called “large Parisian projects” (in the cultural realm) they have globally played a decisive role in repositioning this city as a European capital. Its impact has surpassed the field of culture and has helped Paris to recover its importance, especially in the competition with London in the realm of business as well as in political dominance.

Borja and Castells (1997) when analyzing the role of cities “as protagonists of our time” remark about the fact that all large cities in the world – in developed but also in developing countries - have been forced to change their image in order to conform to the new requirements of the global economy and international competition. By different types of interventions, cities like Birmingham, Amsterdam, Lyon, Barcelona, Lisbon, Glasgow, Berlin, Prague and many others, as well Sao Paulo, Buenos Aires, Mexico City, etc., to a greater or lesser degree, have improved their urban structure (public services, communications and entrepreneurial areas) and created an attractive offer for congresses, international meetings and to attract tourists and visitors.

Large urban projects contextual conditions	Large urban projects main principles derived from contextual conditions
Need of strategic positioning of the great metropolis in a global scenario	To create appropriate and attractive physical environments so that enterprises may find material conditions which allow them to function at regional and international scales + urban amenities for managerial sectors, high income consumers and international tourism
Extension of the role of local governments in the framework of fiscal restrictions	To support urban policies of entrepreneurial orientation in order to counteract economic decline of cities and increase fiscal incomes by means of public-private associations plus tools for capturing urban surplus value generated.
Intensification at international scale of highly speculative supply of real estate capital which consider urban land as a secure means of valorization.	To include as basic components land use regulations for large terrains with low initial value, protected by new standards of use and construction of buildings: marketing in the land market at very high prices.

Table 2.1. Context and principles of large urban projects

2.3. Outstanding features of large urban projects

Given the contextual elements and principles mentioned above, large urban projects present in our view a set of structural features which explain a great part of the benefits and damages they produce.

a) Large urban projects are implanted in strategic areas or opportunity areas of the city

Location is a crucial aspect for this type of project. Large urban projects are implanted in strategic areas of the city from the point of view of accessibility, communication with other transportation nodes and their potential for urban transformation and valorization. These are usually terrains which are located within the urban perimeter which for different reasons have been relegated due to the decline in their uses (areas close to port activities, railways, airports, storage areas, etc.) or for their closeness to precarious settlements. They possess a reasonable urban infrastructure and good accessibility to allow for the development of new uses and easy connections to world markets through transportation nodes.

These locations often allow for large extensions. In these areas urbanistic coefficients are generally very low since their former uses did not require very large exploitation coefficients nor had occupation rates higher than 50%. They contain large empty spaces destined to maneuver transportation vehicles and/or storage of raw materials which could be kept under open skies. These are areas with a considerable "idle capacity" for the development of new uses (Sandroni, 2004).

All these characteristics mean that these areas are low priced or with a trend towards lower prices. However, they have an extraordinary potential for the expansion of a highly prized real estate market, due to their position, their functional characteristics and the type of investments expected. This set of features has been the reason for naming them opportunity areas.

b) Large urban projects increase in an extraordinary way land values (urban surplus value) not only in the neighboring areas, but also in plots where they are implanted.

Theoretical models about the functioning of land markets conclude that land value is basically determined by factors external to the plots (changes that take place in the neighborhood or in other parts of the city) and not in changes that occur within them. Taking into account these peculiarities, the land to be constructed or already with certain buildings have a value and a price on the market which depends essentially on the incorporation of facilities and existing urban improvements in the sectors in which they are located, as well as the consequences of zoning (types of uses, building density permitted) (Smolka, 2001; Smolka & Amborski, 2000; Furtado, 2000).

This observation, according to the expert in land policies, Martin Smolka, is essentially valid for all regular plots (small ones) whose outline or type of occupation does not generate externalities that are sufficiently strong to increase their own value retrospectively. This means that a small lot has no significant impact on those external factors which will affect its own value. On the other hand, large urban projects (due to their huge size, the scope and nature of their investments and buildings) exercise an influence on these factors and on the land values on which they settle.

References to the processes of land value promoted by large interventions on urban space in the city of Buenos Aires, can be found for example in the works of Nuñez and Ruiz de Gopegui (2001) about public strategies in the coastal area of the city. On the basis of an analysis on the logic of the real estate market, the authors remark on the potentialities of large urban projects to generate value when implanted on "strategic spaces" or "opportunity areas." Characteristics of these spaces are that: (i) they are close to the development centers of the city but have not accompanied the progress of their environment (due to the existence of urban barriers or jurisdictional problems) but which could, by means of a public operation very concentrated in character, unchain a transformation process; (ii) they have to have an important extension of land to permit the development of activities contemplated by the project; and (iii) they need an initial depreciated economic value, so that "they can generate a greater surplus value with regard to the investments involved."

Scholars on the subject recognize that there are numerous technical and political obstacles to measure in an acceptable way the scope of increases in land value and their territorial influence. Among these difficulties the permanent deficits in assets and a series of historical real estate values, should be mentioned. There is also a relative lack of simple methods which should allow a distinction between the value generated by the project in itself and that which results from other urban processes that always exist in the dynamics of a city. Finally, there is a lack of political interest or reluctance to tackle studies which should measure the impact of large urban projects on land values. Thus, historical referential observations are not always based on quantitative studies and data is only qualitative, such as interviews with observers and agents linked to the real estate markets.

c) The greater value of land promoted by large urban projects has its source in public and private investments, as well as in changes in the standards of land use, supported by regulatory decisions of the local government.

In the same way as with those phenomena of increased urban land values which Latin American cities show along their urbanization processes, the increase of land prices provoked by large urban projects (called urban plus value) has three possible origins, as concluded by experts on the subject:

- 1) Investments in infrastructure which are undertaken in order to prepare the area (roads and facilities networks of all types, usually in charge of the public sector)
- 2) Investments undertaken in the plots themselves by private actors who develop real estate enterprises and construct buildings on them.
- 3) The changes in land use standards, endorsed by state regulation decisions which authorize a change in land uses and building density contemplated by the current zoning, to allow new uses of greater hierarchy and/or better exploitation of land for construction. These decisions are an exclusive attribute of local governments.¹

Any terrain which receives the benefit of these investments and regulatory decisions increases its value and market price. The increased value produced is greater the greater the gap between the depressed initial value of the land and its final price.

In short, structural features have to do with: land as a source of rent and income; their strategic location in the city; their large size and the enormous mass of investment on the land itself.

- d) The increased value of land is also dependant on the fact that the poor population irregularly settled on some sectors of the terrain are ejected. This is a strong issue of conflict in the management of large urban projects.**
- e) Real estate promotion (production of land and marketing) is a key element in these operations.**

A strong component of large urban projects is their new division of land² and the marketing of these new plots in the market, under different uses and density conditions. This is linked to the presence of an advanced capitalist real estate sector: promotion capital.

According to theoretical studies, real estate promotion appears basically when the real estate market has a certain autonomy with respect to land property. This gives place to a capitalist land market and together with this an antagonism between the promoter and the land owner focused on the allotment of rent (land value appreciation). As a fact, the agent most benefited is the one who controls the change in land uses and the knowledge about the moment in which these changes occur. In the advanced economies it is usually the real estate promoter who liberates the terrains in order to organize their changed use, displacing the owner from the essential appropriation of rents. Since the function of the promoter, apart from liberating the terrains, is to support those enterprises which will produce on them, the benefit of promotion is constituted by capital gains in the activity of construction and land rent.

1 Normative decisions of the state which result in an increase of land values are:

- a) Providing land for urban use. According to certain studies the sole administrative decision to incorporate lots of rural use to the urban perimeter of the city, triples the value of these lots.
- b) Authorization to modify the mode of land uses established by urban plans and codes, allowing for more profitable uses. For example, commercial uses in residential areas.
- c) The authorization for a greater exploitation of construction spaces, by increasing the index of surface occupation, the index for higher buildings, or both indices at the same time.

2 We understand by new division of land the joining of several pre existing lots and their later subdivision in the form of a new geometry.

In general terms, the rent gains of real estate operations derive from a combination of capital, since they are financed by promotion capital, loan capital and the payments of consumers. A key consideration here is how this combination of capital is produced and the speed of their marketing. The development of real estate promotion implies the articulation with a very advanced construction sector and a greater complexity in the system of agents and their practices.

f) The design of the plots' geometry is an important aspect of large urban projects. This means that the plan of division of the area must go together with the definition of type of uses and intensity of construction.

All of this provides the groundwork for appealing to different enterprises that will be attracted for a second line of developers and companies.

In Puerto Madero it is interesting to verify the presence of this logic.

The development of feasibility studies was not directed to study whether there would or would not be a demand for apartments or offices in the city, but to investigate if there would be potential buyers in the city of the terrain where a building would be constructed. After identifying the possible products and the parameters which entrepreneurs took into account when choosing a certain location, they had to rethink their first Master Plan. "We looked for a more versatile geometry, allowing for a same plot to fill the needs for different products. The new proposal should offer plots whose value would be accessible to relatively small entrepreneurs, enlarging in this way, the number of possibly interested subjects without risking the project's objectives" (Garay, 2001:8).

g) Large urban projects drastically change the morphology of the site.

The new artifacts of globalization are the physical or material evidences of this and at the same time symbolic. Their production requires careful and original designs. They assume the search for high quality aesthetics and morphology. For the design of these enterprises or their emblematic components, architects of world renown and prestige are summoned and their buildings have unchained a competition between cities. Names such as Cesar Pelli, Norman Foster or Frank Gehri can be an important condition for increasing a city's competitiveness in the regional or worldwide realms.

It is not by chance that those characteristics are linked to income and the utilization of new building materials and technologies, as well as to new aesthetic patterns of design. Architecture and urbanism constitute the main agents for the configuration of new landscapes and urban morphologies. These conditions also mean that there will be an increasingly foreign tendency in the process of production, management and organization of the territory (Cicollela, 1999).

2.4. Assembly, production and management of large urban projects

The process of “assembly” and the management of an operation of this kind, require from the public sector exceptional proceedings (they differ from those required by common public works) and certain conditions to assure that the project is undertaken.³

Garay (2004) refers to these procedures and makes recommendations on how to deal with them and face the risks, so as to accomplish them in a satisfactory way. From a position favorable to large urban projects, he reflects on how to approach them successfully.

a) Emergence of an initiative and first evaluation

Since in most cases an essential dimension of these projects has to do with the strategic and increased value of land and the appropriation of the generated rent, the initiative emerges from those who control land property. When the land is in the hands of one or several private owners, these are actors who have a power of decision making in the project and the appropriation of created value. If the land is public, the owner is the municipality or some other state agency. It may happen that the initiative does not emerge from those who control the land, but in that case there is a complex problem of conveying ownership to the public agency which will conduct the process. It also requires the evaluation of whether the alternative of condemnation and payment of corresponding compensations make this operation profitable from the point of view of benefits.

The first evaluation implies taking into account the potential of the operation, verifying whether the scope is reasonable, the location is in a strategic area and has the capacity to generate the sought effects.

b) Formulation of a first draft of the project

The first investment projected by the public sector is formulated in a folder (dossier) where the initiative is exposed. Although this first dossier is rather incomplete and can undergo many changes, it must have “the sufficient consistency to sustain the initiative, bear a series of discussions which appear with the first people not agreeing with the project and serve as a basis for establishing new alliances.” Frequently, one can face this first production by affecting only few resources, by working with a group from the university, or dealing with an institution or group of professionals, or if a stronger pledge is assumed, by summoning a contest of ideas (Garay, 2004:80).

This first draft of the project should include:

- the concept of the operation: what it consists of, what problems it seeks to respond to, what actions and the tools proposed are, what results are expected or should be achieved
- an evaluation of expected costs and benefits. This assumes a quantitative analysis of the terrains affected, the percentage that can undergo marketing, the costs of infrastructure, possible volume

3 This point is based on the analysis made by A. Garay (2004) in view of his own experience as manager of the Puerto Madero project in the City of Buenos Aires and the analysis of similar experiences in other countries.

of buildings. From this, a first idea of the amount to be invested can be extracted, the possible recuperation and its effects as value production in an urban context.

- An “objective image” of the operation which takes into account the characteristics of the site and which has to serve as a basis for the public presentation of the project and the discussion with other social actors.

c) Development of pre-operational instances

This instance implies the elaboration of a documental basis that will develop in more detail the different dimensions of the operation. It must clearly establish which organizations will take the risk and the responsibility for carrying out this operation. Those in charge will have to show “their capacity for leading this proposal, find the resources and fasten the required agreements.” Very often the public sector resorts to external support for a legitimization of the teams in this instance.⁴

The development at this stage requires greater resources: it assumes the selection of professional teams, it implies meetings, pressures, negotiations and a lot of time invested. It demands taking decisions, contacts, support, arguments which will be exposed in advance to the political and technical people in charge of the project (Garay, 2004:83).

d) Constitution of the promoting agency

The promoting agency is the juridical, patrimonial and financial entity responsible for the project. In order to conform to it, a series of decisions should be taken about: nominal ownership of the land⁵, conditions and contributions subscribed by the parties (public-public/private); distribution of costs and benefits; design of organization; missions and functions; first estimate of operative costs.

Its constitution defines the emergence of a newly involved social actor who has to further the project by interacting with other actors. He must define a strategy of actions in view of the objectives he means to achieve, the resources to be moved, social actors with whom to interact and the stages that should be envisaged in order to develop the project.

The promoting agency may be formed by a public corporation (public enterprises, executive units, decentralized enterprises) or a mixed society (public-private, with private rights and public property, etc.). In some situations, the actual regulation framework allows the constitution of a responsible entity by means of decrees or resolution powers by the executive. However, in a majority of cases, a law or ordinance is required, which in turn means the construction of legislative deals in which the official party and the opposition are involved.

Garay admits that the construction of these deals presents serious difficulties that are still greater when the project has reached public opinion and the main points of public discussion and opposing

4 Garay comments on Puerto Madero, that the municipality signed a cooperation agreement with the Municipal Government of Barcelona; the Ministry of Urbanism and Housing of Chile summoned a public auction for the pre-operational stage of the Cerrillos project. The municipality of Asuncion asked the IDB for support in relation to the possible grant of credit.

5 In general, the promoting agency is the original owner of the land. It has acquired the property or owns the tools to secure the strategic conduction of the process.

arguments have emerged.

Very often, legislative organisms tend to have no trust in the gains the executive may have with this type of projects and puts obstacles and conditions in their way (...) When the discussion of the project has a firm consensus or when its elaboration has involved many participative instances, it is possible that the community may put pressure on the legislative chambers and point out their interest in the development of the project. On the other hand, when discussions have been intense or there exists a sector with sufficient lobby capacity that has been impaired, negotiations tend to dissociate and to put under risk the viability of the project (Garay, 2004: 88).

e) Formalization of nominal ownership of land

Due to the existence of numerous and frequent problems in the documents about the situation of public property of the land, it is necessary to aim at careful studies of titles and regularization of the ownership situation.

Garay warns that it is frequent to find irregular situations, even when the municipalities consider that the terrains belong to them. It may happen that the lands destined to for large urban projects have formerly belonged to the central government or to some private owner who has donated them to the municipality (eventually to be destined to a specific objective).⁶ They could also be in fact municipal terrains but have not complied with the formality of being scripted. It can also happen that municipal terrains are under the responsibility of another agency, different from the one who is executing the large urban projects and which may hinder the development of the project or establish conditions. Finally, there are frequent cases in which the plots are partially occupied by illegal sectors, a fact that is related to the state of abandonment of these lands at the moment of initiation.

Apart from the slowness and complexity implied in the regularization proceedings, from the point of view of the actors involved, it is important to realize the following: the existence of unresolved legal situations, allows certain social actors to acquire an immense power, since a key aspect of the project's definition will depend on their intervention.

In the case of illegal occupation, a previous condition for the commencement of the project is to define the situation of these occupants and to establish agreements with them. Among these include carrying out eviction suits, to developing alternative programs for regularization of plots on the site or relocation to new housing built somewhere else; to transfer credits or subsidies for voluntary moving or the use of drastic eviction with security forces.

It should be concluded that the presence of occupants adds an important degree of difficulty for the development of these types of interventions. When they are numerous, they become a distinctive feature of the enterprise which requires a substantial part of the strategy and the resources directed towards the treatment of this problem.

6 In case the aims of the donation are altered, the original owners may claim from the municipality the restitution of the donated lots.

f) Formulation of a Master Plan

At this point we should define urban and architectural features: This implies two necessary analyses: (a) an analysis of design alternatives; and (b) an analysis of profits.

The first has to take into account the limitations of the physical and landscape conditions of the area (flood areas, little consolidated coastal fringes, etc.) and their potentialities (architectural pieces which should be incorporated in the framework of new uses and value requirements). A second instance should tackle the relation of the area in the urban context in which it is inscribed, taking into account: elements they link, functions, continuity/discontinuity with the outline and design of the environment, dominant geometry and plan of avenues, streets and parks.

Apart from ideology or urban criteria that stand behind the design of these pieces⁷, this design is always subordinated to the economic question. This means that the selection of geometry as basis of the outline has to secure the efficiency of the parceled structure. That is, this structure has to respond to a clear definition of the type of real estate and building products which will be offered, by analyzing effective demand of these products and the characteristics they should present in order to be attractive in the market" (Garay, 2004:95). One can see from this the overall importance of land market studies.

When the proposed project proposes the development of a profitable part, lots should be drawn up according to the market of urban parcels and therefore, must be attractive for the location of different investments and have certain characteristics which place them in a better position when compared with other competing offers (Garay, 2004:104).

The outline has to respond to a clear identification of the real estate products which will be offered, and these have to be rated with respect to uses, sizes, costs, locations, identifying those which usually are produced by the city and defining the conditions required for developing these products in the project's parcels (Garay, 2004:104).

Furthermore, according to Garay, the definition of parceled structure has to do with its insertion into and potential of the real estate market and has to take into account the intervention of multiple social actors. This points at differences with the urban concepts of conceiving a city as a huge public construction or, alternatively, as the product of the action of one single large investor (public or private) who takes charge of the whole enterprise.

By adopting certain budget criteria, there will be a possibility for large urban projects to incorporate social components, or not, as for example rehabilitation of existing buildings or construction of housing for lower income sectors located in the area.

7 There is a whole mass of debates about urbanistic proposals in the 1980s, which in contrast to those proposed by the modern movement consider it necessary to recover the notion of outline: a system of geometrical relationships and measures between width of streets, heights of buildings, size of lots and green areas. Visual value of straight or meandering schemes (Garay, 2001:95).

g) Selection of professional teams

The selection of technical teams who will elaborate the master plan, presents several alternatives: (1) tasks are assigned to the team in charge of the original project (or pre project); (2) new teams are incorporated by means of contracts; (3) a contest of ideas or public auction is called for the development of the project; and (4) the development of the project remains in the hands of those who develop each parcel.

There are examples of all of these alternatives. In the Docklands project (London), the development of the project of every large subdivision was left in the hands of investors. In Battery Park (New York) authorities responsible for the project selected an architect of international reputation, considering that the firm's prestige would consolidate the prestige of the enterprise. APUR (Parisian Urbanism Workshop) chose, in several opportunities, to gather four or five studios and ask them to develop an idea (they were paid a fixed sum for the whole job). A second time they asked an urbanist of international prestige to elaborate a master plan on the basis of the former five projects.

The model of public auction of projects has been followed with several large urban project experiences. In the case of Puerto Madero it was an auction of ideas which permitted the selection of three studios. The reward for the winners was their integration in the team in charge of elaborating the definitive Master Plan. In the case of Cerrillos (Chile), first there was an auction of ideas. Secondly, an auction of services in which the consulting firm (a group of consulting firms) was asked to develop all aspects at the pre-operational stage (Garay, 2004:99).

h) Steps (approval) before the competent authorities

Approval of large urban projects on the part of competent authorities (executive/legislative powers) is a complex process in which different instances of the state system participate. Generally, the process of approval requires a legislative debate which, as was said before may not only delay the result, but detain it for long periods.

When the authorities who have to authorize are not directly implicated in the development of the initiative, they may establish instances of follow-up, control evaluation, etc. which will secure legitimacy and minimize risks. They may ask for additional studies on specific aspects that appear dubious, so that these outcomes may result in the reformulation of the project. *Ad hoc* commissions may also be created for follow-up actions and these will add an element of uncertainty for the approval of the project.

Public officials in charge of the development of large urban projects agree that this stage constitutes by itself a difficult negotiation in which there is need "to show clarity about what dimensions of the projects have strategic value and which can be changed (submitted) in case of need.

i) Public presentation and discussion of the project

The public presentation of the project implies that it is subjected to judgment and evaluation of agents and institutions representative of local society. Entrepreneurial logic supporting large urban projects will be confronted with the logic of neighbors. Basically, two logical approaches are confronted: the entrepreneurial and the neighborhood views.

j) Marketing plan

- *Marketing studies*

The marketing plan requires a previous market study of urban plots which in general, are little known in the cities. It also requires the knowledge of the market for products which will be built on these (housing, offices, stores, etc.). Furthermore, it needs a development of credits to make the access of these products easier for consumers. The delimitation of this plan determines the character of strategic allies or main partners, which will be those in charge of channeling the main resources to this enterprise.

It is essential to identify a potential market, to investigate competitive supplies and to conceive a set of adequate products which may undergo marketing at different prices. This evaluation will allow us to consider up to what point the project offers advantageous conditions and where the characteristics of products should be improved, including their prices and financing, so that they will become attractive for potential investors. This implies possible adjustments to the projects.

- *Communication policies*

What Garay considers communication policies refers to a strategy for seeking allied partners, on the basis of a clear exhibition of the advantages and benefits expected from this enterprise. Potential parties should be able to verify that the proposal fulfills opportunity and profits criteria, necessary for an investment. This strategy is also meant to neutralize possible opposition which the public sector has to face in order to achieve a certain consensus.

This strategy must go through three instances which should be distinguished. The first one has to do with the neutralization of reactions from the opposition which provokes the first public presentation of the project. These reactions reflect the points of view of public opinion which is expressed through mass media communications (newspapers, television). The objective of this instance is to achieve "the social imagination that supports this initiative and induces favorable attitudes in persons or sectors which will take key positions in the project: legislators, public officials and investors.

A second instance is where communication politics are directed to search for consensus among specific actors: civil associations, academic institutions, neighborhood organizations and entrepreneurial sectors who exchange perspectives in more restricted communication media, such as specialized journals, meetings, discussions, etc.. It is expected that the proposal will be explained by people who have a deep knowledge of the aspects which are involved in the discussion and the questions that may arise from the actors. This task implies the evaluation of "the importance of each sector and their contribution to conform consensus or not" (Garay, 2004: 111).

Finally, there is a desire to summon partners for the project: investors, buyers, professionals, contractors, stock suppliers, and others. This requires a more personal strategy of communications, by means of which, alternatives that may be attractive for their respective interests, can be exposed.

It is desirable that the promoting agency of the project carries out this communication strategy with mechanisms that include: "direct and frequent contacts by means of commercial or social events, such as the realization of informative meetings, business breakfasts and discussions, and the conformation of

a protective network in which there is a favorable environment for the development of this operation” (Garay, 2004: 112). The initiatives of the promoting agency often generate suspicions and jealousy among political and entrepreneurial figures.

- Emergence of the initiative and first evaluation
- Formulation of a first version of the project
- Development of pre-operational instances
- Formalization of land property
- Formulation of a Master Plan
- Selection of a team of professionals
- Steps of approval of large urban projects before competent authorities
- Public presentation and discussion of the project
- Marketing plan

Table 2.2. Main stages in the assembly of a large urban project

2.5. Impacts of large urban projects

There is agreement among scholars that any large urban project can have positive and/or negative effects. Lungo (2004:59-60) has outlined a good synthesis of favorable and unfavorable impacts which urban research ascribes to contemporary large urban projects (Table 2.3).

	Favorable	Unfavorable
In the general development of the city	They may unchain positive dynamics by stimulating large public and private investments, strengthen the image of the city and increase it competitively.	They stress fragmentation of the city and produce islands of great quality and urban modernism while large unfavored areas receive no investments.
In urban planning	Provoke innovative changes in the traditional approach to urban planning which stimulates new forms of participation and transformation in urban standards.	Due to their partial character these projects contribute to deregulation of urban development and generate privileges in the field of urban standards. Additionally, they favor the participation of actors with greater power and the privatization of urban management.
In the land market	Allow for the implementation of new and flexible ways to handle the land between the public sector and the private sector, on the basis of special standards for land use.	Land prices are increased, thus augmenting urban inequality. In many cases, generated surplus values are concentrated in individuals without benefits for the development of the city as a whole.
In the urban social structure	Improve the quality of infrastructure and the urban services offered, contribute to increasing the level of living standards for many social sectors.	Tend to displace their former inhabitants, provoking elite processes, which reinforce socio-spatial segregating patterns existing in the city and change their urban identities.
In the urban environment	Produce, in many cases, environmental improvements in deteriorated areas.	Tend to produce, in some cases, a malignant effect because they positively modify one area and are detrimental for another.

Table 2.3. Consequences of contemporary large urban projects (Source: Lungo, 2004:59-60) .

Several authors and the present analysis emphasize the central role of land management in this type of project and the increase of value of properties associated with their development and the development of the environment.

2.6. Social actors involved in large urban projects

2.6.1. Benefited actors

Given the characteristics and impacts of large urban projects, it is possible to suppose that beyond the particular logic which orients their actions, a set of public and private actors will benefit from the production and execution of large urban projects. Guided by their economic interests, these actors take advantage of business opportunities in this territory. For all of them, the production and marketing of reprieved land and the building environments which are constructed (housing, offices, hotels, stores, etc.) represent a source of benefits under the form of real estate rents, profits, or incomes. It is possible to mention the following:

- a) *Land owners* (could be the national state, the local government, private owners or a combination of these). They contribute the terrain where enterprises will be developed. Although the land owner (as such) does not contribute in any way to the increased value, in his juridical relationship to private property laws, he is in a position where he can demand participation in the generated benefits. His power is so much greater, the greater is the demand for his plots. Since large urban projects are developed in strategically located sites, the owners of these areas are agents who are in a good position to negotiate. In a majority of these projects, the owner is the public sector itself, which is interested in adding value to these strategic areas which are no longer sold. There may be a conflict between different state agencies if the owner of the land is a different entity deciding to further the project, a national organism or a decentralized agency, such as the Port Administration, or others.
- b) *The real estate promoter or developer*: usually he is an agent different from the owner of the land, who operates when there is a capitalist land market. He is the agent in charge of marketing the land. It is he who liberates terrains for organizing the change in use (displacing the owner from the essential appropriation of rents) and who supports building enterprises for production on this land. Due to this combination, the profits of promotion are constituted by capital gains on construction activity and land rent.

In the case of the type of large urban projects under study, the state plays a role, at least partially, of real estate promoter, since his responsibility is the organization of changing land uses, their parceling and marketing (as happened in Puerto Madero, for example). Since this is the case, the promoter takes the rent and the profits from real estate promotion. His customers are those firms who buy the lots where offices, hotels, etc., will be built.

In the presence of strong international real estate developers who are interested in the business of fractioning and developing the land on a grand scale, the promoting state is forced to preserve (not without conflicts) the role of major partner, under newly created juridical forms.

- c) *The State* (local, provincial or national government) participates in two ways:
 - On the one hand, the state participates as a **partner** in this business in its role as land owner and real estate promoter.

- Regulating the standards of land uses and eventually, as provider/constructor of infrastructures.
- the state provides its power of command over the law: its power for authorizing new uses of higher hierarchy and greater building density on the terrain on which large urban projects will develop, affecting its greater value. In the sense that this attribute is a function of the City's Government, the latter is in a position to demand compensation for their contribution to the business. The municipality may also be interested in acquiring a part of the greater real estate value produced in the area, by an increase of taxes for properties located in the surrounding areas, and whose prices will be augmented due to the effect of greater quality in the environment.⁸

The requirement of these compensations is one of the pillars of the so-called policies for recuperation of urban surplus value. Its application in Latin America is still infrequent, with the exception of countries like Colombia and Brazil. By means of different tools (through a law in Colombia or through Urban Operations in Brazil) the public sector demands monetary counterparts from the land owners, whose properties have gained value due to public investments or changes in the regulations about land use. In the case of large urban projects, counterparts which fall back on the owner and/or developer, are applied either to finance infrastructure required by the own large urban project or to supply deficiencies in other parts of the city.⁹

The public sector is in charge of providing the basic infrastructure to prepare the site, or to take actions which the private sector cannot undertake (opening of streets and avenues, displacement of irregular settlements, etc.). In this case it participates as a facilitator of private investments, sometimes claiming a part of the benefits.

- On the other hand, the state participates as a regulator of conflicting interests of the various actors who have been benefited or harmed.
- d) *Private enterprises.* They include a vast variety of agents linked to the real estate markets, to financial and productive capital: brokers, banks and building enterprises. They are interested in obtaining a part of the surplus value, the profits and the incomes:
- Brokers and other types of firms linked to real estate are important actors in these operations, due to the component of production and marketing of new terrains included in large urban projects. They provide their capacity for selling and for marketing strategies.
 - Financing organizations and banks: they participate in the design, construction and marketing realms in various ways. On the one hand as firms financing building enterprises; on the other, as offering mortgage credits and participating in purchasing strategies of real estate promoters. They provide financial capital.

8 This fact is not always evident. On the contrary, the history of Latin American cities is impinged by cases in which the state has compensated private individuals for the loss of value in their lots.

9 In theory, real estate taxes have a taxable base on land values (apart from the value of construction) and their actual values should reflect urban renewal.

- **Building enterprises:** they participate in the logic of any enterprise, which is to maximize economic profits. They provide the productive capital for construction of buildings and other components of the built environment. In the context of globalization, international actors also appear, including foreign enterprises which operate as investors, buying buildings and eventually, as developers. When large urban projects are backed by a large developer who is in charge of protecting the whole operation, a significant part of the land rent will be pocketed by them.

The condition of partners, assumed by the set of actors already mentioned, does not exempt them from conflicts among them. The distribution of the extraordinary larger values of the land generated by large urban projects is meant to provoke outbidding of public/private interest. When an operation of this type is furthered, it must be decided whether the generated surplus value will be shared among the partners who are interested in this enterprise. If so, they must see how it will be distributed and who should benefit, in social as well as in territorial terms.

e) *Other auxiliary actors.* Apart from the land owners, enterprises and the state itself (if the latter is not the owner) other social actors are in favor of this type of politics. Consulting firms or independent advisers with great renown, assess state agencies and private enterprises in their initial diagnosis as well as in the setting of the financial and institutional engineering which is a part of this type of mega enterprise.

- **Consulting firms.** Professionals, studios and advisers see in large urban projects a fertile field of action. Their objective and logic is related to the need to respond to enterprises and/or promoters who are interested in the project. Their judgments with respect to the design of these projects coincide with the arguments of the main partners or with those who have been excluded from the business.
- **Large engineering and architectural studios,** apart from other professional associations who intervene in the processes of design and production of large urban projects. In fact, urban and architectural design of this type of environments – given their size and complexity, as well as enormous symbolism - require procedures that are exceptional in order to secure original approaches of morphology and aesthetics of the site. This type of actors does not follow a purely economic logic. There is also a legitimate concern that these operations develop following adequate urbanistic, technological and aesthetic principles, while avoiding negative impacts.
- **Public bureaucracy** in charge of the project's management. This is not just any official, but a kind of managerial elite who operate in luxury offices – due to the need of negotiating with important investors - who gain salaries way above the average and also act by providing international assessment to private enterprises as well as governments from other countries, in view of their acquired experience.
- **Consumers of new spaces:** services firms who will work in the new offices; high income households who will live in these condominiums, consumers for restaurants, boutiques, cultural centers, and tourists etc..
- **Construction workers,** employees of the main companies which are located in the place; workers for auxiliary enterprises (accounting and insurance studios, private security agencies, advertisement, etc.).

2.6.2. Harmed actors

A whole range of social actors are negatively affected in their places of residence or work sources when these large urban projects are implanted in certain areas of the city.

The location of these luxury islands in an already existing city, alters in a drastic way: the consolidation of spatial systems of the area with its neighborhoods; its social stratification; its economic activities; its buildings, green spaces and monuments; its communication facilities; its symbolic significance and its social practices. The consequences of these impacts can be very detrimental for a large set of actors: those who use the city, as Molotch says, as a place for living and for working. Among these actors we should list:

- a) Enterprises which produce goods and services for neighboring areas to the project: they anticipate economic damages derived from the increase of land values and the impact on rents for business stores (displacement of working places, loss of customers, loss of working sources and incomes).
- b) Residents who occupy in irregular ways, part of the strategic space: they anticipate damages associated with loss of accessibility if they are displaced; economic damages (loss of sources of work in the area, increase of transportation costs if they have to move) and *cultural damages* associated with the breaking of community links.
- c) Civil associations, NGOs, political parties that defend the right of poor residents to remain in the area and anticipate economic, social and political damages derived from the loss of these rights.
- d) Civil associations that defend the historical assets and anticipate cultural damages derived from the destruction of symbols and monuments which might be withdrawn from the area.
- e) Urbanists and professionals who promote an urbanistic culture opposed to large urban projects and anticipate urbanistic damages.
- f) State organizations that try to secure better ways of government and are afraid that the project will occasion more political costs than economic benefits.

2.6.3. Some examples

Some recent research and essays on the process of production of space in the Buenos Aires metropolitan area (not necessarily referring to large urban projects) agree in pointing out a progressive confluence of interests by public and private actors.

A study by Miñaqui (1998) on real estate dynamics and territorial transformations produced in the Buenos Aires metropolitan region during the 1990s, emphasizes the following: (i) the presence of new urban private actors, including international capital; (ii) the strategy of investors to buy cheap in key places; and (iii) the association of private and public interests. Since the case analyzed by Miñaqui refers to residential production (new private neighborhoods, country houses for high income groups and buildings in the city), in opposition to large urban projects, the state does not act as a partner in these operations, but only as a facilitator of private investments.

For the city of Buenos Aires, the author makes reference to the presence of new urban owners, who appear to orient the process of metropolitan urbanization under the protection of the state. Among them, she mentions national economic groups, sometimes in association with international investors who participate in the development of these residential enterprises through their real estate section. These new owners associate with developers, banks, and finance corporations, building and designing enterprises in order to further "in groups," the new real estate products. As an example we should mention the IRSA firm, one of the few that appears in the Stock Exchange and whose main stockholder is the entrepreneur George Soros. The facilitating job of the state is seen by the absence of regulation frameworks for the real estate market and the new flexibility of urbanistic standards and territorial planning at the local level.

The purchase by the entrepreneur Soros of the former Sports City of Boca Juniors on the Southern Coastal Area of Buenos Aires and the Grocery Market in the neighborhood of Almagro have provoked a rearrangement of land values and a large quantity of building projects in adjacent areas. With this strategy of buying cheap and good, the entrepreneur Cotto (a chain of supermarkets and hypermarkets) paid for one block (one hectare) adjacent to the Market, 9 million American dollars, which Soros bought later on for 2.5 million of the same currency (Miñaqui, 1998:268).

Another work which provides firm evidence of the articulation of public and private interests regarding the production of urban land in Buenos Aires is the paper of Nuñez and others (Nuñez and others, 2000) on new practices in environmental management in the Tigre area (Buenos Aires Metropolitan Area). According to this study, the process of production of urban land in the territory of the Tigre district (value increase, transformation and growth of the constructed environment) shows as a result a growing complicity among: a) the enterprises present in the area that stimulate the local realm and b) municipal and provincial institutions that have legitimate rights to this territory. The interests and objectives of private enterprises and public agents tend to converge: apart from the different logic that orient the actions of these agents, they both conceive the land as a productive unit which provides benefits.

In the case of enterprises present in the area, the benefits obtained are direct benefits related to the sale of urban land for the construction of new neighborhoods of selective demand, settlement of industries and establishment of services. In the case of the municipality and provincial agencies, the benefits are indirect and derive from higher rates and real estate taxes generated by the creation and higher value of urban land (Nuñez and others, 2000:7).

In the case of Puerto Madero, several international real estate developers (among them Donald Trump) came especially to Buenos Aires in order to show their interest in the project and made themselves heard through the press, through other intermediaries or through interviews with the highest level officials.¹⁰ All these characters, says Garay, came accompanied by a local entrepreneur who enforced every possible lobby in order to become a protagonist of the future project. Works on Puerto Madero in Buenos Aires tell about the presence of this range of stakeholders.

10 Donald Trump, for example, "appeared with a bellicose tone and ... did not ask for an interview with the Corporation's Directors, nor with the Mayor, but with Carlos Menem, the President of the Nation, with whom he had a working meeting" (Garay, 2001).

According to Garay, municipal authorities usually have great expectations about the appearance of only one large private investor (an international magnate) who will be in charge of the whole project (this was the case of Canary Wharf, Battery Park and other large investments in Caracas, Venezuela). However, this situation is quite unusual. In Latin America only very few investors are ready to intervene in a scale of construction of 30.000 to 50.000 square meters. Thus, when interventions of more than 200.000 square meters are proposed, several investors have to be summoned. When only one powerful investor is present, he wants to know about the existence of other local investors, which may be an indicator of interest in this business. A large developer may propose himself as somebody endorsing or supporting the project, furthering locals for their participation.

With respect to auxiliary stakeholders, the role played by the Central Society of Architects in Puerto Madero is clearly illustrative of the double interest shown by the guild of architects: on the one hand, the struggle for imposing a project in tune with the idea of a self-supporting and effective city, on the other hand a struggle for securing the participation of local professionals vis-à-vis the danger of the participation of foreign technical personnel. The Central Society of Architects – in representation of their associates - strongly questioned the original urbanistic approach of Puerto Madero and stressed the need to undertake basic studies and required the participation of local studios by means of a competition of ideas. Once the government offered them direct participation, their claims to inhibit the march of the project, were suspended.

2.7. Measures of success or failure of large urban projects and implications for urban management

The determination of the success or failure of large urban projects has to do with the criteria which one selects to evaluate their dynamic development and the weight of positive and negative impacts.

2.7.1. Measures of success

From a certain point of view, large urban projects are registered as successes when they are conceived as instruments to achieve certain strategic objectives and are executed according to a plan. Also, the appreciation of land value as a resource that can be put into movement for self financing the large urban projects or transfers to other areas of the city could be a way to measure whether or not public management of these projects is a success (Lungo & Smolka, 2004).

From our point of view, an excellent way to measure the success of this type of enterprise is to examine up to what measure the public sector has fulfilled the following objectives: (a) that the state participates in a significant way in the surplus value generated in the area due to urban regulations, together with public and private investments, and (b) that the income attracted is not used merely to finance infrastructure for the project itself (which in the last instance would benefit private investors), but will serve essentially to compensate for negative impacts of large urban projects in the area and/or to attend urban inequalities already existent in the city.¹¹

¹¹ In the phrasing of other authors, the public sector seeks to optimize or orient positive externalities, as well as to extract compensations for negative externalities in the invested sums, in order to improve the asset of installed goods and public services (Jorgensen, Jr., 2001).

In order for this to happen, three conditions would seem to be necessary: (a) the existence of a modern and flexible framework of standards and a comprehensive outlook for transcending the territorial limits of the city, (b) public investment with strategic components for these projects; and (c) the conception of these large projects within a participating framework based on a shared outlook on the development of the city (Lungo, 2004:40).

The execution of large urban projects stumbles over the limitations imposed by traditional planning of the city which is based on standards and rigid normative frameworks that cannot allow the adaptation of dynamic urban changes. Lungo thinks that an important prerequisite is the creation and/or adaptation of standard tools which will allow the state (and especially the municipality) to capture surplus value generated in those areas where they are implanted. When it is not possible to create totally new legal tools, urbanistic contracts contained in a greater part of the classic urban plans, can be of particular advantage for the administration of large urban projects, since they will correct the indetermination of these rules, guarantee their efficiency for public action and be useful for closing agreements (Auby, 2001). However, the particular outlook contained in these contracts, has to be overcome. It should also be necessary to avoid the proliferation of specific normative frameworks tending to stress existing inequalities and to distribute in a unequal way the benefits and negative impacts which these type of projects usually provoke.

2.7.2. Successful experiences

In Latin America the notion of capturing land value appreciation, includes a large range of fiscal and regulatory tools which have been inspired by the idea that the increase of land value experienced by lots during the urbanization process, can and should be recovered by the state for the benefit of the community. These are essentially land taxes (Smolka, 2003). In general terms, it can be said that two types of arguments are invoked for these policies: a) greater expenses on the part of the state for the new real estate developments (greater demand of services, need for more controls, etc.) are a justification for this measure and b) the right of the state to participate in capturing this value by being a partner in business.

Countries such as Colombia and Brazil have started a new approach by creating specific tools oriented to capture or include public participation in urban surplus values which the state itself contributes to helping generate. The advanced Law 387 of Colombia recognizes and regulates the right of the state to participate in the surplus value derived from a set of urbanistic actions developed by private and public stakeholders.

In Brazil, large urban projects have also allowed the state to recover land value appreciation by means of so-called Urban Operations, which have had a direct influence in the regulatory field and in management. According to Paulo Sandroni (2001) Urban Operations (UO) are composed of a set of investments undertaken by the public sector in a certain area, with the objective of providing and/or expanding infrastructure and equipment in the area. These investments are nurtured by economic counterparts done by investors who are interested in obtaining user rights and additional constructions to what the actual zoning regulations allow. The resulting greater values are shared between those who propose the project and the public administration. By means of UO, the public sector obtains financial resources which allow the financing of works, obtained by means of the onerous concession of additional rights of construction. Appropriate resources for the public sector are used to finance infrastructure or other types of works in the perimeter defined by these enterprises. UO are based on the concept of "created land" incorporated to this legislation.¹²

One of the successful examples of large urban projects which have allowed the local government to recover the surplus value generated by Interlinked Operations at the West-Plaza Shopping Mall has been explained by Sandroni. This is a case in which the entrepreneur wanted to build a mall in an area of the city in which he only had the right to build 18.000 square meters. By means of Interlinked Operations, he obtained the right to build three times more (54.000 square meters) by providing, as a counterpart for this benefit, a value equivalent to the construction of 475 dwellings in the social sector. At a second stage, developers asked for permission to build elevated passages in order to link several buildings of the project. The local authorities, instead of considering only the passages, calculated again the greater value obtained by joining the buildings. This was done because these passageways transformed three separated lots into one unique unit of very considerable dimensions with a new value. The municipality after making new calculations asked for a payment almost equivalent to the first one.

In certain contexts where there have been no substantial changes in standards, the recovery of surplus value has been sometimes achieved by means of other mechanisms. For example, by means of a certain sequence of investments and marketing of the land owned in public property, which tried to increase its value without the state having to make large investments. The stages of this process have been clearly explained by Nuñez and Ruiz de Gopegui (2001) in their analysis as to how “a strategic project” can generate surplus value. It starts with a “prestige venture” which consists in a specific intervention of the public sector, whose objective is to bring into evidence the potentialities of this business. Private activity starts to be involved at the place in the beginning by buying land at low cost. The gradual increase of value in the area, due to progressive private investments, allows the state to finance the infrastructure and marketing of the remaining lots. The final lots are sold at prices comparable or higher than their equivalents in other consolidated areas of the city. At a later stage, they achieve the economic benefits obtained by creating the values which originated in the development of the project. One crucial aspect in this process is the following. If the state wants to recover surplus value, it has to follow this logic and avoid selling the land in large blocs.

In his analysis on the management of Puerto Madero, Garay, who was a key stakeholder of this project in his capacity as Planning Secretary of the City of Buenos Aires, verifies that this financial engineering was supporting the economic development of this operation. The renewal of the Docks on the riverside was the “prestige venture” or “anchorage project”; it was not the state which made reforms, but instead sold at a substantially lower price to the first buyer (in this case, to the Catholic University). The official strategy to secure an escalated sale of lots, parallel to the process of increased land values, was to prevent the sales on bloc, by means of a clause in the Decree for the creation of the Puerto Madero Corporation: “Our proposal to stop the pressure of entrepreneurial lobbies was that a corporate sale was not possible and that, in the meantime we could only consent to sell no more than 49% of shares. In general this alternative was not attractive because they mistrusted the efficiency in an association where they were a minority to the state” (Garay, 2001:7).

12 In general terms, “created land” is every surface created for major buildings, larger than the area in which these are constructed. As long as the proportion between building area and land area is defined by regulations of land use, “created land” is a constructed area which trespasses these regulations. From a legal point of view, the concept is based on the difference existing between the right of property on the terrain and the right to build on it. Since the right to build is a determination corresponding to the public powers, their respective limitations can be altered by generating “created land.”

2.7.3. Measures of failure

Large urban projects are considered a failure when a) the public sector has not recovered the values created by the project and b) from a political point of view the public sector has not been able to make antagonistic interests compatible and thus the enterprise is paralyzed.

In the public-private tandem, the key to the distribution of higher values generated, may lead to the appropriation of public resources by the private sector. This is a complex subject and is a subject in which people hold diverse positions. Those who hold critical opinions about these projects have put forth arguments such as the following:

“Large urban projects have been furthered in a greater part of cases by the governmental initiative destined to channel to private enterprises the benefits of recovering the urban environment where these projects are built. It is a “show case” with an advertising function to facilitate the stakeholders’ consensus” (Arantes, 2001; Zukin, 1997).

Large urban projects tend to be processes of social elite creation, increased value of private capital and land speculation. Emblematic projects in a manner of “constituting the city as a shopping center” pretend this is a new way to build a city and create citizenship” (Vainer and Sanchez, 2002).

These judgments generally occur when the public sector invests more capital in the area than is finally recovered. It is well known that the impulse for large urban projects –especially when they emerge from a public initiative - require from the state a series of previous investments in the area, in order to make the entrance of private capital more attractive. These investments can take the form of various infrastructure works, road systems and/or actions to eliminate negative obstacles, such as the relocation of obsolete housing located in these terrains or in the surroundings, thus affecting the image and revenue potential of the new project.

It also happens sometimes that what the state recovers is only enough to finance the infrastructure of the project itself, a fact that benefits only those who invest in the area. Or when the municipality authorizes new uses but receives nothing in exchange. This was the case in Rosario. They only received what the standards determine for normal uses and not exceptional ones, such as a large urban project.

For Trivelli, some of the challenges of large urban projects that determine the role and participation of different stakeholders are:

- To create a positive image of the project by means of communication media and the participation of the community.
- To generate credibility on the project via a secure financing (public and private), the incorporation of different stakeholders and the assumption of effective responses to the needs of the people.
- To minimize the perception of risk by addressing the demands before building, as well as adopting flexible stages of development and schedules.

- To generate an institutional manner that will provide stability in time for the project by allowing: independence of political tempi and political events, strong political leadership and ample powers for land management and regulations.
- To establish mechanisms for permanent participation.

3. Stakeholder analysis and social analysis to study the conflicts of interests of social actors in public projects and policies

3.1. Stakeholder analysis

3.1.1. What is the stakeholder analysis and what is it used for?

Stakeholders Analysis (SA) is considered nowadays as a very useful technique for systematization and analysis **of opposition or support that may be provoked** by the intervention of government authorities. Although the origins of SA belongs to the history of business and managerial science, nowadays its use has over spilled into other fields of study, such as entrepreneurial management, participative research, economics, management of natural resources, political and social sciences.

The term stakeholder was first used to describe a person who receives bets. However, the modern uses of the term are more ample and do not refer only to persons or individuals, but also to groups and institutions who have interests and actively participate in a project or program. The term stakeholder is also used in a context of relationships between authorities and the civil society, in everyday actions of social life as well as in important changes and reforms (Sebastian, 1999).

Stakeholders are those who are affected by the outcome, negatively or positively, or those who can affect the outcomes of a proposed intervention. Stakeholders include both winners and losers, and those involved. Stakeholders are groups, constituencies, social actors or institutions of any size or aggregation that act at various levels (domestic, local, regional, national, international, private and public), have a significant and specific stake in a given set of resources, and can affect or be affected by resource management problems or interventions (Chevalier, 2001:21).

Stakeholder analysis is commonly used to identify all the groups and individuals who have a stake, or vested interest, in the success or failure of a project or activity (DFID 1995a; Clayton et al, 1996), “stakeholder analysis is the identification of a project’s key stakeholders, an assessment of their interests, and the ways in which these interests affect project risks and viability.”

There are various approaches to SA. The International Institute for Environment and Development (IIED) maintains that it is an approach for understanding a system by identifying the key actors or stake holders in the system, and assessing their respective interests in, or influence on that system. Stakeholder analysis is a highly effective tool for developing understanding of the distributional effects of actual or proposed policies and institutions. It can also identify who is able to influence (or has influenced) policies and institutions and how. (Grimble et. al. 1995). In some cases the analysis may be designed to explore how pre-established projects or policies impact on target beneficiaries and other actors possibly affected by the proposed activities, including those who have the power to

influence or determine their outcome (Chevalier, 2001).

Many scholars agree that the method can help to understand problems of complexity, where a great number of diverse interests are involved. Furthermore, SA is useful for analyzing conflicts and discussions from the perspective of the social actor in development sociology (Long, 1992). The method can be used flexibly to investigate and analyze a whole range of stakeholder interests, characteristics, relative power and circumstances (Pasteur, 2001).

It is particularly useful for assisting in decision-making situations where various stakeholders have competing interests (resources are limited and needs must be appropriately balanced) as well as evaluating existing policies and institutions. It can be used to appraise possible scenarios.

Stakeholder analysis also has the advantage of being a flexible, context-specific paradigm that helps focus attention on specific problems, actors and changes. Given its focus on actor's intentions and self-identified interests, the method emphasizes processes of social construction. According to Chevalier, "at the same time stakeholder theory is a response to conventional research methods in the social science such as stratification theory or political economy, class-centered perspectives. Given their emphasis on macro-level studies of deep-seated power structures (...) class analyses often fail to capture the specificity of agent constructed problems and the foundations of local conflicts and stakeholder-driven options for resolving them. In short, SA ... highlights local actor perspectives on conflicting interests and alternative strategies aimed at ... defending their interests (Chevalier, 2001).

A review of the literature on the subject allows us to identify several reasons for using SA: (Grimble and Wellard 1996; Ramirez, 2001).

- In the hands of those in charge of policies and projects ¹ it should serve to find solutions and avoid failures, anticipating conflict of interests among stakeholders.
- From the purely analytical and social research point of view, the method provides criteria and useful tools for systematization and for understanding the existing social interaction patterns, which appear around the implementation of projects. It allows us to answer questions such as: Whose problem? Who benefits? Who loses? What are the power differences and relationships between stakeholders? What relative influence do they have? Using the SA criteria it is possible to:
 - o Draw out the interests of stakeholders in relation to the problems which the project is seeking to address (at the identification stage) or the purpose of the project (once it has started).
 - o Identify conflicts of interests between stakeholders.
 - o Assess the influence that different stakeholders may have or have had at successive stages of the project cycle.

3.1.2. Theoretical fundamentals of stakeholder analysis

We find in Sebastian's work (1999) the theoretical elements of SA. Considerations on this set of concepts has a great utility for our study: not only in order to find a systematization and to analyze support

¹ In spite of their different scope, the terms policy and projects are used in alternative manners.

and opposition generated by a project, but also to understand the logic which orients the action of stakeholders, including the task of the state when it tries to solve the conflicts during the process when the project is managed. The utility of SA is based on its applicability in helping to avoid failures in the development of projects and policies.

For this, Sebastian starts from the notion of the work division of labor (essential for modern society) as a source generating different interests which frequently are conflictive. It then goes on to incorporate the analysis of collective actions which individuals or groups undertake, in order to promote and defend their interests vis-à-vis the interests of others. It then studies the state mechanisms which serve to compensate, combine and balance these interests. The incorporation of the state prompts him to search into the “black box” of public administration, in order to understand how it works and to investigate the interests and conflicts which are also present there.

a) Society and divergence of interests

Sebastian starts with the recognition of the division of labor in modern societies, which implies a diversity of interests in the different social sectors, groups of persons and individuals, who have different economic and social positions and execute various tasks in the areas of economy and society.

The division of labor generates a diversity of material and other interests, which are usually opposed and contradictory.² In societies where property of the factors of production and productive resources are in the hands of a few, these contradictions are more evident.

Thus, making interests compatible requires arbitration, a fact which justifies the need of the state. However, in a society with this type of segmentation, every intervention of the state alters the “status quo.” It generates contrary reactions which will confront on the one hand, those that are satisfied with the situation as it is because they benefit from it and, on the other hand, those that want changes because they expect to obtain more advantages with their alternatives. The intervention of the state in the economy, by regulating the markets, by generating public goods and by redistributing incomes, generates conflicts of interests between the state itself and private persons, individuals as well as enterprises. The decisions of the state as to what public goods, how many, in what way and for whom they will be produced, are open to a variety of opinions and to confronting interests.³

Any intervention in society finds those who will support it and those who will oppose it: the former are the beneficiaries and the latter, those that are harmed, but both are involved in this intervention. Social policies, which by their own nature tend to alter the life of groups and

2 Furthermore, cultural, ethnic, religious and other differences – which intervene in other types of divisions, different to the present work - are essentially characteristics of modern societies which may confront groups in a society, especially when the consolidation of one sector implies the negation of the other one.

3 Public administration has access to markets as buyers of many products (buildings, office furniture, computers, cars, uniforms, weapons) which are used for their functioning. They are possibly the best customers of many firms. Public works undertaken at great costs are a particular object for pressure groups and private interests. These act not only in order to get the contracts, but also to benefit from the external economies generated by these works, such as construction of highways which increase value of neighboring lands, etc.. In the same way as the construction of a dam may pull down land values in a certain area, beforehand knowledge by authorities of own intentions and of others to make certain changes affecting the economic value of properties, financial assets or markets, are very coveted goods for interest groups.

persons by means of redistribution of wealth and resources from society, usually generate a large number of people involved." This is the case in policies for urban redevelopment. Policies which have a character of redistribution of incomes and benefits are those that generate more conflicts of interests. (...) and this policy could be a failure if the conflict of interests is not solved (Sebastian, 1999:3).

In order to understand the nature and scope of the conflicts, i.e. to achieve an analysis which has explanatory value, it must be determined for each part: (i) what are the motives that cause support or opposition, (ii) what social forces and material resources are available to each, (iii) what agreements are they liable to make, and (iv) what actions will they execute or are ready to execute in order to support or oppose. In other words, it is important to understand the logic of actions displayed by each part and the underlying conditions for them to succeed.

b) The logic of collective action⁴

In every politically organized society, groups and organizations are formed with the purpose of promoting the material interests of their members. For example, in the field of public and private health enterprises there are physicians, owners of hospitals, nurses, workers, etc.. There are also social incentives such as fame or public recognition which may induce individuals to participate in collective actions.

Interest groups reveal themselves by means of different pressures which they put on non-governmental, public and social powers in order to further or protect their particular interests and to achieve collective gains for the group. In this sense, they are pressure groups. Means which these interest groups use in order to exercise their influence on the government are many: "lobbying", influence on public opinion in order to convince them what is good or bad for their interests is also good for society as a whole. "These groups are always active and watchful; they scrutinize the initiatives, discussions and proposals of legislators on the probability that they approve some legislation which may prove damaging for them" (Sebastian, 1999:6).⁵

We must add that this analysis has to incorporate a missing fact which is the collective action of popular groups, those who have no influence on the power sectors by means of "civilized" instances, and have to appeal to more or less violent mechanisms. In the urban realm this type of mechanisms has been incorporated by Manuel Castells (1986) under the title of protest or urban social movements.

c) The logic of public administration

In a democratic society it is accepted that the state has a role redistributing what the market distributes in an imperfect way. The state has to correct the results which derive from the interplay of economic forces. This cannot be done without discussions, opposition and conflict.

Public administration does not work like a clock. Those in charge of it, exercise their influence by means

4 On the basis of Mancur Olson (1971) pioneer in this subject with his explanation of the "logic of collective action."

5 Legal limits of lobbying are different according to each country. In the U.S., for example, where the activity is legal and very well organized, there are thousands of offices in Washington DC whose job it is to defend the interests of their customers, vis a vis the government. Also contributions of firms to political parties are legal in this country. On the other hand, in a majority of countries these contributions are illegal or remain in an undefined border.

of the specificity of their behaviors in the field of actual policies. This is why neither the state nor the public administration can be considered monolithic entities which have common collective interests shared by all the organizations and persons involved. The performance of state offices responds to a combination or compromise between institutional agendas – already approved policies and programs - and the personal agendas of officials, who have more or less weight according to rent-seeking hierarchies. Personal agendas contemplated: direct enrichments (taking advantage offered by certain positions in the public administration for gaining money, apart from the wages or any other legal benefits). This use goes from stealing to the use of privileged information for real estate business, from the collection of commissions in order to assign business contracts, to the appropriation of benefits in kind or other corruption practices.

It is said that officials are public servants. But, when civil society is fragmented into interest groups, which of them has to be served in the name of common good? In terms of the agency theory, responses of officials are related to material and economic incentives which can be offered by each interest group, so as to demand that officials favor their own private interests.

Public officials may have particular interests in the development of their professional careers, such as the possibility of being promoted (size of their offices, position in the hierarchy, wages, etc.) since in the long term development of their careers their good reputation is important.

d) Strategies of the public sector for the solution of interest conflicts

In the context of a regime of flexible policy patterns, strategies of the public sector to solve conflicts are usually aimed in two directions (Table 3.1).

In order to face the opposition of those that are harmed, the state may appeal to three main lines of action: **neutralization, negotiation and reform of the project.**

- Neutralization of the opposition may involve the publication and enhancing of “good reasons” which induce them to take up the initiative under study: distribution, solidarity or territorial balance may all be reasons which justify that certain people will be harmed. The public sector may try to involve the beneficiaries in order to achieve support for the project. If this is not enough, authorities may adopt as a last resort, administrative (fines, confiscations, withdrawal of privileges) or repressive measures (to calm protest, to challenge by force, etc.).
- Negotiation is a mechanism for de-activating the opposition of those harmed. It can be used in cases where this opposition is not very radical. On the contrary, negotiations would achieve abandoning the original project. In order to establish a negotiation the public sector will have to prepare certain alternatives which will not modify the project too much. This strategy is the political way of solving conflicts and thus, must be considered uppermost in the management of social projects.
- Reform of the project is a strategy which can be used when there is a determined opposition of many and important sectors involved. If there is clear evidences that the policy or the project is badly designed, it would be convenient to change it.

In order to recruit support (from those who benefit) there are also three types of actions: recruitment, defense and negotiation.

- Recruitment and defense of those that benefit by the application of a certain project, is usually an essential prerequisite for implementation. If people that are positively affected are duly recruited, they may constitute a defensive wall for the project in the face of opposition. If the discussion is led by means of public opinion, by means of newspapers, radio or television, or if it is discussed in Congress, those that are in favor of the project can support their views in order to convince others who are neutral or frankly in opposition, thus giving authorities valid means.
- The public sector may promote negotiations among stakeholders serving as a bridge for arriving at a satisfactory solution for both, if their interests are balanced. This is equivalent to a negotiation between enterprises and unions promoted by the government. This will not be easy if the degree of consistency, organization and strength of one part is much greater than the other.

Possible strategies of the public sector to solve the conflict of interest in the management of a project	
In order to face the opposition of those involved or harmed	Neutralization
	Negotiation
	Modification of Project
In order to recruit support of those that benefit	Recruitment
	Defense
	Negotiation

Table 3.1. Strategies of the public sector to solve conflicts

3.1.3. Methodological elements: steps and tools for stakeholder analysis

The following step-by-step approach has been taken from different sources.

a) Initial understanding of the system

A general understanding is needed of the key problems identified by some of the main groups, and the basic interacting factors in the system, project, or issue. An initial picture of the key decision makers in the system and their relative influence need to be identified (detail can be added in time as more information is gathered).

b) Identifying stakeholders: the operative matrix

The proper tool of SA is a matrix of stakeholders. This is built by putting first in line the list of stakeholders, adding the actions they might possibly undertake, the success that can be expected and the most convenient measures to face them. The **list which results** from this step can be input into a series of tables which can be used to organize information about interests, power, influence and involvement of each key stakeholder or group.

Almost all scholars propose a first classification which distinguishes between those that objectively **benefit by the change which the project involves and those who are objectively harmed. In order to identify them, one departs from the knowledge of the previously designed system.**

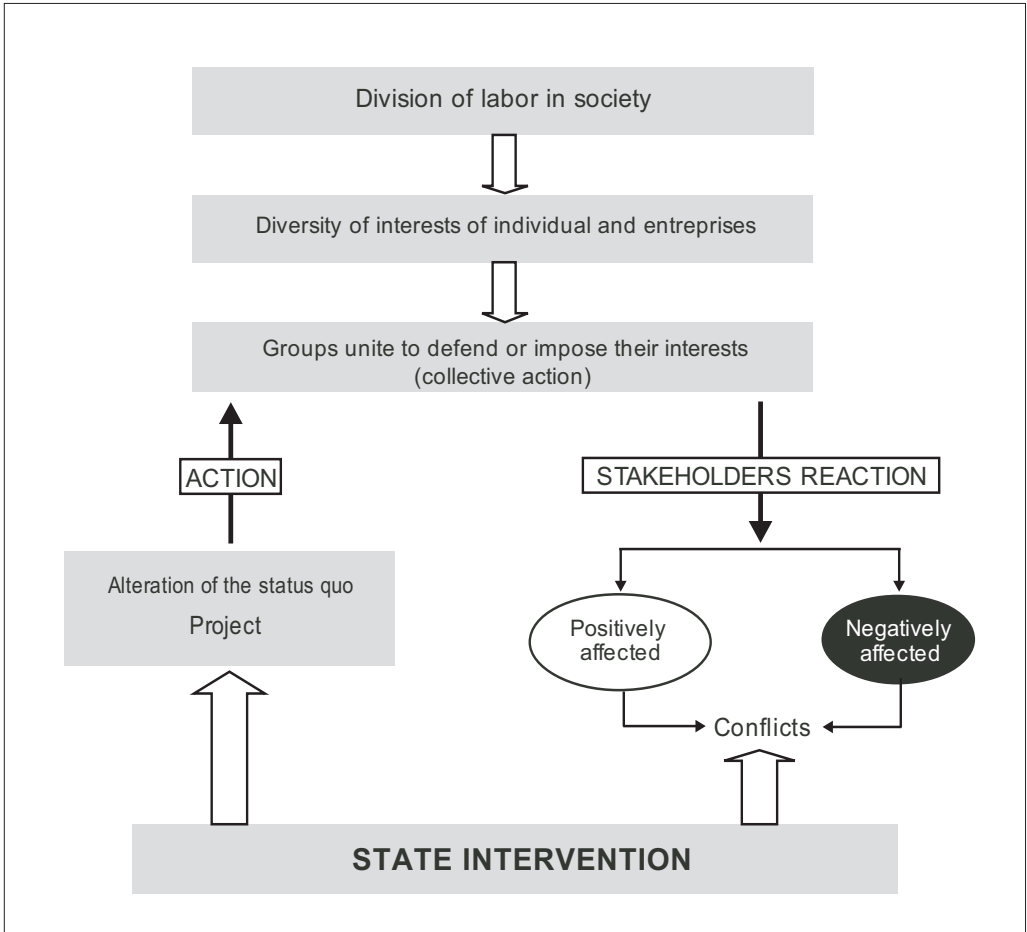


Figure 3.1 Outline of the stakeholders analysis principles

A possible model for stakeholder matrix is the following:

Proposed action	Positively affected	Negatively affected
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One basic rule is to start by identifying stakeholders in the closest possible environment where the project is applied, either geographical or institutional, or else in the specific sector in which this intervention is envisaged. Next, one has to search for stakeholders in nearby environments, a little farther away from the area of impact and continue until there is a distance which is judged convenient for our analysis. **This means that the matrix of stakeholders excludes those stakeholders which are not interesting for this analysis.**

There are those who propose to distinguish, in the set of stakeholders, between those that are key or main stakeholders from others who are auxiliary or secondary; depending on an assessment of whether they are immediately affected by, or can immediately affect the system. It should be remembered that the range of stakeholders and the roles they play is not static. Different actors take different roles, and it is important to try to see beyond the superficial picture of different actors' roles. Sebastian argues that the list of stakeholders should be as detailed as possible. It is not enough, for example, to put "public administration" or "public officials" because interests within them could be different (executive vs. legislative powers, for example). It is important to regard them according to their agency, and eventually, by their function or rank.

Among other ways, the identification of key stakeholders can be done through the analysis of secondary sources (on contemporary records on conflicting claims, complaints of various kinds, people who have attended meetings, etc.). Also discussions with those stakeholders who are identified first can give their perspective on other key stakeholders who matter to them. Stakeholders may "uncover" (come to light) when the intention of the government to approve a certain project or policy is announced in the newspapers. There, it is possible to recognize the sign of their commitment, the type of actions they may undertake and their strength.

Sources of information for stakeholder analysis include: stakeholders themselves, public riots; observation and study of the groups' practices in the past; records in the specialized press; proceedings and sessions of parliamentary gatherings; and field research.

c) Determining stakeholders interests: types of benefits and damages

Once stakeholders have been identified, they have to be classified according to their interests with regard to the project.

Categories of analysis take into account the types of benefits and damages which these actions may cause to stakeholders. It is essential to know what the material interests are. Therefore, it is important to recognize the social and economic structure, as well as the functioning of the sector under study. However, material interests are not the only stimuli which move individuals and groups to protest. The diversity of beliefs and expectations creates a field of forces which is especially sensitive to a certain type of public interventions. The analysis of these subjects may be accomplished through secondary information. However, some degree of social analysis or consultation (semi-structured interviews) will

be necessary to determine the answers.⁶

Some authors suggest starting with a chart in which detailed types of benefits/damages are to be expected by an intervention. An example is then proposed. A similar chart could be designed with the damages, by making negative what appears positive.

Type of benefits which stakeholders could expect from a project		Indicators
Material	Incomes	Increase of wages, sales or subsidies Reduction of costs
	Position on the market	Increasing their capacity to compete
	Advantages for future gains	Privileged information
Political	To maintain and consolidate power	Politicians in power: to gain popularity and support Consolidate the party Attract new voters
	To conquer power	Politicians in power: to gain popularity and support To consolidate the party Attract new voters
Organizational	To achieve advantages within the organization	Furthering the career of an employee or official promotions, bonus
	Progress of the organization	To assign a more important or prestige role Higher social hierarchy
Non-material	Cultural	Conservation and furtherance of language, customs

Table 3.2. Type of benefits which stakeholders could expect

d) Determining the scope of interests

After identifying and listing the interests of stakeholders, SA proposes to evaluate them as to their scope and importance relative to the individual. This means another column in the matrix. In the case of damages (for example, loss of income) it will not be enough to identify the nature of the damage, but the scope of this loss has to be evaluated. A loss of 1% in sales for one particular firm is not the same as 25%. The latter may induce some action. Equally, in view of an increase of 0, 1 percent in their income, for example, no one will be persuaded to move, but will do everything possible to achieve an

6 It also has to be taken into account that some stakeholders' interests are more obvious than others. Many interests are difficult to define especially if they are "hidden", multiple or in contradiction with the stated aims of the organization or individual. Sebastian maintains that it is important to distinguish between "real interests" (material interests) and those publicly declared, the assumption being that they do not always overlap. Thus, it is helpful to recognize the possibility that what really moves stakeholders is not what they publicly declare. Part of the strategy of stakeholders vis-à-vis a certain intervention of authorities can be that of not showing their real interests. This may be so because if they declare them, their image might suffer and their efforts to persuade society could be self-defeating (if they generate more dislike than attraction). Sometimes there are interests that cannot publicly be confessed. Even if they are legal, society does not regard them with kind eyes. It is necessary to contrast public declarations with the available objective information (Sebastian, 1999:58).

increase of 10%.

Subjective considerations are especially significant when it comes to non-material interests. There are some who will start hard battles in order to preserve a neighborhood, or to prevent the cutting of trees on their sidewalks.

When it is not possible to “measure” or quantify interests, they can be evaluated by means of qualitative indicators. Colfer (1995) developed an approach for use in contexts where improvement of forest standards is the goal, which attempts to redress imbalances amongst stakeholders in access to forestry decisions. Building on Colfer’s approach, in some circumstances stakeholders may be identified and weighed, depending on:

- Proximity to forests
- Dependence on forests for their livelihood (i.e. were there few or no alternatives to forests for meeting basic needs)
- Cultural linkages with forests and use of forest resources .
- Knowledge related to forest assets
- Pre-existing rights to land and resources under customary or common law
- Organizational capacity for effective rules and accountable decision-making about forest goods and services
- Economically viable forest enterprise that is based on environmental and social cost internalization, bringing equitable local benefits

Stakeholders have very different degrees of power to control decisions that have effects on policies and institutions, and they have different degrees of “potential” to contribute, or “importance” to achieve a particular objective (Majers, 2000).

e) Determining the level of involvement

From the scope and importance of interests, the involvement that is to be expected from stakeholders can be deduced. If stakeholders perceive that what is underway is a lot and very important, it might be predicted that their involvement will be great. On the contrary, if someone does not perceive that its interests are at stake with a certain intervention by authorities, or that what is at stake is not important, one may suppose that the stakeholder will show a limited interest and will not be ready to make a sacrifice in order to support or defeat the measure.

Involvement is shown by means of statements or actions undertaken by stakeholders. Sebastian suggests the following classification for measuring the level of involvement.

- *Leaders*: individuals or firms which are more involved in the support for or opposition to the project. They are those who provide resources, messages and connections.
- *Enthusiastic followers*: they closely follow the leaders, but they show a lower level of involvement, probably because their interests are not as important.
- *Lukewarm followers*: they collaborate with lesser energy. They serve as resonators of the leaders’ opinions, but do not employ their own resources.
- *Interested spectators*: they are sympathetic, but do not exercise any effort or special expenditure on their part.

f) Determining the power of influence

It is possible to locate the power of influence on the decisions which affect the project. According to Mayers, stakeholder power stems from the control of decisions with positive or negative effects. Stakeholder power can be understood as the extent to which stakeholders are able to persuade or coerce others into making decisions, and following certain courses of action. Power may derive from:

- *Position* in reaction to other stakeholders (for example, line ministries which control budgets and other departments).
- *Resources*, not only material, but also human resources (for example, poor stakeholders have no money, but they can recruit many people in their collective actions).
- *Political connections* with centers where public decisions are made and where they can have their particular interests attended to.
- *Access to media* in order to generate news which can inform public opinion about their particular interests and capture benevolence from public opinion.
- *Capacity for recruitment of followers* who can defend their particular interests.

One possible matrix for classification of stakeholders according to relative importance and influence on project objectives is the following:

a) Determining the modus operandi

The way of operating is in accordance with the relationship the actor has with the project, the resources he has available to him and the institutional and political environment in which he moves. It is possible to establish the following differentiation lines.

- *Direct action*: stakeholders have direct access to the project's centers of decision making. They can be responsible for the design and production of the project, because they participate in the legislative process, or else because they own resources for getting it underway. Mechanisms of direct action include: organized lobbies for control of political and legislative processes; personal contacts with decision makers and practices of corruption by means of offers and/or threats to politicians and officials.
- *Indirect action*: stakeholders try to influence technical personnel who support this intervention (with alternative studies or technical reports), officials (with promises or threats to their careers or other measures which may affect the interests of officials). They also try to influence active politicians in the legislative process (supplying money for campaigns, etc.). Mechanisms of indirect action consist in the creation of public opinion in favor or against a certain intervention.
- *Recruitment of other stakeholders*: the more active or involved stakeholders may want to recruit others who are more reluctant, in order to achieve a greater support for their purposes and in order also to give the impression that interests are in accordance with a majority of the population.

b) Results of recruitment

After a certain collective action is undertaken, it will be possible to know what stakeholders have achieved. Not all stakeholders have the same idea about how to promote and defend the interests of

everybody, or how a certain policy or project is discussed or supported. Some will be satisfied with the introduction of certain changes in the project; others will support a different project and finally, there will be people who do not want any policy. This knowledge is important for the outline of a response by those who are responsible for the project.

c) Response from the public sector

Responses are the strategies which are defined or should be defined by the authorities and those responsible for the intervention. From the point of view of an open model of policy formation and adaptive management - as expressed by Sebastian - a strategy should be twofold: one for those who are in favor and another for those who oppose the project.

In the first case, the reaction of those responsible for the intervention ought to take advantage of the support offered by stakeholders; to convince those who hesitate, give proof to the most militant and incorporate everybody in the resistance to opponents. Society should be informed about the support received, especially if this is important.

For stakeholders who are opposed to this, the response is more complex. There are various alternatives:

- a) If opposition comes from a greater part of stakeholders or just from the most important, even if they are a minority (the strongest ones, the leaders), it would be necessary to design a general response, in order to aim at common objectives, and other specific responses for the interests of each of the stakeholders that are opposed.
- b) If there is a closed opposition, very strong and conflictive, this is an indication that the proposal may not be feasible, at least in its original form. It should then be retired from the approval process and taken again to the design desk. If an opposition of this kind emerges when implementation has already started, an interruption should be seriously envisaged in order to restore the project to the design instance, or else try to assemble stakeholders and authorities at the negotiation desk.
- c) If opposition is strong from a small part of non-essential stakeholders, the conflict could be solved by making reforms or changes which take into account the interests of opponents. Changes that are acceptable without altering or retiring the project can eventually be negotiated. If the possibility of a negotiation and a modification is considered, there are a number of action alternatives, which will have to be adjusted to each situation.

3.2. The social analysis

3.2.1. The system of social analysis (SAS)

The system of social analysis (SAS) is a tool recently developed by Jacques Chevalier from the University of Carleton, in collaboration with Michael Bourassa from the University of Ottawa, and with the support

7 Since 2001, SAS techniques and tools have been designed and put to proof in Latin America, Asia, Africa and Canada.

of the International Development Research Center in Ottawa, Canada.⁷

It includes a compilation of knowledge and tools from different disciplines and fields of application: political economy (subjects related to power, interests, legitimacy and conflicts); formal economy and management (aspects linked to strategies for the management of resources and risks); social anthropology (questions arising from perceptions, values and social behavior); participative research (orientation of knowledge aiming at solving problems) and stakeholder analysis. Although its objective is directed to promote a participative social analysis (research-action; flexible planning), its categories of analysis allow in a simple but also advanced way, to reconstruct and organize knowledge about the social actors involved in these projects. We will consider here one of its parts: Social Analysis or analysis of social actors.

3.2.3 Social Analysis or analysis of social actors

Social analysis (SAS) proposes to describe the problem, feature the profile of actors and their conflicts, and explore ways to solve these problems. It has many aspects similar to stakeholder analysis, with the advantage of a greater grouping of the method's steps and more precision in the definition of variables implied in the characterization of actors.

Sequences for analysis are: (a) identification of a situation or action which requires the analysis of actors, (b) identification of actors, (c) determination of the actors' profiles, (d) identification of the actors' positions, and (e) identification of projections or solutions. We will stop on item (c)

3.2.4 Profile of actors

Actors are those who may be affected as a result of a certain problem or action. In turn, actors may influence the problem or action, by supporting or opposing them, by means of resources that are at their disposal: relations of collaboration and conflict, legitimacy, interests, and power.

- **Collaboration and conflict:** comprises the relationships maintained by actors which could influence the problem or action.
- **Legitimacy:** it is the recognition on the part of all other actors, of their rights, their responsibilities with relation to the situation and the decision each actor takes when confronted by them. The method contemplates a weighting of legitimacy in three categories: **high, low, or no legitimacy.**
- **Interests:** it is the loss or gain experienced by each actor on account of the results of existing actions or proposals. These gains and losses have influence on the access to power, to legitimacy and to social relations. The method suggests the weighting of net interests (gains minus losses) on the basis of these categories: high net gains (++), low net gains (+), neutral interests (0), high net losses (--), low net losses (-)
- **Power:** it refers to the ability to use resources which each actor controls. These resources are a source of power, including economic wealth, political authority, and the ability to use strength and threats of violence, the access to information (knowledge and capabilities) and the means to communicate. Power should be weighted at three levels: **high, low, or no power.**

Economic wealth includes access and utilization of natural resources, possession of material goods, properties in kind, equipment, income and savings, financial capital, etc.

Political authority in a position, function or role recognized by an Institution or by society, providing the capability of taking decisions and approving or implementing standards and regulations.

The ability to use force and threats of violence is the power to exercise physical force and convince others that they can cause damage.

Information and the means to communicate involve access to facts, documents, knowledge, capabilities (specialized technical knowledge, experience) and to communication media (radio, TV, internet, newspapers, journals, etc.) in order to acquaint others with their points of view.

In order to establish a weight for each of these variables, the method proposes several numerical scales for each dimension of these variables. Data for each actor are recorded on a Card with the Actor's Profile

Card of the Actor's Profile					
Situation or action:					
Individual actor or group:					
Power	High		Low		None
Interests	High++	High+	Low-	Low--	None 0
Legitimacy	High		Low		None

Figure 3.2. Example of card with the Actor's Profile

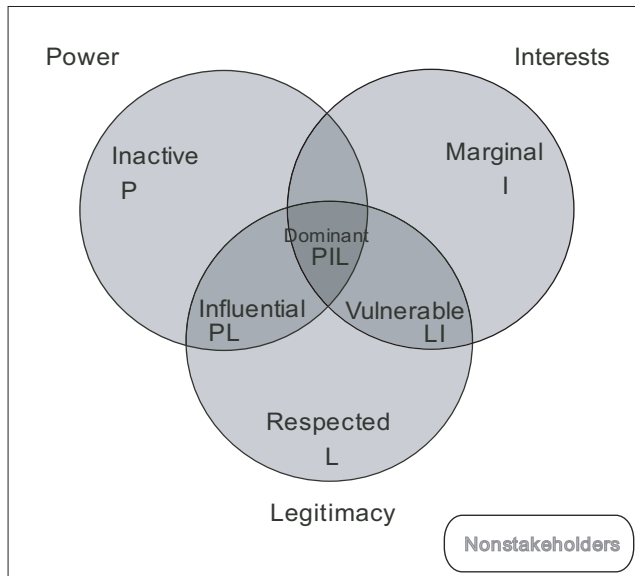


Figure 3.3. Categories of stakeholders (Source: Chevalier, 2004)

3.2.5. Actor's Category

The method proposes the following category of actors based on the values presented as the three variables of the Actors' profile.

Category 1

Dominant PIL High power, high interests (net gains or losses), high legitimacy
Strong PI High net power and gains or losses (low or no legitimacy)

Category 2

Influential PL High power and legitimacy (net gains or losses, low or none)
Inactive P High power (gains or losses and legitimacy, low or none)
Respected L High legitimacy (power and net gains or losses, low or none)

Category 3

Vulnerable IL Legitimacy and net gains or losses, high (power, low or none)
Marginal I High net gains or losses (power and legitimacy, low or none)

3.3. Our methodological perspective

3.3.1. Comprehensive understanding of the problem and assumptions

We started from the tentative analytical framework outlined in the former chapter which relates large urban projects, territory and social actors. With the help of this framework we tried to understand what types of impacts are produced by large urban projects when implanted in a strategic area of the city (in terms of certain types of benefits and damages), the type of actors involved and the presumed map of actors having gains and losses according to their structural position in society. Analysis of theories on the behavior of stakeholders, in the face of certain policies, has revealed other relevant variables which explain the logic of action of stakeholders and of the state, in its role as regulator of society's conflicts.

Therefore, a sequence of reasoning is developed, which guides the methodological strategy of the case study. It will be outlined in the following scheme and its corresponding figures.

- **Relationship large urban projects/territory - generation of benefits and damages – actors who benefit or who are harmed** (Figure 3.4.)

Production and implementation of large urban projects in a strategic area generates benefits and damages which affect in a positive or negative way the interest of stakeholders, according to their structural position in society.





- **Relationship production process of large urban projects – actors benefited/harmed-supporting/opposing forces** (Figure 3.5.)

Benefited actors display forces in support of the project and harmed actors display opposition forces which influence the production process of large urban projects.



- **Relationship large urban projects - stakeholders' behavior – conflicts- normative intervention of the State** (Figure 3.6.)

Antagonistic forces of support or opposition (due to differing interests) generate conflicts which require the intervention of the state in its double role as manager of the project and agent that guarantees a good administration



- **Relationship ways of solving conflicts and effects on development of project and final results** (Figure 3.7.)

The way in which the State solves these conflicts, will depend upon the large urban projects characteristics as well as their results in terms of realization/modification/paralysis.

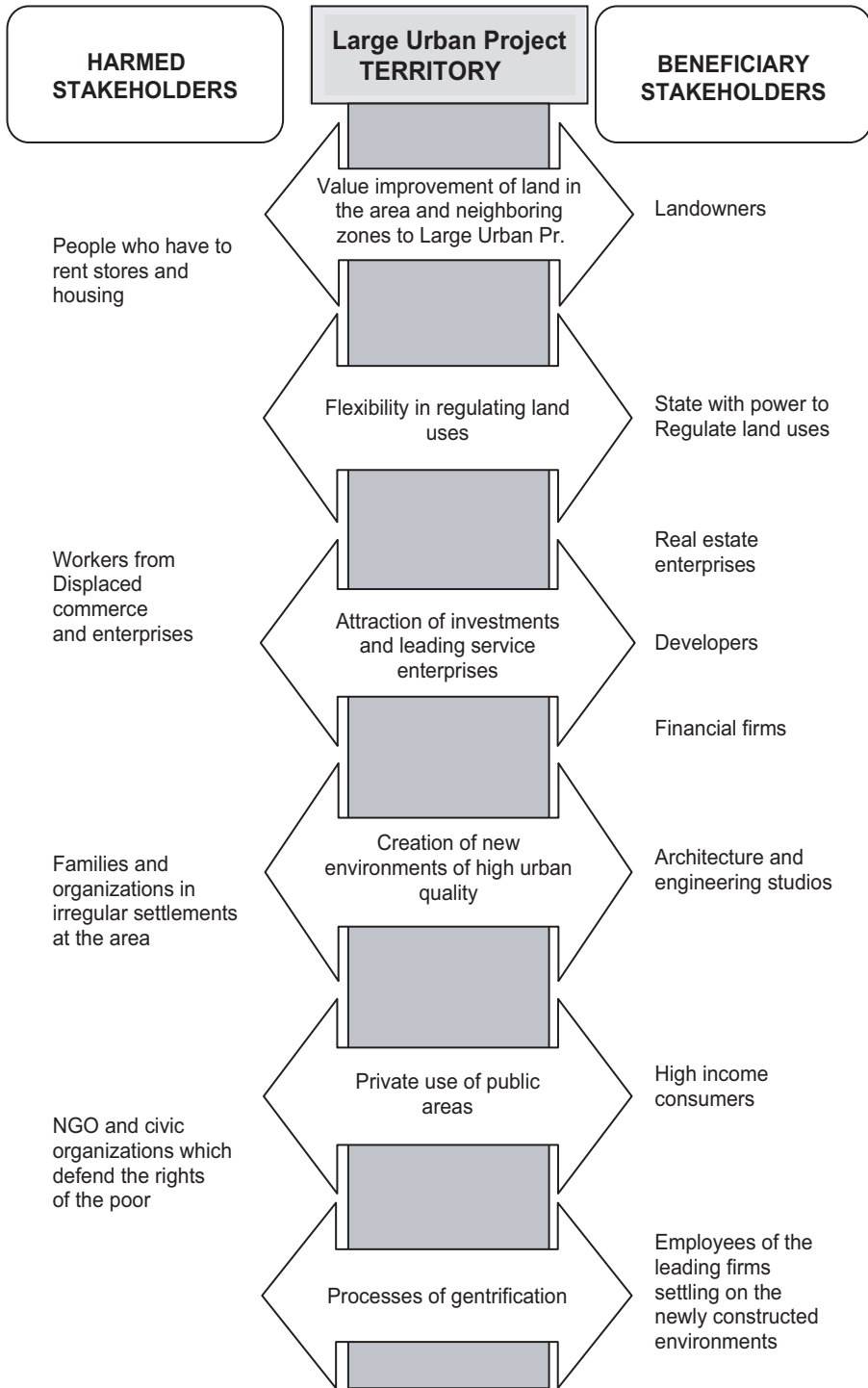


Figure 3.4. Relationship Large Urban Projects – Territory –Benefited and harmed actors

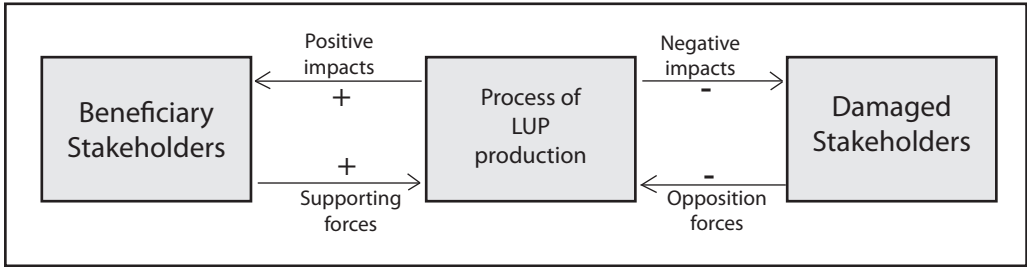


Figure 3.5. Process of LUP production as a consequence of supporting and opposition forces

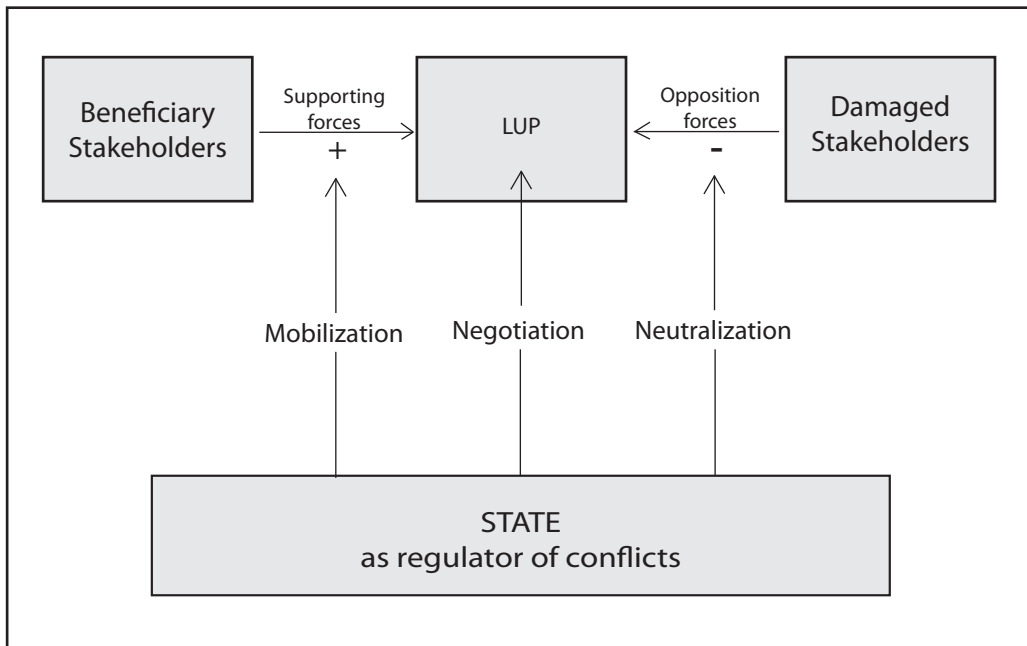


Figure 3.6. Scheme of the relationship LUP - conflicts - regulatory intervention of the State

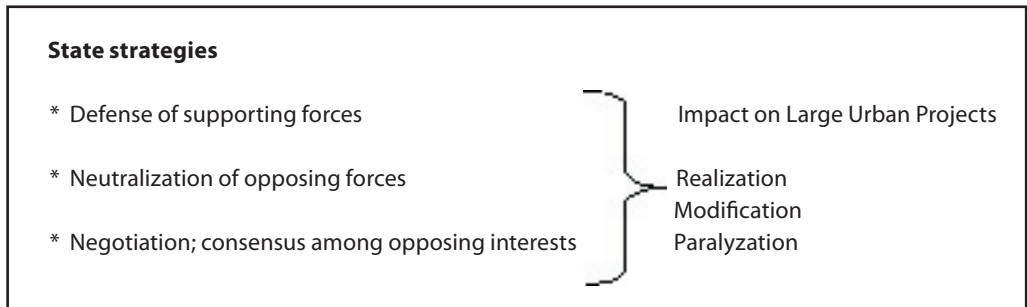


Figure 3.7. Impact of state strategies on large urban projects

3.3.2. Determination of the project’s stages

This analysis is undertaken according to the Project’s stages, because its direction may have changed and together with this, the configuration of main stakeholders, their interests and incidence on the project. Moreover, the ways in which the state solves the conflicts, has also changed.

The determination of stages emerged from a detailed analysis of the project’s schedule of events, based on secondary sources and interviews.

3.3.3. Identification and classification of stakeholders

a) Identification of stakeholders

We start with a generic matrix of stakeholders involved in large urban projects which was elaborated by means of a comprehensive understanding of the problem which emerges from its analytical framework (Table 3.3.).

In empirical research, certain stakeholders were identified according to criteria related to the methodology adopted in this study (the rules of stakeholder analysis and social analysis). (i) public manifestations of stakeholders, who appear when newspapers announce the government’s intention of approving a certain project, (ii) the study of these stakeholder’s practices, (iii) careful research and analysis of all written press media (magazines and newspapers) and of all official documents and legal standards related to the project; and (iv) some stakeholders were identified by means of interviews with other stakeholders.

b) Classification of stakeholders

Although the list of stakeholders should be as detailed as possible (as was said before, it is not enough to say public officials; it is convenient to distinguish between officials of the Executive Power, the legislative power, etc.). It is important also to establish some criteria about categories of stakeholders which will allow an explanatory analysis. Therefore, we have used two classifications:

(i) Classification of stakeholders according to strategic objectives or dominant logic in the city.

We use the typology of urban actors proposed by Herzer & Pirez (1993) based on the logic derived from the dominant position in the social division of urban labor and according to the type of resources which stakeholders use to achieve these objectives or to satisfy their interests.

State actors: government stakeholders who direct and execute public processes of production in the city and regulate actions by other stakeholders (balancing conflicting interests). They are guided by an economic, political and ideological logic according to the various functions performed by the state in society. It includes political officials, bureaucracy and public enterprises.

Economic actors: their predominant logic is oriented towards a search of gains or benefits, including the real estate, industrial, commercial or service sectors. Includes landowners, individuals who develop economic activities in the city, firms (of different sizes and origin of capital) as well as entrepreneurial organizations.

Community actors: their predominant logic is oriented towards their reproduction as social subjects (secure survival, improved living standards) and also to help with solidarity to the reproduction of their fellow creatures. Includes individuals, families, community organizations of various types (neighborhood centers, commissions, foundations, common good agencies, etc.).

Political actors: their logic is oriented towards the achievement or maintenance of political power. Includes individuals and political parties.

(ii) Classification of stakeholders according to the level of influence in the project's definition

We use the classification derived from stakeholder analysis which distinguishes two categories of actors (main or key actors/secondary or auxiliary actors) according to the level of influence which these stakeholders have in the project. The map of main and secondary stakeholders may vary during the process of the production of the project. Therefore this classification is of great interest in studying the process.

Main actors or key stakeholders: having a direct influence on the definition of substantial aspects of the project, either because they have management power – as direct executives - or else due to an important position in the system or influence on main stakeholders.

Secondary or auxiliary stakeholders: They have an indirect or lesser influence in the definition of substantial issues of the project.

Type of stakeholders involved in large urban projects
<p>State</p> <ul style="list-style-type: none"> • Agency that owns the land where large urban projects will be developed • Agency that has the power to regulate land uses • Agency in charge of upstage and management of large urban projects • Political officials • State Bureaucracy in charge of large urban projects management • Agency has certain types of jurisdiction on the lots that will be developed by large urban projects <p>Economic</p> <ul style="list-style-type: none"> • Private land owner • Real estate and other agents who are marketing the land • Developers and building enterprises • Banks and finance agents • Real estate investors • Large architecture and engineering studios • Consultant firms and independent consultants <p>Community</p> <ul style="list-style-type: none"> • Professional associations (architects and engineers) • Independent architects and urbanists • Universities • Homes located on the lots that will be developed as large urban projects • Organizations of inhabitants living in the area • NGOs who defend the rights of the poor residents to remain on the site • Civil associations who defend the historical assets of the area • Neighborhood organizations • Church organizations who work with the poor • Unions of construction workers <p>Political</p> <ul style="list-style-type: none"> • Political parties with representatives in the legislative bodies of the city (government and opposition) • Other opposition parties

Table 3.3. Type of stakeholders involved in large urban projects

3.3.4. Elaboration of stakeholders' profile

In order to outline the profile of stakeholders, we use three variables which, according to the already examined methodologies, can result in understanding key aspects of the actions undertaken by stakeholders, as well as their effectiveness: Interests, resources and lobbying power on the project. It was not possible to include in our analysis all the previously mentioned variables, due to the fact that the search for information would have involved very extensive work of in depth interviews and also a very ample range of stakeholders who, besides, are not very inclined to give the type of information one might be interested in (for example the scope of interests or legitimacy).

a) Interests

Categories for the analysis of interests show the type of benefits and damages which the project may cause for stakeholders at each stage. Starting with the conceptual and analytical framework, a generic classification has been elaborated with the type of benefits and damages which a large urban project may cause stakeholders (Table 3.4). Concrete interests of stakeholders are also detected by themselves (their speeches, their actions and the publicity of their activities on the internet and in other media) as well as information from other stakeholders. In the course of research, it was shown that the interests are revealed in the actions displayed by stakeholders. In many cases there are indisputable indicators of such interests, while in other, indications are less evident.

Type of benefits and damages	Indicators of benefits	Indicators of damages
Economic Incomes	Increase of revenues, profits and incomes Cost reduction Gaining working positions	Loss of revenues, profits and incomes Cost increase, increase of rentals Loss of working positions
Position in the market	Improves position on the market Increased capacity to compete	Decrease of the capacity to compete
Advantages for future gains	Access to privileged information	Ignorance of key information
Political Position in the institution or organization	Maintain, consolidate, promote in charge or position at the institution To gain popularity and support	Losing of the position at the organization Receiving critique and social sanctions
Government agenda	To stress the image of the city To improve the quality of urban infrastructure To promote renewal processes in obsolete areas To actualize urbanistic norms To renew mechanisms of urban management To foster forms of participation	Increase urban fragmentation by consolidating some areas neglecting others Benefits to private investors instead of benefits to citizenship To promote processes of expelling low income social sectors. To facilitate public-private partnerships outside of regulations. To provoke social conflicts
Social/ Cultural	To access to roles of and professional prestige To promote new ideas and professional practices To maintain and improve working and living conditions To gain or recover public spaces To preserve historical monuments	Loss of professional prestige Develop ideas not adapted to local context Loss of place of residence Loss of public spaces Loss of historical monuments

Table 3.4. Type of benefits and damages which the production and implementation of a large urban project may cause to stakeholders

b) Resources

We have departed from a generic classification emerging from the typology of Herzer & Pirez. (Table 3.5.). Information of available resources for concrete stakeholders appears in the identification of the position in which the stakeholder occupies in the system analysed and is also derived by the actions undertaken.

State actors	Objectives	Means
Public officials	Representation and satisfaction of needs. Accumulation and/or maintenance of power	Municipal resources Local political relations
Bureaucracy	Execution of decisions from political officials Maintenance of institutional functions Maintenance as improvement of working conditions	Administrative organization; regulations and procedures; technical, equipment and financial intra bureaucratic relationships; administrative curriculum.
State enterprises	Lending services in market terms. Lending services in a politically conditioned way	Own resources; relationship with state and political actors and bureaucracy. Relationship with consumers; relationship with economic actors

Economic actors	Objectives	Means
Individuals	To search for gains on the market	Influence local and supralocal politics; relationship with political parties; lobbies, pressure groups and corruption
Organizations	To fit general conditions of economic activities	Influence local and supralocal government; relationship with officials and politicians

Community actors	Objectives	Means
Individuals	Satisfaction of social reproduction needs	Group solidarity, Relation to followers Participation in local decisions Mobilization
Organizations	Satisfaction of social reproduction needs Improvement of services Achievement of positions of local power	Internal solidarity Influence on local policies (negotiations, clientelism) Influence on political actors Mobilization, participation, relationship with clientele

Political actors	Objectives	Means
Individuals	Power accumulation (individual, group, party)	Intermediation, clientelism
Organizations	Power accumulation	Intermediation, clientelism, Constitution of representation and articulation of local demands Influence on local policies

Table 3.5. Objectives and resources of social actors involved in the production and management of the city (Source: Herzer and Pirez, 1993).

c) The power of influence on the project

The power of influence of stakeholders on the project is dependant on the position they occupy in the system, the available resources which they can use at each stage, the capacity of mobilization of other stakeholders and the institutional and political environment in which they move. We will use the following diagram proposed by Mayers & Vermeulen in their “Power Tools” (2001), in order to outline them.

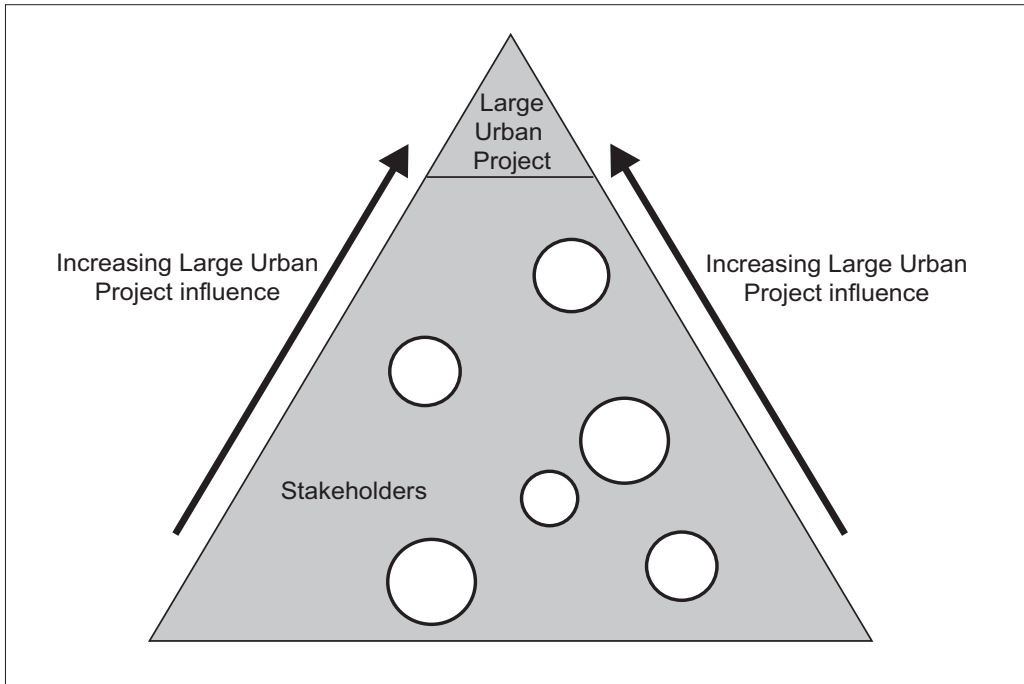


Figure 3.8. Mapping stakeholder influence (Source: Mayers & Vermeulen, 2001) .

3.3.5. Identification and analysis of supporting and opposing forces

Identification of supporting and opposing forces to the project refers us to the chronological analysis of events linked to the project and analyzing which was the participation of each stakeholder and in what way it was shown: direct or indirect actions, mobilization of other stakeholders. Our analysis of actions allows us to throw light on the conflicts of interests, their reason, their nature and their scope. Information means: i) careful analysis of the totality of written press (magazines and newspapers) and all official documents and legal regulations related to the project; ii) interviews for stakeholders themselves; iii) interviews for other stakeholders.

3.3.6. Identification and analysis of State responses

The analysis of state responses to supporting and opposing forces of stakeholders, allows us to explain what strategy was useful at each stage in order to solve conflicts and the impact all this had on the project. Sources of information are the same as for the former stage.

Third part
Case study: the Retiro Project

4. The city of Buenos Aires in the 1990s: the context of the Retiro Project

4.1. Economic trends and territorial impacts

Starting in the 1990s and in line with global economic restructuring, Argentina began a period of structural change that impacted the city of Buenos Aires. Thus, it became a privileged place for the new economy and in turn into a resounding box for the crisis which was unchained in 2001 (Prevöt-Shapira, 2002).

The conditions for the recovery of the national economy ¹ and neo-liberal structural reforms, were adopted by the administration of President Menem (1989-1999). Some of these reforms included: privatization of public enterprises, opening of the economy, progressive commercial integration to the Mercosur, fiscal balance and deregulation in certain sectors. These policies created a favorable scenario for capturing foreign investments linked to the network of the global economy. It is estimated that, between 1990 and 1997, in the city of Buenos Aires and its metropolitan region, there was a massive inflow of ca. 30 billion dollars of foreign capital geared to direct investments. In 1998, with a per capita product of \$21.534, Buenos Aires was the most prosperous city in the country, well above the general average (\$7.379) (Kanai, 2001).

However, the model for economic growth adopted by the country did not have an effect on the expansion of the labor market. There was a growing heterogeneity in the productivity of different types of occupations, and a greater number of those who are characterized by lower productivity and incomes, and therefore, with less capacity for overcoming poverty (Cepal, 1998). As a consequence, the model had a negative impact on wages and employment, which in turn, meant an increase in inequality and poverty. A profound financial, social and political crisis (whose causes are still a matter of debate) and a popular revolt ended in December 2001, the administration of President De la Rúa (1999-2001).²

1 This was seen in a reduction of inflation and a growth of Gross National Product: The inflation rate decreased from 1344% in 1980 to 0,1% in 1996, while GNP went from 0,1% to 4,3% in the same period, having been 8,9% in 1991.

2 According to economists Fidel and Fernandez, a significant question which was initiated with the new direction adopted by the Argentine economy from 1990 onwards, was the financing of the external debt achieved by means of the Brady Plan. Agreements accomplished at the time, gave a favorable framework to the implementation of the Convertibility Plan (1 peso = 1 dollar). It also created a new image vis-à-vis the external debtor banks, thus turning the country again into a possible target for credit. In this way it furthered a new flow of foreign investments. Achievements in the negotiations of the debt had a counterpart in the imposition of very strict aims and conditions of accumulation, which reflected likewise in a majority of Latin American countries, provoking negative impacts. Impositions had to do with the application of neo-liberal policies which included a sudden opening of the economy, state re-conversion and change of rules in the labor markets by means of a severe modification of working conditions (Fidel & Fernandez, 2002).

The City of Buenos Aires began to lodge certain growing economic sectors related to financial, services, insurance, tourism, real estate, large commercial enterprises, multinational corporations, international agencies and foreign firms which participated in the economic circles at national, regional and worldwide levels.³ On the other hand, its participation in industry decreased, unemployment rates grew and the population in conditions of poverty increased, while certain indicators of a housing deficit grew worse, such as overcrowding.

According to official data in 1998, of the 12 million inhabitants in the Buenos Aires Metropolitan Area (BAMA) there were more than 3 million poor.⁴ Unemployment rates almost tripled in the last 10 years



Figure 4.1. City of Buenos Aires (Source: Strategic Plan www.buenosaires2010.org.ar).

- 3 Services (financial, commercial and community-social-personal) represented 73% of the Gross Geographic Product of the city in 1995. Between 1980 and 1995 financial services increased from 26,4% to 32% of their participation in the Gross Geographic Product.
- 4 The poor are considered to be those households (who live under the line of poverty) that cannot cover with their total incomes a set of basic goods (does not include recreation) essential for minimum expenses for two adults and two children, estimated by the Ministry of Economy at 490 dollars per month at the end of 1990. The numbers on evolution of poverty in the main cities of the country, show the following trends: in the first years of the 1990s, the control of inflation allowed to diminish 47,3% of the poor that were registered in 1989, when hyper inflation dramatically depreciated the incomes of a greater part of the population. Until 1993 there was a gradual decrease in poverty which again increased in later years. The present incidence of poverty (at the end of the 1990s) is greater than was registered in the 1970s and a large part of the 1980s (8, 9% of poor in 1980) and also in the middle 1990s. In October, 1993, poor people were 1.800.000 in the largest urban concentration of the country. Six years later (October, 1998), they were 3 million. Within the category of poor people the number of destitute (66%) also increased and went from 487.000 in 1993 to almost 810.000 in 1998. The destitute are considered to be those households that live with less than 280 dollars a month.

(from 3,6% in 1988 to 10, 3% in 1997).⁵ A remarkable advance was seen in the informal sector within the formal sector itself: precarious contracts multiplied (which were not endorsed by labor legislation) while the poor had to integrate into workfare type of programs (Plan Trabajar) without any social protection. Many informal jobs appeared (pizza delivery, dog walkers, messengers, restoration, etc.), articulated with the demand of the new urban elites linked to advanced sectors of the economy (maintenance services to enterprises). Precarious ways of life affected also young people in highly specialized tasks (architects, designers, journalists, technicians). There appeared also a regressive distribution of income: 30% of the poorest population received a lesser part of total income than a decade before, while the richest 10% received more.⁶

This social deterioration presented strong contrasts, since while in the city of Buenos Aires only 5,9% of the population were poor (some 180 thousand persons), in the metropolitan districts this population was six times higher: 32,4% (2,9 million people). However, although poverty was a minor fact in the capital city, the situation of the poor was made worse here, since in 1997 they received a lower percentage of total income than a decade before.

Jurisdiction	1988			1997		
	30% poorest	60% intermediate	10% richest	30% poorest	60% intermediate	10% richest
Buenos Aires Metropolitan Area	8.8	58.5	32.4	8.2	58.0	33.8
Buenos Aires city	5.5	50.0	44.3	3.9	47.4	48.7
Metropolitan districts (municipal)	11.1	64.8	24.3	11.4	65.9	22.7

Table 4.1. Percentage of household income (Source: Permanent Household Inquest (PHI) October, 1988, October, 1997)

The impact of these processes of economic restructuring started to be felt on the urban configuration.

Recent studies show that a significant portion of the benefits derived from reactivation was concentrated in the city of Buenos Aires and its metropolitan area. Investments have been made with areas of transportation and traffic (several kilometers of highways); new private urbanizations have appeared (some 4 million square meters newly built) where high income sectors of the city started to locate; new facilities sprang up linked to consumption, entertainment and show business (80% of the capital is foreign); new hotels at an international level have been constructed, as well as the existing ones expanded with a strong component of foreign capital (some 300 thousand square meters of intelligent buildings) (Ciccolella, 1997).

5 In a period of economic recovery, the increase of people without work cannot be explained only by the dismissal provoked by the privatization of enterprises and the closing of industries, but also by the entrance of new categories in the working market (young people and women) and by the fact that more than 20% of those demanding work, are workers looking for a second job, to compensate their diminished incomes in a context of high flexibilization and externalization of the tasks of services and production (Beccaria and Lopez, 1996).

6 This polarization and the precarious conditions amplified the crisis, since the inhibition of bank accounts, while drastically diminishing the circulation of money, directly affected the whole informal sector which lived by doing small tasks throughing them into destitution.

References

- New Equipment (Intelligent offices, supermarkets, International Hotels, Shopping Centers)
- Real Estate projects
- New industries

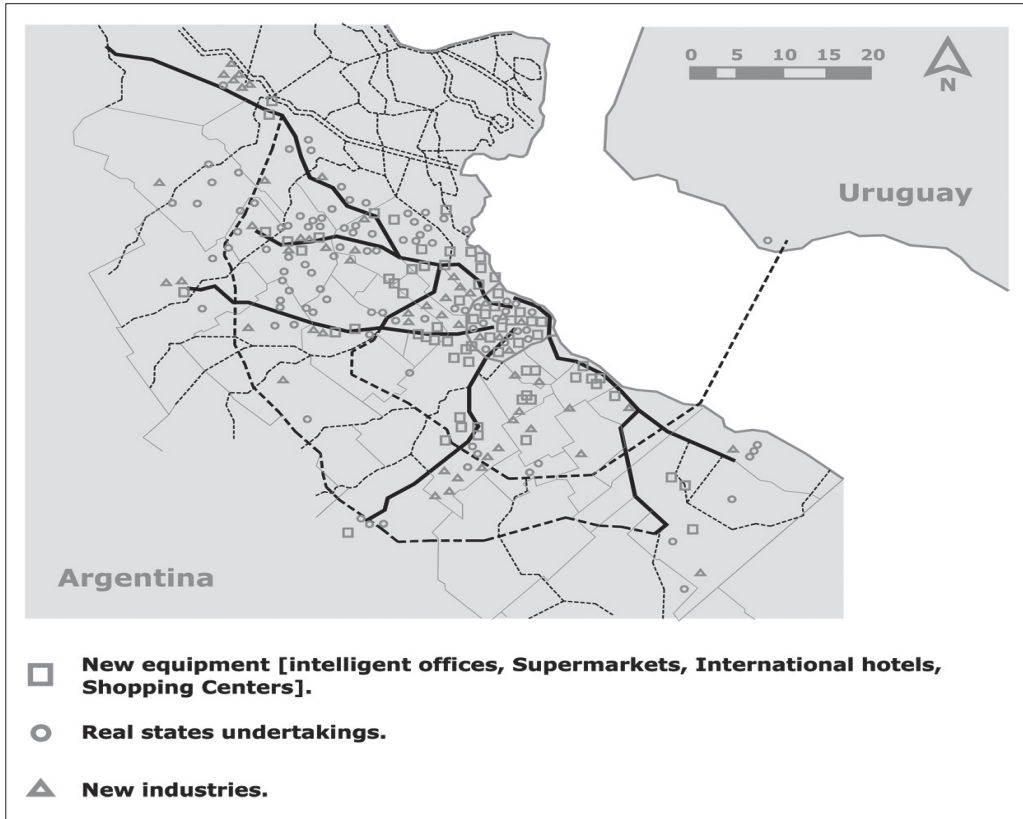


Figure 4.2. Important urban projects and investments in the Buenos Aires Metropolitan Area in the 1990s.

In the city of Buenos Aires alone, private investments in the infrastructure of privatized facilities and in household and commercial buildings, had surpassed five times public investments in urban works.⁷ The trends in real estate investment also exhibited a substantial increase with respect to values of the former decade. After a long stagnation period, the real estate sector became one of the boosters of the urban economy, stimulated by the creation of large shopping centers at the end of the 1980s.

In the beginning—these were concentrated in the Northern part of the city, but very soon these shopping malls were set up in the rest of the area. Their rapid expansion gave way to the idea of “new public spaces” of consumption related also to a request for better security (Prévot Schapira, 2002). A remarkable example of this transformation was the old fruit and vegetables market called El Abasto into an enormous mall. This affected a central deteriorated neighborhood and led to a notable and rapid process of urban renewal in the area.

⁷ Investment of private services of water and sewers, gas and telephones will reach 1.800 million dollars between 1998 and 2000



Figure 4.3. The Abasto Shopping mall

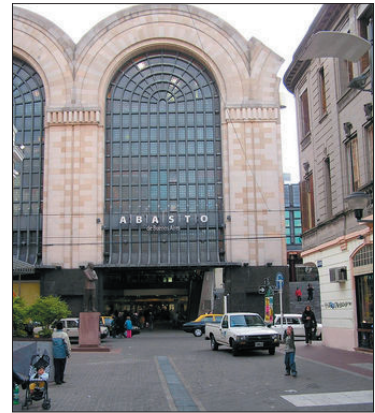


Figure 4.4. The Abasto shopping mall

Another of the remarkable changes was the emergence of large urban operations, furthered by the public sector, creating a high concentration of investment and producing important transformations in the image of the city and its functions. Since the territory of the city of Buenos Aires has a high land occupation and scarce vacant areas, the urban transformation was accomplished to a large degree with publicly owned lands which were liberated from their original uses. Some of these spaces were not used, due to obsolescence or because the state had abandoned the exercise of the functions which were developed there. The redirection of the docks of Puerto Madero is a paradigmatic example of this type of operation.



Figure 4.5. Puerto Madero

As a result of these operations which recuperated parts of the available space, there was a worsening of the already existent differences between the Northern zone and the South of the city.

Together with a sustained increase in value of certain districts, another increase was verified in the population living in “villas miseria” (or just villas). These irregular settlements, which had been practically displaced from the perimeters of the city in the 1970s, due to compulsory policies for eradication, implemented by the military government (1976-1983), were again occupied in a sustained way from the beginnings of 1980s, although there was little land left for expansion: 37.000 persons in 1980, some 55.000 to 1991, 70.000 in 1997 and 150.000 in the year 2001.

The population in tenement houses rose and in an explosive way the “taking over” of houses emerged, as well as occupation of empty buildings in the city. This was favored also by the crisis, by a greater tolerance of the democratic governments and the existence of an important housing asset which remained unoccupied due to the economic recession of the former decade. The population in “invaded houses” was estimated to be some 200.000 people at the beginnings of 1990. However, from the point of view of housing, the main problem of the city (at least in absolute numbers) was not the volume of population under conditions of critical housing poverty, but the new forms adopted by poverty. The so-called “new poor” or income poor represented two thirds of the poor in the whole city. Mainly, they were households which had reached at a certain time middle incomes and in the later years of the 1990s had suffered from unemployment and underemployment (i.e. people who work a few hours but would like to work more). (Plan Urbano Ambiental, 1997). Little is known about the way in which this social situation was expressed in the urban space. One indicator seems to be the slight increase of precarious housing in middle-class neighborhoods. The amount of homeless persons also rose. The Government of the city took over and tried to place them in boarding houses which generated a new category of poor: the “boarders” (“hotelados”).

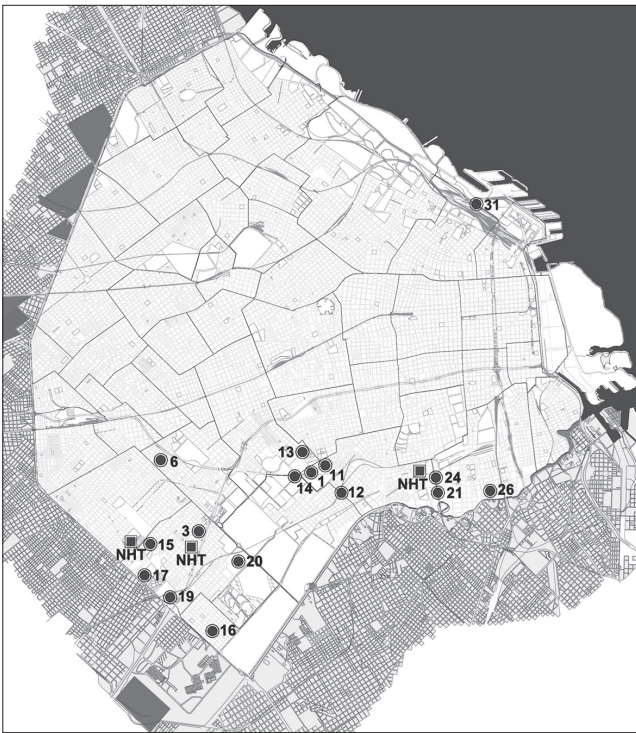


Figure 4.6. Existing villas in Buenos Aires city in 1991 (Source: www.ess.co.at)

4.2. Institutional structure and juridical reorganization

Until the Reform of the National Constitution in 1994 (which became effective in 1996), the city of Buenos Aires possessed a very particular juridical status. According to a national law, it was declared Capital of the Republic and seat of the Federal Government. The President of the Nation was the immediate and local chief of the Capital and exercised this faculty by means of a delegate: the Mayor. It is right to say that the city had no autonomy, could not have its own constitution, nor create its own agencies. It is a paradox, as commented by Pirez (1994) that the urban realm with greatest concentration of power and wealth had citizens practically restricted in their civil rights.

Thus, until 1996, the city of Buenos Aires was subject to national jurisdiction (ruled by Law 19.987) which established three instances of government:

- An Executive Department ruled by an official designated by the President of the Nation: the Mayor.
- A Legislative Agency integrated by 60 councilmen, elected in a direct way by the citizens: the Honorable Council (Honorable Concejo Deliberante, HCD).
- Fourteen Neighborhood Councils elected in a similar way as the councilmen.

With respect to urban policies, the function of the Executive Department were those defining planning strategies, to pass judgment over requests, and to approve the Decrees promulgated by the Ordinances sanctioned by the HCD. By means of their commissions, the Council could elaborate projects for urban policies. Furthermore, they had to discuss those projects presented by the Executive, by their own commissions, by the neighborhood councils or by private sectors. They had to deal with these Ordinances by approving or rejecting each project.

These three governmental agencies had a variable relative importance in urban policies. The executive and the legislative powers had more power than the neighborhood councils whose role was quite restricted (Clichevsky, 1996) The Mayor was a kind of minister of the national government and as such, had certain superiority over the legislative branch. The latter, however, preserved one key attribution with direct incidence on the management of all the public and private urban undertakings: the regulation of land use and construction.⁸

With the New National Constitution of 1994, the city acquired a new juridical status. It achieved an administration of autonomous government, with its own faculties for legislation and jurisdiction. The government was composed of:

- An Executive Department, which was lead by the Chief of Government of the City, elected by direct vote of the citizens, that allowed for a greater representation of its administration.
- A Legislative Power, maintaining their previous characteristics.
- Centers for Management and Participation (CMP) in place of the former neighborhood councils.

8 It should be noted that the Municipality of Buenos Aires had partial control over urban policies. It is in charge of: Street networks and signals; Regulation of land use and buildings; Public lighting and urban maintenance; Rules of traffic; Environmental control; Recollection of solid garbage; Maintenance of rain water drainage; Education; Health facilities and Housing. Another group of important items is under the competence of the National Government and the private enterprises, as for example: system of water and sewage networks, light and gas (became private under the control of National Government); Metropolitan transportation (under private control) and railways (partially under private control); Security and Justice.

They reestablished some of the attributions of the former (taxes, social services, etc.) and received by delegation of the central government, new functions, but without autonomous decisions. In the new CMP Consulting Councils started to work, with participation of NGOs.

The CMP are part of a process of decentralization which should progress towards the creation of communes, whose authorities ought to be elected by the neighbors. The Constitution of the city established a subdivision into Communes, and these have to be established by a Law from the Legislature around October 2001(although this date has not been confirmed).⁹

4.3. The political regime

During the period under study, two large stages can be distinguished with regard to the political regime of the city. The first extends until 1996 and corresponds to the administration of Peronist Mayors. The second begins in 1996 to the end of 2001 and corresponds to the chiefs of government of the Alliance, a political party composed by a conglomerate of fractions opposing Peronism.

In general terms, it can be said that during the first stage, national policies had a direct impact on the city, due to its particular juridical status, that was dependant on the Nation's Presidency. The city was subordinated to policies that were defined beyond its realm. Local society could not influence greatly these processes, since its representatives in the Council had no power to control the Municipal Executive (Pirez, 1994).

A program of privatization of public services was executed, which clearly reflected affinity between the national macro economic policies and the local ones. According to Pirez, the Municipality also relinquished control and regulation functions, which were entrusted to private consulting firms. Term limits to concessionaries also favored private activities. The quantity of actors engaged in different processes was considerably increased: not only public agencies at different government levels, but also a multiplicity of private enterprises. The city started to be considered, in great measure, as an object of economic valorization. A policy for strategic projects, with participation of the private sector, was enhanced. This was characteristic of the political regime for the whole decade exceeding the Peronist period.

Some notorious actions of social policy geared to the poor, were the removal of inhabitants of the Warnes building; the renewal of deteriorated housing in the quarter of La Boca and the policy towards villas with a Program of Villas' Relocation. We will later focus on this, because it had direct consequences on the Villa 31 in the Retiro area.

The second political stage, marked an important change, because for the first time in history, citizens elected directly their Head of Government, while the Constitution of the city was sanctioned (October, 1996). The first elected Head of government belonged to the party opposing the National Government, a fact that implied a separation from certain measures established by the national authorities. However, in other aspects, the structural reforms, previously executed, left a rigid framework for officials to act in the city.

⁹ Various organizations of the civil society have reported this situation by calling it "unconstitutional" and claiming their participation.

National Authorities			Municipal authorities		
President	Period	Political party	Mayor/ Chief of the city	Period	Political party
C. Menem	1989-1995	Peronist	C. Grosso	1982-1992	Peronist
			S. Bouer	1992-1994	Peronist
C. Menem	1995-1999	Peronist	J.Dominguez	1994-1996	Peronist
			F. de la Rúa	1996-1999	Alliance
F. De la Rúa	1999-2001	Alliance	A. Ibarra	1999-2001	Alliance

Table 4.2. National and municipal authorities 1989-2001

4.4. Urban policies: general trends

During the whole decade of the 1990s, urban policies showed certain trends that were maintained beyond the particular features of each political administration. Four important trends should be pointed out: a) the disappearance of traditional urban policies of the welfare state (production and management of infrastructure and social services in the city); b) the strengthening of actions destined to stimulate and favor private investment; c) the crisis of indicative urban planning; d) the design and partial use of new instruments of intervention; and e) the execution of some social programs in order to moderate housing poverty and favor social cohesion.

a) The fracturing of traditional urban policies of the welfare state

This trend was made clear in a substantial reduction of public investment in urban facilities and housing. Investment in the public sector with regard to urban infrastructure was reduced by 100% during the 1990s.¹⁰ Amortization of the public debt contributed to reduce investments. In a parallel way, annual percentages which the National State hands out to the city by means of the National Housing Fund (FONAVI) and its implementing agency (the Municipal Council of Housing, MCH) were also reduced. From a historical average close to 4,5% of FONAVI's total, starting in 1989; it was reduced to 1.3%. This was also translated into a reduction of dwellings built per year, from 500 to less than 400 units¹¹ (Government of the City of Buenos Aires, 1998).

10 Main income for the Government of the city proceeds from a 50% taxes on the entire city's production (taxes on gross income) and 30% from collecting payment on street lighting and cleaning services. Funds derived by the National Government are not significant (154 million US dollars per year).

11 The National Housing Fund (FONAVI) was created by a law in 1972 to attend the needs for housing of certain sectors of the population whose incomes were insufficient to pay the cost and financing of cheap housing. In 1995 a institutional reform was made so that FONAVI was kept under the control of the Federal Housing System, which is still in force. The new regulations establish that resources for FONAVI will be integrated by a percentage of the taxes collected on fuel, with an obligation of minimum 900 million dollars per year, distributed among the provinces and the city of Buenos Aires. It is also stipulated that when income is lower than this amount, the National Treasury will have to make the necessary advance payments, to maintain this level of financing. Fluctuations in the levels of collection and budget adjustments which the National Government had to make for keeping macro economic balance, has prevented to keeping to the fixed amounts provided by law for FONAVI, thus generating permanent discussions between the Nation and the provinces.

b) Strengthening of action destined to stimulate and favor private investment

This policy found its main expression in the plan for privatization of public services, in the concession of fiscal lands and the furtherance of urban renewal operations at a grand scale, by means of forms of public-private cooperation.

Apart from the privatization of public services enterprises, whose regulation and control was in the hands of the National State (except for the water and sanitation services), the management of urban collective equipment was also given into private hands by means of a Plan for privatization and concessions launched in 1989. With this plan, the Municipality of Buenos Aires proposed to solve the limitations of the municipal budget, collecting almost 500 million dollars of investment in infrastructure and services from the private enterprises that were favored over a ten year period. Everything was put to concession: the maintenance of parks and plazas, streets and sidewalks, technical control of vehicles and parking control, among other urban sectors. Since it started it has been criticized for various reasons: for the high cost it represents for the city's government; for the rather dubious efficiency in the system for controlling the management by the concession, also in private hands; because the enterprises only operate in highly rentable zones while neglecting the rest; because, although these enterprises have improved certain organizational and financial aspects, they have not fulfilled their obligation of incorporating technological innovations. What is most important, is that the public sector did not fulfill either the announcements of applying these collected funds to other areas with shortages and whose management did not render them attractive for private capital (Finquelievich, 1995).

There was a sustained process of selling and giving into concession lands that pertained to the public sector. The most notable example was the gradual disappearance of the Northern Coastal Way which became concession areas for the Rio de la Plata for private exploitation (Kullo, 1998). The extent of these concessions of public lands into private hands has been strongly criticized, especially in certain cases where the results were scandalous. Also, the announcement that the Botanical Gardens were given into concession, provoked such a reaction of neighbors that the project had to be suspended. These concessions were revised during the administration of the political representatives of the Alliance and, in some cases, people who had benefited, were punished.

A whole set of programs and projects were elaborated and put into action, expressing the goals of competition, a real symbol of the decade. It is worthwhile to point out that there are the large scale urban renewal operations, considered as a paradigm of urban policies and directed to enhance private investment. Within this category a series of projects were included, some of which are already partially executed, while others were only proposals from different urban actors, be they politicians, entrepreneurs, professionals, or a mixture of all these. For example, the construction of an island in the Rio de La Plata in order to locate the present Airport; and the Bridge from Buenos Aires to Colonia (Uruguay).

c) The crisis of normative planning

The crisis of normative planning was expressed in the coexistence of a "formal and another real urban planning." According to a study on the subject, "formal" urban planning was set down in an Urban Planning Code, while the "real" urban planning included all the flexibilities and a great deal of exceptions to this instrument. Actually, what really was planned, was a set of particular rules (for the owners of properties of more than 2500 square meters) adapted to the specific interest of certain

economic groups (Clichevsky, 1996).

According to this study, the changes in land use and built-up areas, allowed by the Urban Planning Code, as well as other modifications and exceptions already mentioned “have served to allow for large investments, with the appearance of groups of builders who started to act as figures for development, so that foreign capitals dedicated to construction were arriving in Buenos Aires. In this way, the policies have achieved their goal of reactivation of the construction sector and as developers of the private sector” (Ibid: 136).

d) Design and partial use of the new instruments of intervention

The new Constitution of the autonomous city of Buenos Aires (approved on October 1st, 1996), assigned the city administration with the responsibility of developing a policy of urban planning and management of the urban environment, integrated by policies of economic, social and cultural development, which should contemplate its insertion in the metropolitan area. It also had the responsibility to implement a process of participatory territorial and environmental arrangements.

New instruments for planning and management were outlined. A Strategic Council was created for establishing the first sketches of a Strategic Plan. Its objective was to discuss and fix strategies for Buenos Aires, as part of a global city which would, at the same time, be an instrument for participatory public policies.

Furthermore, the Urban and Environmental Plan (UEP)¹² was elaborated. Political concern dealing with the editing of the Strategic Plan, as well as with the Urban Environmental Plan, marked the main goal: Buenos Aires as a competitive city at the global level particularly for MERCOSUR and Buenos Aires as a sustainable city. This appeared in three central strategies: i) the need to attract new dynamic elements for the city, allowing for competitive possibilities in the international context and in particular, for the MERCOSUR; ii) the need to overcome problems of inequality and iii) the need to build a political framework of legitimacy and participation starting with the decentralization process.

The UEP is the tool which fixes the doctrines principles of urban policy. Its elaboration was finished at the end of 2001 although it was not read by the Legislative Chamber until 2004. The Plan establishes lines for a structure of the territory and proposes a model of urban management. The Urban and Environmental Plan encompasses new lines of intervention on the territory:

- Transformation of the urban structure into a polycentric model in a simultaneous way with the renewal of the central urban and environmental area.
- A new version of the relationship between the city and the coastal fringe of the Rio de la Plata with potential new public recreational areas.
- Renewal of the southern area of the city.

12 The new Constitution entrusted the Legislative Power to elaborate an Environmental Urban Plan for the City. The Law 76/77 created a commission in charge of formulating this Plan, with the participation of associations from the community. The elaboration of UEP was finished at the end of 2001, but at that time it had not been submitted for first reading to the Legislature.

- Progressive recuperation, extension and improvement of open spaces, of public space and of areas with environmental quality that belong to the city.
- Improvement of efficiency in cargo and passenger transportation systems.
- Generation of conditions for the modernization and diversification of the local economic networks.
- Improvement of habitat conditions for low income sectors.
- Improvement of environmental quality taking into account three basic items: Regulation of pollution activities; Preservation of existing environmental quality; Education and public awareness.
- Creation of new tools for urban management in the inter-jurisdictional realm and at the local level.

With respect to citizen participation, the new Constitution created tools such as Public Hearings, Popular Consultations, Popular Initiatives, Referendums and Revocation of mandates. These tools have been regulated by public hearings and were implemented in different situations, although not in a generalized way. The Constitution also established – inspired by the Brazilian model – that the city's budget would be participative, which means that its elaboration would be subject to the participation of the city's inhabitants. Moreover, A Participatory Budget Plan was developed (in agreement with article 52 of the City's Constitution).

e) Formulation of some programs dedicated to lessen housing poverty and favor social cohesion

Among these programs, the following are included:

- Programs geared to a regularization of the ownership situation in illegal settlements. (The Program for settlement and integration of villas and poor neighborhoods of the city and the Arraigo program will be analyzed later);
- The creation of housing credits in order to attend to situations in which people had been evicted in La Boca and other neighborhoods of the city.
- A proposal for revitalization of the southern part of the city.
- Programs of support for movements of occupiers and lodgers (MOI).
- Programs of improvement and renewal of housing units built with State money that have suffered deterioration processes.

4.5. Policies towards Villa 31

It is important to delve into the analysis of policies towards “villas miseria”, because it is here where the causes of conflict between the inhabitants of Villa 31 and the executives of the Retiro Project, were to be found.

Historically, the policies towards villas miseria had been faced by national and city agencies, which were not always in harmony. Orientations varied from an assistance approach (provision of material elements) to the action of kicking them out of the city (in a persuasive or repressive way) and even with proposals for improvements on the same site. Villa 31 always received preferential attention due to its high visibility in the city's territory, the long lasting occupancy and the activism of its organization together with a large quantity of supporting organizations which backed the settlement.

Starting in the 1990s, different proposals were discussed during the administrations of Mayors Grosso, Bouer, Dominguez, De la Rúa and Ibarra. They reflected a complex net of negotiations and conflicts between the villas organizations and the city's authorities.

4.5.1. The Peronist city administration (1989-1996)

During the administration of the Peronist Mayors, the legal and political bases were established, which promised to give the land to the people who occupied the villas of the city and to transform these irregular settlements into neighborhoods of the city while helping their inhabitants to become real citizens. The policy aimed to eradicate villas was also supported by the National Government of President Menem, who had come to power with a large percentage of votes from those historically considered militants, i.e. from the working and popular classes. Later on, the national and also the local policy showed a strong change of direction towards the demand of the private entrepreneurial sectors.

As soon as Mayor Grosso (1989-1992) came to power, he signed a Document of Agreement with the Villas' Movement. The objective of this agreement was to reaffirm the will of both parts to implement a policy for regulation of ownership and urbanization of the all the villas of the city through an arrangement between the Municipality and the villas' dwellers. This Agreement fixed a period of 180 days to elaborate an overall urbanization plan and to start steps for the land acquisition. It was decided to apply a Program of Settlement of Villas which included mechanisms of agreements for the organization of the villas (la Mesa de Concertación) and an increased budget. The program implied a normalization of the illegal situation of landed property through selling these lands to their inhabitants, the provision of basic infrastructure and the construction of new housing. The idea behind this proposal was that with the physical integration of villas, that is by transforming them into neighborhoods, the social integration of its inhabitants would follow in a parallel way, and exclusion barriers would be eliminated.

This policy was also backed by the National Government by means of a key Decree (Decree 1001 of 1990 and following ones) in which the National Executive Power (PEN) would authorize the owners of certain properties to declare them unnecessary for their management and thus to sell them "to their present occupants or to legally constituted associations that represent them in their totality." This decree was signed by President Carlos Menem in the White Room of the Government House in the presence of the whole administration, the Municipal Executive and hundreds of delegates from the villas.¹³ Later on, disposition 312 of the General Administration of Ports declared the land in which the Villa 31 was located to be unnecessary for port development. At that time (1989), there existed already a perfect definition of the lands which would be occupied by the future 9 de Julio Highway. Thus, the land uses for both were guaranteed (Frente Grande, 1994).

On the other hand, the municipality, defined the scope and basic characteristics of the regularization and urbanization of villas, by means of a corresponding ordinance approved by the Municipal Council (Ordinance 44.873/91). Furthermore, it entrusted various municipal agencies to start certain tasks related to settlements. It assigned the Municipal Housing Commission (MHC) with the realization of

13 In 1991, the National State, by means of National Law 23.967 (approved by the National Congress on August 14, 1991) transferred the lands that were property of the federal provinces and the Municipality of Buenos Aires to be sold to their occupants or else to be incorporated to housing plans.

urbanization and subdivision projects, a proposal of selling lands, provisions for a definitive census of population in the villas and the relocation of people located on the layout of future streets. With the firm Techint a project was outlined which secured the construction of 1500 dwellings, infrastructure and social facilities.¹⁴

At the same time the National Program Arraigo (in charge of the regularization of land in all the settlements located on public land owned by the National State) was already operating in the villas with two manners of regularization: the individual (by families) and the associative one (by organizations).

In 1991 the Program of Settlements of Villas and Poor Neighborhoods was instituted in the Federal Capital. The Agreement Board was constituted. A short time afterwards, Mayor Grosso had to resign and a new stage of restructuring of the municipality was initiated, so that the development of all previous adopted policies were practically paralyzed. The political crisis reflected the seriousness of the municipality's economic situation. One indicator of this was the transient interruption of payment for providers and contractors, as well as the freezing of funds for all types of programs, included that of Resettlement (Cravino, 1998).

During the administration of Mayor Bouer (1992-94) the program of Settlements of Villas was paralyzed. Only a few works of maintenance were saved. With the passing of time, while they did not received any response from the state about the planned projects, Villa 31 continued to grow. Its population went from 1500 to 2100 families at the end of 1993 surpassing the number of families in the census and the planned housing.

In Villa 31, the PEN furthered the Retiro Project. In a parallel way, the project raised two other major questions. On the one hand, the proposed construction of a highway under concession with the firm Covimet SA in turn implied the eradication of Villa 31. On the other hand, the Arraigo Program posed a series of alternatives which revolved around the eradication of dwellings located on the layout of the highways and not of the whole villa. Arraigo proposed a "reintegration" of housing eradicated in other neighborhoods of the city (Colegiales, Mataderos, Barracas) in a series of small scale housing complexes. This alternative was strongly rejected by some of the inhabitants of those neighborhoods.

During the administration of Mayor Dominguez (1994-1996) all activities were practically stopped, except for certain maintenance services of housing located on the layout of the highway.

4.5.2. The Administration of the Alliance (1996-2001)

De la Rúa (1996-1999)-was the first Head of Government elected by the direct vote of citizens of the city of Buenos Aires. The new Constitution of the Autonomous City stated in article 31 that it would further the renewal of precarious housing and the regularization of the property domain with criteria for definitive settlements. The Urban Environmental Plan also included these criteria as a proposal for residential configuration.

De la Rúa's administration continued with some isolated interventions in the villas 31 and 31 bis, which were carried out by the Agency of Urban Social Promotion of the National Housing Commission.

14 The Urban Planning Code defines the area assigned to inhabitants of the Villa 31, as well as the plotting of the future 9 de Julio Highway. District U31; Plan 546.32 h.

4.6. A policy of urban projects

After 20 years of misadministration of the city (deteriorated urban services, depreciation of real estate assets, obsolete infrastructure) during the whole period under study, Mayors accomplished a policy of large urban operations in which they pretended to save the city from decadence and attract new investments. This scheme was influenced by the Barcelona model and ideas about the attractive global city in political and academic realms.

4.6.1. The Puerto Madero Project

The Puerto Madero operation reflected the climate at the beginning of the 1990s. These were 170 Hectares in the heart of the city of Buenos Aires, where the total amount of investments was expected at more or less 1.1 billions dollars. The Eastern part, that is, an area of dikes closer to the river, started full transformation in 1998 with the construction of housing units, hotels, convention centers and other buildings. Towards 2001, important private works were still being done (offices, commercial and residential) particularly on the 100 Hectares located between the dikes and the Ecological Reservation. The end of the original project was contemplated for the year 2005.

The controversial project was criticized as well as glorified. According to Prevot-Schapira, the renewal of the Puerto Madero docks was presented as a creative operation of centrality in abandoned spaces which allowed a projection of the city towards the global world. The logic of this operation was to cover the costs of arrangement of the site and of its infrastructure with the income from selling public lands to developers who would use them to provide luxury housing and offices. Puerto Madero represented for many, the end of the decadence and the integration of the city to global space. This operation provided a fierce condemnation of regulatory urbanism and a vindication territorial marketing demands and for promoters. Rehabilitation of the docks also activated the construction of "intelligent" buildings in the area close to Catalinas Norte that had been conceived as the new CBD (Prevot-Schapira, 2002).

A study undertaken by Ruiz de Gopegui (1996) remarked more than anything else on the new aspects of Puerto Madero as an "urban event". For him, Puerto Madero condensed a set of new elements:

- It represented a new culture of urbanism according to which, the project is no longer the product of one designer, who responds to a client (the state), but results in a complex struggle of forces among various intervening actors. These actors act according to their own logic, which is sometimes uneven and also contradictory.
- It had a set of different meanings. For some actors, the "direct actors" (who had direct influence on its execution) the project was synonymous to economic reactivation, to a dynamic management. For others, the "indirect actors" (putting pressure on the former), it represented a new real estate operation, an attack on green spaces and an illegitimate model of management.
- Its implementation was based on an association of public and private agents, who were looking for a maximal rent ability: its design was made in such a way that the size of lots did not respond to any particular morphology, but only the economic capacity of possible investors.
- It formed part of an urban policy which was directed towards the development of highly profitable economic enterprises, within the framework of a policy of privatization of public services and restructuring of the state.
- The success of the Puerto Madero administration (it achieved its goal in spite of antagonistic forces) was due to a skilful management of the various forces involved. This was expressed in

clarity, security and firmness, unity of thought of the executive actors and capacity to associate all opponents when necessary. This was added to a segmented opposition that was not capable of unifying criteria and thus, had no way to oppose the official logic.

One of the most severe critics of Puerto Madero was made by Pancho Liernur (1994). In his "Considerations on the Contest over Puerto Madero," Liernur questions the intention of building a city by fragments, without previously defining or renewing general lines of a global plan for the city. He writes: "it is not reasonable to imagine the goal of its central area, without any certainty about what will happen to the general network of railways, or subways, or with other areas such as the airport or the land occupied by Campo de Mayo. It is our impression that a city by fragments is not the result of political ideals, come into practice technically, but the expression of a strong voracity for the present, which forces us to disregard time, institutions or beliefs that are common property..." (Liernur, 1994:80).

For Garay (who was one of the main promoters, who occupied a position in the Secretary of Urban Planning of the City of Buenos Aires) the main achievement and innovation of Puerto Madero belongs to its mechanisms of administration. It differed from other urbanization cases on the waterfront (Barcelona, Baltimore or Boston), in which the project was developed in the middle of strong differences between the port administration and the city. Puerto Madero found appropriate institutional ways to avoid these conflicts. In the same way as with the main waterfront projects in the world, Puerto Madero belonged to port authorities (the General Administration of Ports). But, it differed from other projects which had been developed without consulting the city's authorities, in open violation of its codes and institutions. The Corporation of Puerto Madero incorporated the city as a partner, allotting to it half of the share-list and recognizing the value which was added to the land by the capacity to further its urbanization. According to Garay, "To outline an institutional scheme which incorporated the territory of Puerto Madero to the jurisdiction of the City of Buenos Aires, and recognizing a 50% partnership of the society to its assets, was a strategic decision that had to be handled very carefully."

4.6.2. Other projects for Buenos Aires

An incomplete survey of urban projects under study or under implementation in the city towards 2001 permits us to see a large quantity of initiatives and the boom in urbanistic ideas for territorial promotion.

- Renewal of the Industrial Area and the land belonging to the Cattle Market (Mataderos)

Taking as an example other policies that had been successful in other contexts – such as the case of La Villete and the Parc Citroën in Paris and the Bicocca in Milan- an auction of ideas was called to undertake the development of a zone that is actually occupied by the Cattle Market, which includes the creation of a recreational realm, spaces for the "Market" at all stages from spontaneous barter to the Large Exchange Center for MERCOSUR, where private and public actions concentrated.

The principles of the proposal holds that: the multiplicity of functions which are present in this area, the excellent conditions of accessibility, the supply of vacant lots apart from those which will be generated once the Cattle Market is moved, constitute an urbanistic opportunity to orient a process of urban renewal and regeneration. New uses for the land, the incorporation of new productive activities and services, and the enhancement of public spaces are some of the actions which will permit all this.

This proposal includes:

- a) An artisans Plaza: civic axis from the Plaza del Resero with historical buildings to the future cultural institutional building. This is not conditional on the removal of the Market.
- b) A Fair Grounds for MERCOSUR: taking advantage of the existing concrete structure. A central aisle of 9000 m2 and parking for 400 cars. A sequence of open and roofed spaces for eating places. A flexible space (could be for stands, closed premises for a Sales Market or large spaces for exhibition of machinery and large sized elements).
- c) A Park of the Provinces: Thematic Park which remits to tradition, production and culture in the interior of the country. Existing buildings to be recycled.
- d) Real estate enterprises: land to be developed by private investment (offices, hotels, malls, educational centers) 19.000 m2 of land to be renewed for future construction.
- e) Parque Alberdi: the existing structure will be used and improved.

- Residential Development of District U7-(Mataderos)

In its Action Program the Corporation of South Buenos Aires has characterized the geographic area called Parque Almirante Brown as an area of incomplete urbanization, which contains a major part of vacant lands that are property of the Government of the City of Buenos Aires (in particular, the zone which surrounds the Golf course of Jose Jurado) with infrastructure of services and facilities, but without any real occupancy.

The Corporation proposes a revaluation of existing investments (infrastructure, streets, and large recreational equipment) by coordinating state action with private initiative. Thus they want to promote public and private investments on urban fragments which, due to their characteristics (property situation, physical support, insertion in the urban tissue) are at once feasible for a development at short or medium range and potential platforms for revaluation processes in the area.

The Urbanization District determined as U7, comprises approximately 100 Hectares, of which 30 Hectares are private property of the Government of the City of Buenos Aires

The potentialities of development in this sector include: vicinity to the Golf Course; the proximity to a system of green spaces destined for recreational uses and sports; excellent conditions of accessibility with fast lines connecting the central area to the rest of the city as well as the elevated train which permits access to the subway network.

- Program of Comprehensive development of District U17 and the area of Clubs – (Mataderos)

This program tries to solve the lack of functionalities in the area, to reverse the degree of sub utilization and to recover its dynamics of urban development. For this, a general strategy of joint development has been elaborated with the following components: regularization of domains, normalization of property situation and occupation of buildings by enhancing new functions and rearrangements in land uses. These include -the incorporation of mixed uses, higher density in residential areas and expansion of areas destined for industrial uses, urbanization, expansion of streets and infrastructure of services, and revitalization and promotion of productive and housing projects, commerce and services on the lots that are private dominium of the Government of the City of Buenos Aires (GCBA).

Its objectives are:

- a) comprehensive development, that is sustainable in terms of economy, environment, social equity, and based on consensus with the actors involved in the process of transformation of this area,

- b) revaluation of real estate assets of the GCBA in the area where the urbanistic capacity of buildings can be advantageous,
- c) better use of urban capacity of the buildings involved, generating at the same time, improvements for the environment and for the south of the city in general.

This includes a stock of 36 buildings owned by the GCBA with a surface area of 97,55 Hectares and a value of \$52.872.500, as indicative value of transference, by the General Notary of the City of Buenos Aires in December, 2001. They also own basic urban infrastructure, with different building capacities and strategic locations for their accessibility and their articulation with the cargo network.

- Tourism, Tango Museum and the Center for Popular Dances (Nueva Pompeya)

This project promotes the revaluation of the Puente Alsina area in the neighborhood of Nueva Pompeya with the creation of a Tango Museum and a Dance Center in a building that pertains to the GCBA. It is located on the corner of Avenues Saenz and Amancio Alcorta. The project recovers the historical memory of the area and takes advantage of the boom consisting of the cultural manifestation of tango, as part of the cultural policies and tourism promotion of the City of Buenos Aires.

This is the historical industrial area of the city, unfortunately in a situation of functional obsolescence and inactivity, with a strong segregation of certain uses, due to the presence of industrial districts and deterioration caused by the impact of trucks and other vehicles unregulated. The site is a strategic place of the city due to its connections, which will soon be completed with the subway's H line and the subsequent valorization in its real estate environment.

The objectives of the project are to promote territorial development in a forgotten area in the south of the city, which presents potential attraction for investments destined to cultural and tourism enterprises linked to the subject of Tango. Furthermore, it would be interesting to take advantage of the building and cultural assets, generating a new place for social meetings.

- Areas of Opportunity Project in districts I and E2

Work on lots which are subject to the procedure of Urban Agreement as conceived by the Urban Planning Code are a priority with the purpose of achieving greater value and optimization of uses. The last reform of the Code, accomplished in the year 2000, tried to promote the development of the southern area of the City of Buenos Aires, which was defined as N° 1 Priority Area of Development and established specific mechanisms and incentives. In particular, it increased the FOT by 25% in those buildings destined for residential use.

On the other hand, Urban Agreements are considered an essential tool incorporated in the Code for the promotion of urban investments. This is a possibility for celebrating agreements between organizations of the City's administration among themselves or with other governmental agencies or private persons, with the aim for urban renewal, opening up a greater amount of possibilities. With this mechanism, in lots of more than 2.500 square meters, located in districts I and E2 (industrial), the uses of district E3 (mixed) are admitted, with the possibility of increasing the FOT between 0,5% and 1,5% according to the size of the plot.

In this sense, **areas of opportunity** are considered those which are found in the Area of Priority Development and in zoning districts I and E2 and which also have those characteristics which define them as areas of interest for the realization of real estate enterprises and/or the location of facilities or

consolidation of industrial districts which may provide development to the sector.

- Coastal Management Program

The aim is the recuperation for public use of the coastal strip on the Rio de la Plata. It is to be developed with IDB credits. Different projects are underway: New Recreational Area ex Coconor (7 Hs); Ugarteche Park around Punta Carrasco (5 Hs) ; the whole area of Parque Ciudad Universitaria; Parque Mirador and Monumento a los Caídos; and the New Recreational Area on Costanera Sur (7 Hs) Sidewalk on Costanera Norte.

- Green Western Corridor

The Western Corridor was announced as a gigantic project consisting in the development of a large green space of 11 kilometers between Once and Liniers. The project's objective, outlined by a team from the School of Architecture of the University of Buenos Aires is: to locate the railways underground and to create the Green Western Corridor, a recreational area of 11 kilometers between Once and Liniers. The money is to be obtained with credit, already pre-assigned by the IDB, if and when Argentina keeps its international financial commitments. Work consists in putting a roof on the trenches where the Sarmiento railway runs, a little after leaving station Once, between Sanchez de Bustamante and Gascon. This slab will be made with concrete beams of 25 tons each, placed on thick walls along the railways. Since the trains will continue to operate, work will be accomplished at night. Once the slab is finished, they will build on top of it a large elongated plaza 800 meters in length and between 25 and 30 meters wide. On top of the railways, invisible from the surface, stretches of grass, as well as small trees and bushes will be planted. There will be seats and adequate illumination.

- Project for the renewal of the Mercado de Las Pulgas (Colegiales)

This project consists in the recuperation of the Mercado de las Pulgas and the construction of a complex of cinemas, a cultural center and a museum dedicated to show business, as well as a lineal park of 400 meters. The project, which intends to recuperate a deteriorated sector of eight blocks in the neighborhood of Colegiales is the result of a competition of ideas, furthered by the Central Society of Architects. This enterprise will be accomplished by means of a public auction: investors will be in charge of building and operating offices, commercial stores and cinemas on land that is State Property of Buenos Aires; they will also have to improve public spaces. Details of the project includes:

- a) Mercado de las Pulgas: refurbishing of the metal building;
- b) Cultural Center: with space for an auditorium, art school and library;
- c) Covered plaza: integrated in to the Cultural Center and the Mercado de las Pulgas.
- d) Multiple cinemas: six or eight halls with a maximum height of 20 meters;
- f) Plaza Mafalda: equipment will be added and a green auditorium with a summerhouse;
- g) Linear Park: 400 meters along Concepcion Arenal Street;
- h) Cinema and TV museum: on one of the external walls there will be a very large screen for outdoor films;
- i) Azul TV Building: no changes;
- j) A complex of offices: with a ground floor and a maximum of five floors; and
- k) Building for condominiums: the land is nowadays vacant.

- Projects for Casa Amarilla (La Boca)

A group of neighbors from La Boca have elaborated a project for winning green spaces in the area where Casa Amarilla is located and to build a thematic park of endemic species. This proposal was presented to the Legislature of Buenos Aires and received a recommendation to be addressed as soon as possible. There is also a parallel project, similarly elaborated by the neighbors, proposing a different land use for these plots. This second proposal envisages the creation of a high school, a parking lot, and the opening of the streets, division into blocks and creation of a tourist train with a surrounding environment of the traditional themes of the site.

- Konex Foundation Project – A Cultural City in the Abasto

The Konex Foundation has prompted an important open competition of architecture, at national and international levels, organized by the Center of Architects, for the construction of a cultural city in the neighborhood of Abasto. The building in question is an old oil factory of 7000 square meters, which has to be redone. A theatre is envisaged as large as the Colon Theater, with other special rooms for shows, for studying, a library, a restaurant and an open and public space. On Jaures Street another building of 11.000 square meters will be recycled. This will be converted into a condominium tower, a cultural center and an apart hotel which, together with the show rooms and museums of the former factory, shall become a real fortress of culture. Argentine architects and others from the greater Mercosur will be invited to participate. Three to five projects will be selected and will compete in a second round.

The cultural city will encompass 25.000 square meters. It is destined to produce and host shows, plastic arts, tango and conferences. There will also be a convention center with an auditorium for 250 people and an exhibition center for avant garde multimedia shows, with two museums and a library, among other areas. It will also have a permanent hall for the Konex painting collection, two art galleries and a thematic restaurant dedicated to tango. In the internal patio, of generous dimensions, there will be a "large art plaza" dedicated to recitals and open air concerts. In the first part of 2004, the Convention center was to be inaugurated, together with the hotel sector. One year later, it is foreseen that the Exhibition Center will be opened, and in 2006, the Show Center.

- Metropolitan Design Center (Barracas)

The building of the Metropolitan Design Center will be started on the premises of the old Fish Market in Barracas. The hope is to allow in the short term a lot of new design enterprises.

5. Retiro Project

5.1. General characteristics of the project and of the area

The Retiro Project was the largest urban rehabilitation enterprise planned for the city of Buenos Aires in the 1990s. It is located in a sector of the city which is generally called the Retiro area but its borders are not very precise.

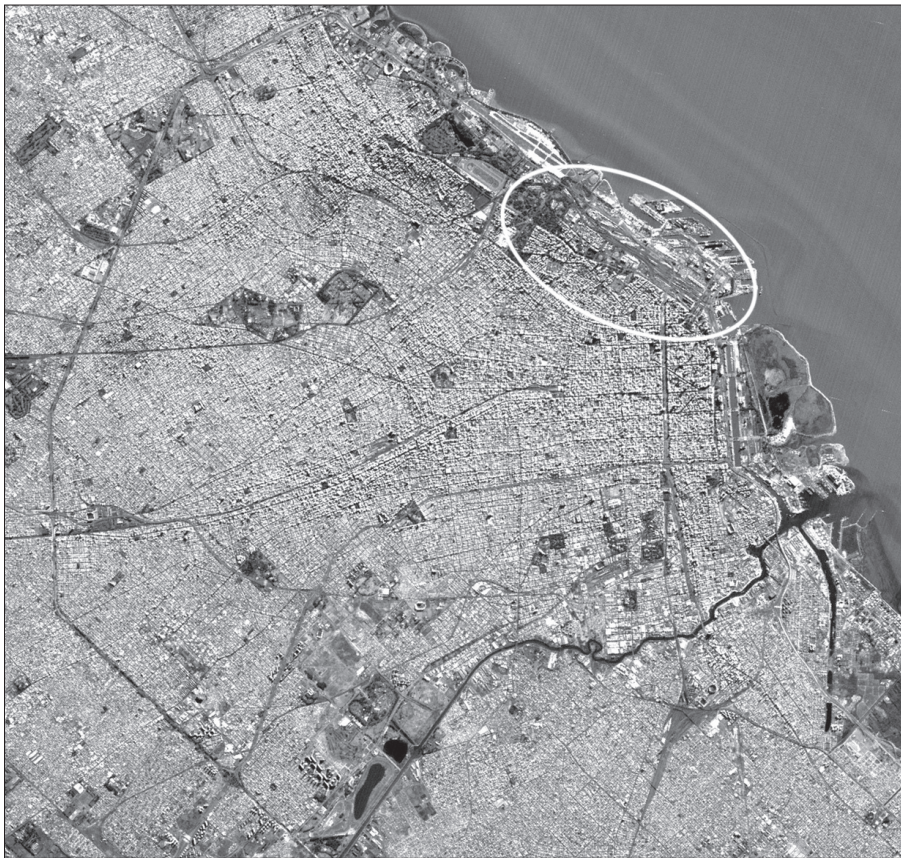


Figure 5.1. General view of the Retiro area from the air

The strategic area of Retiro Project (RP) includes a contrasting confluence of regions. It encompasses the most important transportation node of the country (railways, port and buses), a prolongation of the central administrative district, a residential zone of high real estate value on Libertador Avenue and Salguero Street, a set of parks and public plazas, as well as a site of poverty in the Villa 31 area, the oldest in the city.

This huge enterprise, proposes to give a new structure to the terminal stations of railway transportation (Railways Mitre, Belgrano and San Martin), allowing for the liberation of some 130 hectares of land which will be destined to new uses: a modern center for public transportation, commercial buildings and high standard residential areas, convention and cultural centers, place for international hotels and vast green spaces. The Retiro Project intends to provide a new front for the city of Buenos Aires which in this way, wants to position itself in a competitive way in the regional and international spaces.



Figure 5.2. The Retiro area and its surroundings (Source: Diario La Nacion).



Figure 5.3. The Retiro area and the train station viewed from the Sheraton Hotel.



Figure 5.4. Villa 31



Figure 5.5. Aerial view of railway line, train station and a sector of Villa 31.



Figure 5.6. Villa 31



Figure 5.7. Villa 31 aerial view



Figure 5.8. Villa 31



Figure 5.9. Villa 31



Figure 5.10. Villa 31

5.2. Stages in the project's production process and key questions which define each stage

During the period under study, we were able to outline the following four stages in the production process of the RP:

- a) Preliminary study for the development of the Retiro area: a secret initiative of the National Executive Power PEN (1991)
- b) First Retiro Project: official proposal coming from the National Executive Power PEN (1992-1995)
- c) Second Retiro Project: the winning proposal from a National Auction of Ideas (1996-1999)
- d) Third Retiro-Port Project

At each stage there is a certain group of stakeholders, of matched interests, displayed actions and ways of solving conflicts.

In all these years, there have been varying areas of conflicts regarding:

- the amount of land to be liberated from railway use be destined for new private uses by means of real estate exploitation and urban and architectural redevelopment;
- the technical solution of transportation: whether to relocate or not the railway stations and the fate of their buildings;
- the eradication or settlement of a villa located in the area (Villa 31); possible inclusion of a component of social housing in the project;
- the degree of participation allowed to local professionals versus international consultants and studios in the technical and urban definition of the project;
- the degree of power assigned to national government agencies versus city government in the management of the project.

These questions came to light at different moments of the Retiro Project.

5.3. Preliminary study of the development of the Retiro area: the secret initiative of the National Executive Power (1991)

The first stage of the Retiro Project marked the emergence of a project by means of an official initiative to develop a preliminary study on the Retiro area.

5.3.1. Identification and classification of stakeholders

Main stakeholders		Relation to the Project
State stakeholders	National Executive Power (PEN)	Owner of land. Takes the initiative of the Retiro Project. Entrusts studies of feasibility.
Economic stakeholders	CANAC International INC	Recommended by the World Bank was requested by PEN for a preliminary study on the situation of railways at the area.
Secondary stakeholders		Relation to the Project
State stakeholders	Argentine Railways (FA)	State enterprise in process of being transferred into private hands. Has Jurisdiction on a large part of the land destined for the Retiro Project. Its participation is scarce and not very articulate due to this process.
	Metropolitan Railways (FEMESA)	Former part of FA enterprise. Was in charge of administration and management of railway facilities and of state buildings linked to the metropolitan enterprise.
	General Administration of Ports (AGP)	It has jurisdiction on parts of the land where the Villa 31 is settled. Has a low profile in the 1990s because it is in a process of reorganization and transfer into private hands, similar to FA.
	Municipality of Buenos Aires city (MCBA)	It is the formal authority in charge of the application of Decree 1143/91 from PEN. Has no visible participation at this stage.

Matrix 5.1. Stakeholders in the stage of Preliminary Study for the development of the Retiro Area, 1991.

5.3.2. Profile of stakeholders: interests, resources and power of influence on the project

Main stakeholders

a) The National Executive Power (PEN)

A key stakeholder at this stage was the National Executive Power PEN, represented by the Nation's President and Minister of Economy. The highest authorities of these agencies during this period were President Carlos Menem and Minister Domingo Cavallo. As was the case with Puerto Madero, both officials were important and visible spokesmen in the launching and later development of the Retiro Project.

PEN had a clear and explicit interest in making available the lands and buildings used by the railways in order to sell them and exploit them for other functions. Historically, there has always been an intention to rationalize the expensive and inefficient railways and thus, emerged the idea of selling idle lands in order to finance entrepreneurial modernization. However, only in the 1990s, during a process of privatization and dismantling of railways, was it possible to undertake this. In this context, the selling of lands would allow PEN to supposedly obtain vast resources. At least a part of these resources would be applied to payment of subsidies to the concessionaries of railway passenger services in the Buenos Aires Metropolitan Area. The obligation of this subsidy had been committed during the transfer into private hands of the railways within the framework of state reform. This economic motivation was settled in an indisputable way in Decree 1143/91, by means of which PEN created a Fund which would dispose of the resources emerging from real estate assets and other items, which had been separated for the concession and rationalization of these services.

During this stage PEN held a very valuable resource of the Project which secured them a great power of influence over its development: the property of national fiscal lands and buildings which would be separated from railway use and destined for new urban uses. With the privatization of railways, the state had given up the concession of operating the railway system, but reserved property ownership and management of these facilities. This fact marked the start of the Retiro project as an intent to restructure the area.

Lots were under the jurisdiction of other national agencies which, due to this fact, were also stakeholders involved in the Retiro Project: Argentine Railways, Metropolitan Railways SA and the General Administration of Ports.

The influence of PEN on the project resulted from its strategic role as owner of the land and manager of the assets in the area. Furthermore, since PEN is the highest political authority of the nation, it had access to money (due to strong involvement with the national budget), influence on the system of political, entrepreneurial and institutional relations, ample capacity to access media and the mobilization of other local, national and international stakeholders.

b) The Canadian consultants CANAC International INC

At this stage, another important stakeholder was the consultant CANAC hired by PEN for undertaking feasibility studies in the Retiro Project. This firm is linked to the Canadian railways and has vast experience in rationalization of railways in the cities of Montreal and Toronto, among others. Since 1971, CANAC had completed over 800 major rail-related projects in some 60 countries.

These consultants had an objective economic interest derived from the purposes and aims of the firm. The realization of the Retiro Project was a convenient business for CANAC because, apart from the initial contract relative to feasibility studies in the area for which it had been hired, CANAC expected future studies and assessments on the subjects of reordering and rationalizing of railways as will be seen later. The resources managed by the firm for achieving its purposes were their own experience and professional know-how, apart from their contacts with the World Bank which recommended them to the Argentine Government.

CANAC is defined as a "leading single-source provider of knowledge-based products and services for the rail industry." As for their international services, their slogan is "local presence and global reach." On their webpage they mention:

Box 5.1. About CANAC International Services

From Albania to Zimbabwe, CANAC has spent the last few decades successfully carrying out major projects in all areas of railway operations from freight, passenger and commuter railroads, industries and governments.

We focus our value added products and services on helping to improve the safety and efficiency of railway operations. We provide expertise and assistance on start-up system operations, in-depth transportation and efficiency studies, engineering and design projects, as well as innovative technology and training.

CANAC has operated and managed railways in such areas such as Kenya, Guinea, Zambia, Togo and Argentina, as well as large industrial sites in North America.

Our areas of expertise include: railway operations and management; Restructuring and business planning; Engineering and capacity planning; Transportation and efficiency studies; Training; Technology and Mechanical and rolling stock services.

Source: <http://www.canac.com.serv>

Secondary stakeholders

c) Argentine Railways (FA)

Argentine Railways (Ferrocarriles Argentinos, FA) is an old state enterprise (created by Law 18.360/69) which in the 1980s was already in an advanced state of entrepreneurial deterioration, a fact which induced and facilitated its privatization. At the beginning of the Menem Presidency, FA was a decentralized agency, belonging to the Ministry of Economy (Secretary of Public Works, Undersecretary of Transportation). It was in charge of exploitation of railway services not under concession and the management of their assets in the national territory. Furthermore, with the services of the cargo network of the Belgrano, which was not under concession, it looked after the remnants of the building assets nationwide which are their property even today. Gradually, FA experienced a progressive decline of functions, scope and assets, which led to state reform and advanced the privatization process until it was intervened in 1995.¹

1 Decrees N°666/89, N° 2740/90 and N° 502/91 established a Prospective Plan for the latter rationalization and concession of freight railway lines and the creation of FEMESA; taken out of the realm of FA the private freight services and suburban railway services and together with all this, the terrains and facilities linked to these railway operations. In 1991, in a parallel way, they started delimiting the terrains to be dismissed from railway operations that would be first managed by the Administration of Fiscal Lands by means of a Committee for the Rationalization of Public Expenditures (Decree 407/91), later the Commission for Selling State Lands (Decree 2137/91) and other agencies succeeding these.

The older leaders of FA were of course against privatization and rejected the Retiro Project. The latter implied a reduction of lots under their jurisdiction, apart from dismantling installations. However, in the framework of a strong obsolescence, the enterprise had little influence on the decisions of the project. Only due to the fact of their ownership of the lots were they summoned in order to sign the various contracts and agreements that were underway. Opposition to the project from the perspective of railways was expressed later on by the actions of other non governmental stakeholders, as we will shortly see.

The previous absence of a “strategic view” on the part of the railway managers on the final objective of a very valuable, but partly unused zone, such as the strip on Libertador Avenue, also favored the Retiro Project. Engineer Juan Pablo Martinez, who was a witness, had this to say on this aspect:

“At a certain time [during the Administration of President Alfonsín in the 1980s] a study was undertaken which defined that the Mitre Railways could liberate a strip of some 40 meters. If the old militaries in charge that had had all the power, would have moved the wall on Libertador Avenue some 40 meters, and had planted white poplars and eucalyptus, all of rapid growth, and if in three years they would have presented this to the city, nobody would have dared to destroy a park. But their blindness hindered them to realize that they had vacant land there and they did not even know they had it. In order not to lose anything, they lost everything” (Interview with Juan P. Martinez).

d) Metropolitan Railways S.A. (FEMESA)

FEMESA is a state enterprise (created by means of Decree from PEN 502/91) separated from the Argentine Railways (FA) for the management of Suburban Railways ² as a preliminary step to their privatization. FEMESA was in charge of the management and exploitation of railways services and the state assets linked to the services of the metropolitan enterprise. Beginning in 1995 a process of liquidation was initiated whereby it was classified as a decentralized State enterprise while undergoing liquidation.

e) General Administration of Ports (AGP)

The General Administration of Ports (Administración General de Puertos, AGP), was created under Decree 4263/53, with the function of managing and controlling all the ports in Argentina, including a regulation over port work and port land.

The AGP was involved in the Retiro Project in two ways. On the one hand, it was the owner of the lots where Villa 31 was located. On the other, because the study of feasibility for the RP (as will be seen later on), had determined that all railway operations that had to do with the port, should be within the port’s realm. In spite of the enormous implications which these events might have had for the port’s interests, the AGP maintained a low profile, since institutionally, it was weak. The historical lacks of investments lead to the port’s decline and a general acceptance about the need to decentralize it. This secondary role was practically maintained until the end of the decade.

2 The Administration was created by resolution FA N° 156 of December 27, 1989 and ratified by Decree N° 47 of January 4, 1990.

Since 1989, in the framework of the Reform and Rationalization of the State, the transference of port assets to the provinces had been initiated and only the port of Buenos Aires (New Port) remained in the hands of the AGP. The 1993-1994 privatization of the New Port started by means of an international auction. This auction was assigned to five firms for a period of between 18 and 25 years. In 1995, the port's control had remained in the hands of a minor group of enterprises with great lobbying capacity.³ The technological change in transportation plus privatization resulted in strong investment (estimated at 160 million dollars) in facilities, as well as modern criteria for management.

From an institutional point of view, the program of privatization anticipated the constitution of an autonomous entity for port management and exploitation. It was to be integrated by representatives from the National Government, the Government of the City and the Port Managers. When the city became autonomous, the entrepreneurial sector and other sectors from the city's legislature attempted, without success, to move the port jurisdiction to the city of Buenos Aires.

f) Municipality of the City of Buenos Aires (MCBA)

The Municipality of the City of Buenos Aires formally had important institutional power over the Retiro Project. It was responsible for the approval of the project and later its co-validation under legal specification. These attributes were under the realm of the Planning Secretary and the Legislative Power (Concejo Deliberante) respectively.

The power and participation of the municipal Executive were very restricted at this stage. Since the city had no political autonomy, the Mayor (and the surrounding public administration) was functionally a kind of delegate of the Nation in the city. The Municipality almost did not appear in formal documents elaborated at this stage, as an executive agency of the Retiro Project.

5.3.3. Forces of support and opposition: the unfolding of stakeholders' interests

a) PEN takes the initiative of launching the Retiro Project

The Retiro Project emerged as a PEN initiative, which in 1991 requested the realization of a preliminary study on the situation of railways in this area. It was a secret initiative which became evident only at a later stage.

The key question at this stage was to determine the amount of land within the so-called Retiro Complex (number of Hectares and their location) to be destined to new uses for marketing. This meant a decision about the amount of land and buildings that would be liberated from railway use, with a subsequent change in the organizational scheme of the railway system in this area called Retiro Complex.

3 In 2003, the New Port (Puerto Nuevo) was managed by the following operators: Terminal 1 and 2 by Terminales del Rio de la Plata TRPSA, controlled by P&O Ports; Terminal 5 by BACTSSA, belonging to the Bemberg family and by the Philippine's International Holdings Corporation (IHC) who sold their participation to Hutchinson Port Holding (HPH) the main port operator in the world. Terminal 3 operated by Terminales Portuarias Argentinas; Terminal 4 operated by EMCYM S.A.; Terminal 6 was in the process of license (Aeropuer/Puert/Retiro Final Report GCBA/SSEPYDU/CoPUA/2003).

Decree 1143/91 emitted by PEN is an indisputable indication of the economic motivations which induced the Argentine authorities to start the initiative of the Retiro Project. By means of Decree 1143/91, the National Government approved the creation of a Fund which might capture resources derived from real estate and other goods which were being left unused by the concession and rationalization of those services. Furthermore, it authorized the Ministry of Economy and Public Works and Services (Ministerio de Obras y Servicios Publicos), together with the Municipality of Buenos Aires (those authorities who had to implement the decree) to attend to this purpose by a) offering a presentation of proposals for urban development and the corresponding demand for their exploitation, and b) to engage the assistance of experts on the subject.

In May, 1991, the Argentine Government asked a Canadian consulting agency, CANAC International INC, to make a preliminary study on the situation of railways in the Retiro Area. The purpose of this study was to find out which properties of the railways in the Retiro area would remain vacant for further private development. The study had to be ready in three months, since the Argentine authorities wanted to swiftly call for an international offer in order to develop the properties under consideration.⁴

b) The Canadian consultants provide a diagnosis on the Retiro Complex

CANAC produced a document dated August 1991 entitled "Proposed Property Redevelopment for Retiro Railway Complex, Buenos Aires, Argentina." In its introduction it states this evaluation "is meant as a prelude to more detailed studies on the FEMESA and FA Railway properties, whose organization and sorting out of assets is currently in process" (CANAC, 1991).

The Retiro Complex, situated at the core of the future city redevelopment, included approximately 140 hectares between the railway stations and J. Salguero Street and bordered generally by the port properties on the North side and by the Avenue Del Libertador on the South side.

This study mentions "recent announcements" on the part of Port authorities, together with the city of Buenos Aires about the liberation of considerable properties for private development, mainly offices, hotels, a shopping center and exclusive condominiums. Furthermore, this report quotes previous studies of 5 or 6 years earlier. Three of them focused on the improvement of existing facilities, without taking into account the use of property for private redevelopment.⁵ However, the work done by Ferrocarriles Argentinos, best known as that of "the 80 meters" had concentrated on a piece of land parallel to Avenida del Libertador. Their conclusion was that it seemed practical to relocate and/or abandon buildings and rails in the area, thus liberating some 3 hectares for redevelopment. This meant that the idea of commercially exploiting the liberated land had already been explored (CANAC International INC, 1991).

4 This can be seen in the introduction of the paper prepared by the firm CANAC

5 A study completed by Spanish consultants did a reorganization of all the facilities in the Retiro complex. Another one, by FA about the consolidation of suburban and interurban trains in the FC Mitre and FC San Martin lines. The latter was an extension of certain recommendations made by the Spanish consultants. Furthermore, Soviet consultants were hired to study the electrification of the FC San Martin, including the provision of electric locomotives.

It is remarkable that although this study should have included the identification of any special physical condition which might be considered an obstacle to real estate development, the section on "Description of existing facilities" in the study makes a detailed list of existing assets, but never mentions the existence of Villa 31. This could be an indicator of two situations: a) consultants had not visited the area, or b) the eradication of the villa was taken for granted.

The CANAC International paper advanced the conclusion that a portion of about 100 Hectares of land could be separated from the railways to be redeveloped in which the whole Retiro Complex could be advanced, leaving to the train a strip of some 100 meters between the railway station of FC Mitre and FC Belgrano. They recommended consolidating the interurban and suburban trains from the FC San Martin to the FC Mitre, keeping FC Belgrano aside, due to its narrow gauge.

This conclusion appeared very reasonable in the eyes of the Argentine transportation experts. "This was an obvious conclusion which any team of Argentine engineers with expertise on the subject of transportation would have arrived at. There is a very run-down station (FC San Martin), another magnificent one (FC Mitre) and a third one, smaller but in good shape (FC Belgrano) that due to its narrow gauge is not fit to be touched. In short, that all the trains of the San Martin railways could be moved to the Mitre Station and that an urban development could be envisaged on the land overlooking Avenida Libertador. Furthermore, that the area liberated by the San Martin railways was fit for something that could be defined later on" (Interview to Ing. Pablo Martinez).

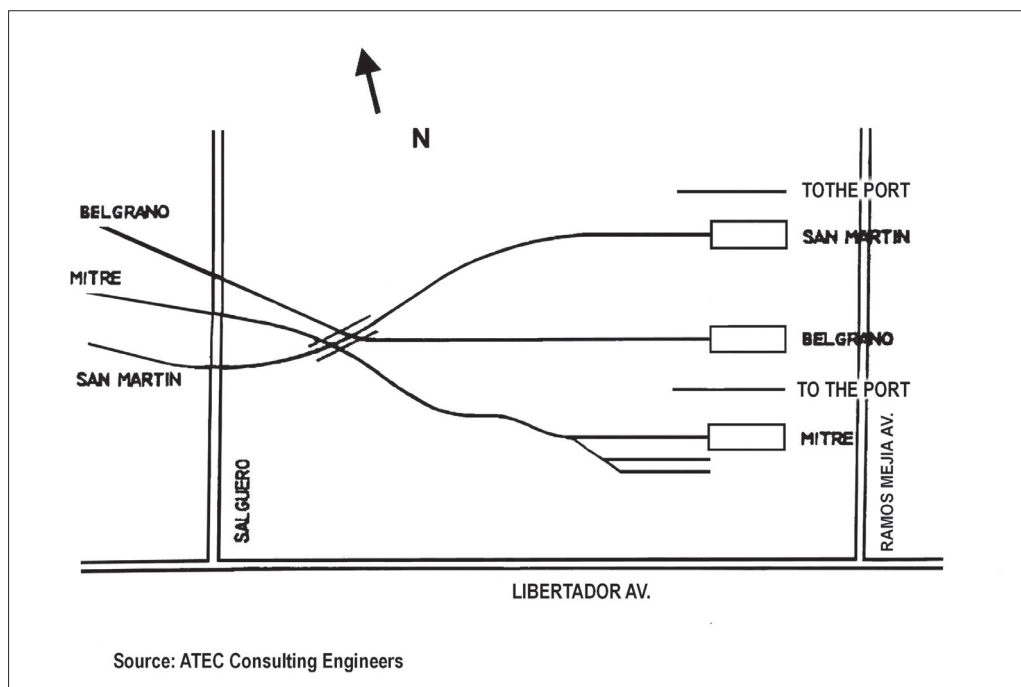


Figure 5.11. Present railway outline



Figure 5.12. Metropolitan railway outline (Source: FA/MCBA/SCA, 1994)

5.3.4. The results of actions on the project: the main proposal

Actions undertaken by the main stakeholders at this stage had two types of results on the project: (1) establishment of standards to implement the project (decrees already mentioned) and (2) fixing the urban concepts of the proposal established by means of: (a) description of existing facilities; (b) description of operations; (c) previous studies; (d) planning considerations; and (e) possible release of property in the short and long term.

Box 5.2. Recommendations of the study undertaken by CANAC International SA

In the short range it was suggested to free up:

- a) some 3 hectares of the FC Mitre on the border of Av. Del Libertador, an area of approximately 7 hectares of FC Belgrano with access from Salguero Street, and
- b) a fringe of some 10 hectares, property of the FC San Martin. This means a total of 20 hectares whose availability, in short, would not affect the course of existing operations and would not imply a reorientation of interurban and suburban train services.

In the long range the study recommended the consideration of the feasibility of the following operations:

- a) to consolidate interurban and suburban trains from the FC San Martin to the FC Mitre, leaving alone the FC Belgrano, due to its narrow gauge.
- b) To relocate in other areas of the railways the tasks of maintenance and repair.⁶
- c) To relocate or consolidate in a smaller area the commercial storage or that from the sugar industry. With respect to lands to be released, the study estimated close to 60 hectares which could be separated and destined for redevelopment. This meant not including the supplementary fringe on Av. Del Libertador and without considering possible lands from the port which could also serve to relocate railway facilities.

Under the title Planning Considerations, CANAC made some important recommendations from the point of view of management methodology for the RP: Given the complexities of the rail operations in the Retiro Complex and the development surrounding the properties, there is an obvious need for integrated planning to avoid conflict. There seems to be a lack of documented studies with traffic projections, etc., upon which sound conclusions could be drawn.

Source: CANAC, 1991:11

5.3.5. Response of the State

In spite of the sensible conclusions which they arrived at, the recommendation to keep in its place the Mitre Station apparently did not satisfy the Argentine Government who decided to *file* this first study. Supposedly, to keep the station in its place would diminish the most valuable portion of land, i.e. the one extending on the frontage of Av. Del Libertador. The Argentine Government decided instead to launch the idea that huge resources could be obtained from the development of enormous liberated areas, without interfering with the railways operations. As a consequence, this report was "filed", a new one was engaged and measures continued in order to allow the project to proceed.

⁶ It is also said that the buildings of stations Belgrano and Mitre had been declared historical heritage sites and that therefore they should be kept in any new development of the Retiro Complex.

5.3.6. Synthesis of this stage

1991	PEN takes the initiative of launching the Retiro Project, separating land from railway use and proposing them for private development. Creates, by means of Decree 1143/91 a Fund with resources to be collected. Authorizes the call of an auction for proposal on urban development and the corresponding offers for exploiting the commercial lots.
1991 May	PEN entrusts a Canadian consultant firm, CANAC International with a preliminary study on the situation of railways in the Retiro area.
1991 August/ September	CANAC's paper recommends keeping the Mitre Railway Station due to its historical value (the closer one to Av. Del Libertador) and the Belgrano (for its narrow gauge). Leave to private use a fringe close to Av. Del Libertador and a strip around the Belgrano Station. Conclusions do not satisfy Argentine officials who decide to file this study and start with a new one.

Table 5.1. Chronology of events of the preliminary study in the Retiro area, 1991.

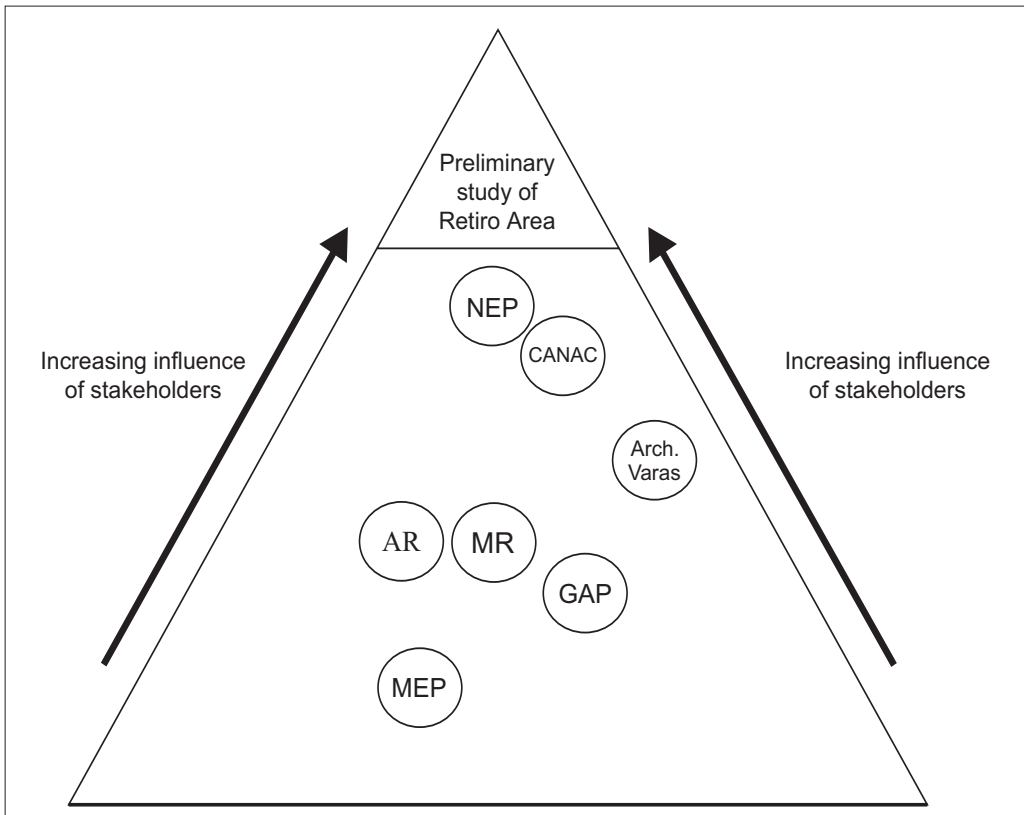


Figure 5.13. Stakeholders' influence level. Preliminary study of the Retiro area, 1991.

5.4. First Retiro Project: PEN's proposal (1991-1995)

The process of production of the First Retiro Project was developed between 1992 and 1995. During this time, PEN elaborated a proposal of urban development for the area which, after being presented to public opinion, received a huge amount of criticism from an ample range of social stakeholders, including the legislative power of the Government of the City, the community and political stakeholders. Therefore, the project had to be redefined.

5.4.1. Identification and classification of involved stakeholders

Main stakeholders		Relation to the project
State stakeholders	National Executive Power	Presents and support the First Retiro Project.
	Commission for Selling State Assets	Direct Representative of PEN. In charge of selling, giving into concession or leasing the lots of the Retiro Complex and developing an urbanization Master Plan for this area.
	MCBA: Municipal Executive Power	Supports Decree from PEN in which a pressing urbanization of the area is recommended. Partially eradicates Villa 31. Signs an agreement with the Central Society of Architects to call for a National Auction of Ideas.
	MCBA: Legislative Municipal Power (Consejo Deliberante)	Opposing legislators to the National Government promote an Ordinance which recommends the area for Future Urbanization (O. 47.190/93).
Economic stakeholders	CANAC Internacional INC IBI Group and CN Real Estate	It is hired again in order to undertake a new study of the Retiro area and pose alternatives to the Project. Participation of other Canadian firms linked to real estate projects.
	Local real estate firms: Camba y Asoc. Ezcurra Medrano and D. Baden	Act as local partners for CANAC.
	Hampton-Rivoira Architects-consultants	Are hired by Ezcurra Medrano for making a proposal on urban outline in order to define the structure of streets and blocs on the 90 hectares of land.
	World Bank and PNUD	Give financial and technical support for the auction of antecedents of consultant firms for the study of the area.
Community stakeholders	Urbanists	Pose key objections to the official project.
	Central Society of Architects SCA	Questions the Project and claims a participation in its definition. Later signs an agreement for formulating consensus criteria. Agrees finally to organize a National Auction of Ideas.
	Villa 31 and its organizations	Resist to being moved. Resist the intention of displacement.
	Representatives of churches and NGOs	Repudiate the intention of displacement of Villa 31. Some priests initiate a hunger strike.
	Artists and representatives of the cultural arena	Act in solidarity with the people from Villa 31. Organizes festivals, press conferences and protests.
	Press and media	Approve opposing views to the official project.

Secondary stakeholders		
State stakeholders	Argentine Railways FA	Signs an agreement with SCA calling for a National Auction of Ideas.
	Arraigo Program	Proposes an unsuccessful plan for eradication of Villa 31.
	Municipal Housing Commission	Proposes three options for moving Villa 31, which fail.
Community stakeholders	Argentine Center of Engineers CAI	Declines offer from PEN to participate together with SCA in evaluation of official project.
Political stakeholders	Frente Grande: Commission for Ecology and Environment.	Organizes a one-day public debate on the Retiro area in which many NGOs participate who are opposed to the project.

Matrix 5.2. Stakeholders in the first Retiro Project 1992-1995

5.4.2. Profile of stakeholders: interests, resources and lobbying power on the project

Primary stakeholders

a) The National Executive Power PEN

PEN continues to be a key stakeholder at this stage of the process of production of the Retiro Project. It manifested economic interest in liberating and marketing the greatest possible amounts of land close to Libertador and added its political interest in securing the centralized control of the technical process for managing the Project, by means of an agency under its power: The Commission for Selling State Assets.

b) The Commission for Selling Fiscal Assets

The Commission for Selling Fiscal Assets had a leading role in the development of the First Retiro Project, in the public personality of its Manager, Dr. Matias Ordoñez. Within this commission, the first outline of the Retiro Project was formulated by hiring an international consultant.⁷ Interests of this agency are parallel to PEN, from which they directly depend.

This Commission had been created after privatization of railways (Decree 2137/91), as a kind of residual State Railways, with the aim of managing the thousands of square meters of land around the rails and stations of the whole country, not included in the assets handed over to the concessionary enterprises.⁸ By means of its Operative Manager, this agency was in charge of managing, selling and paid exploitation of all the assets, according to objectives and policies established by the Executive Direction.

⁷ The Commission was dissolved by Decree # 1010 on July 7, 1995 and their functions assigned to the Secretary of State Assets of the Secretary of Public Works and Transportation of the Ministry of Economy and to the National Agency for the Administration of Railway Assets (ENABIEF).

⁸ Along its whole existence it was given different names: Undersecretary of Administration of Assets, later National Organization for State Assets (ONABE) and finally National Agency for the Administration of Railway Assets (ENABIEF).

The power exercised by this Commission on the Retiro Project became legal attributes handed over by PEN: a) to engage the necessary studies for the outline of an urban development master plan and the study of necessary facilities to facilitate real estate investment in the area; b) to determine what buildings had to be assigned to the port and railways and what others should be liberated in order to be sold or given in concessions for residential, commercial, recreational or green spaces use, c) to find a consistency of needs for all the sectors involved and allow for the design of an urban plan with the participation of the Municipality.

The Commission also received “power to propose to competent authorities of the municipality the urban zoning they considered most adequate after finishing the corresponding studies and to negotiate necessary changes.” It also received, of course, the power to “sell, make concessions, give in total or partial lease all buildings which are a property of the National Government, Metropolitan Argentine Railways and the General Administration of Ports, once they are listed and approved by the competent authority.” Finally, it had the power to declare the extinction of all concessions and/or leases granted in the area which could possibly endanger the outline of a city plan. (Decree 602/92)

c) MCBA: the Municipal Executive Power

The Mayor of the City was still at that time an official designated by the President of the Nation, a fact which secured the continuity of his alignment with respect to the Retiro Project.

However, at this stage, there were a series of tensions and contradictions between the components of the municipality itself, due to the relationships and commitments some of these agents had established with Villa 31. As was pointed out in the item related to the context of the Retiro Project, the policies initiated by Mayor Carlos Grosso (the first mayor of the Menemist period) since 1989 and in the first years of the 1990s, had induced the permanence of villas in the city, under the slogan that they would become neighborhoods. A Settlement Program had been put underway which consisted in the selling of lands to their inhabitants. Agreements had been reached with villa’s organizations, and they even constituted an Agreement Board. This policy was in open conflict with the Retiro Project.

As a consequence, the mayor who replaced Grosso (Saul Bouer) deactivated this settlement policy. In spite of this, there still existed a situation of permanent tension and confusion with respect to Villa 31.

d) MCBA. The Municipal Legislative Power (Honorable Concejo Deliberante, HCD)

The Municipal Legislative Power (especially those legislators belonging to parties in opposition to the Government) played an important role at this stage, as open opposition to the official Project. In the HCD, different political forces were represented, with a strong presence of opposition parties: Union Civica Radical, Partido Federal, Unidad Socialista and Izquierda Democratica. This explains to a large degree the fact that the legislative body had a different perspective on the Retiro Project.

Counselors had a clear interest in the Retiro Project as was shown in the parliamentary debates and the measures that were taken, as will be shown later on. The intention was to declare Retiro as an area of future urbanization, by which everything that might be built on the premises, had to be done by means of new ordinances.

The power of the HCD on the Retiro Project was due to the fact that this body had a right to dictate the standards which govern the use of urban space. The allotment of land uses in the city is a right of

the HCD, conferred by a municipal organic law since 1972. This meant that the project, after being co-validated by the municipal Executive, had to be approved later by the HCD.

Apart from political differences, there were strong conflicts of interest between the Planning Secretary and the HCD with respect to who had the power in the last instance. It was of public knowledge that the HCD had generalized the practice to authorize, by means of exceptions, all changes in the land use standards that were forbidden. There was even an illegal economy behind these exceptions. Thus, even if arguments at this stage could be valid (to avoid real estate business/hinder the destruction of green spaces in the city) the legitimacy of the legislative power in front of public opinion, was seriously damaged.⁹

e) CANAC International Consultants INC, CN Real Estate and IBI Group of Canada and local partners

The Canadian consultants CANAC were hired again at this stage in order to undertake a study of the area, from which some leading principles might emerge. They were accompanied also by CN Real Estate and IBI Group of Canada and a group of local firms: Consultores Tecnicos Federico Camba and Associates SA, Lorenzo Escurra Medrano SA and Daniel Badens and Associates.

The interest of international consultants to obtain benefits from this contract was made clear in the fact that the recommendations of the new report were oriented to satisfy the client's expectations, which meant a radical change with respect to the railway solution suggested in the first study.

The IBI Group is a multinational firm established in 1974 in Canada dedicated to providing services in four areas of practice: Urban Land; Facilities; Transportation; and Systems. They establish strategic alliances with foreign countries and markets. They engage some 600 employees and have licenses on many products. Their home page provides the following profile:

9 In the case of Puerto Madero, councilors wanted to approve each part of the project. They also tried to ensure that the land sales would go before publishing the standard and in this way forcing each purchaser to be subject to them. According to the authorities of the Planning Secretary of that time "being aware of this difficulty, we took the precaution of dealing with the current standards, so that no special standard for the project had to be developed (Garay, 2001:11).

Box 5.3. About the IBI Group

Our expertise in these four areas enables us to provide comprehensive professional services for the creation and management of physical environments. To ensure consistent quality control and cost efficiency in the implementation of client work. IBI Groups as well provide project management services. Projects range in scope from an individual application of a specific skill through to focusing on a variety of disciplines on major projects. We serve clients in the private and public sectors as well as institutional clients in housing, health care and education. In the public sector, we are engaged at all levels of government. Private sector clients include major property developers and companies with real property assets as well as large scale communications companies. Institutional clients include boards of public corporations, hospitals and educational institutions.

IBI Group has been operating since 1974 under its current structure. Architectural and engineering services are provided by firms affiliated with the IBI Group, as required by respective jurisdictions. Recently, over 500 people work in our offices located throughout major cities in Canada, the United States and Europe in Urban land planning and regional development planning; Land use planning; Sustainable Development; Site Engineering; Regulatory Control; Approvals Processing; Real Estate Research; Facilities Planning, programming and design; Programming, Urban design; Landscape design; Architecture; Transportation; Research; Public Transit; Goods Movement; Traffic Operations; Parking Fare Collection; Intelligent Transportation Systems; Systems; the design, implementation and operation of Information and Communications Technology.

Local partners of CANAC are traditional real estate firms dedicated to the business of buying and selling real estate. The selection of these type of firms as consultants in the definition of what would be the Retiro Project is a signal of the main objective pursued by the project. The resources these firms were able to provide to the enterprises consisted mainly in their capacity and strategy for selling, as well as their important portfolio of clients.

f) World Bank

The World Bank provided funds as a loan, for the establishment of an international competition of firms for hiring CANAC later on, which had been recommended by the Bank at a previous stage.

In the 1980s the World Bank had a very low profile in Argentina, while the IDB was the main source of external public financing. With the so-called debt crisis in the 1980s, the World Bank (WB) increased its assets for Argentina and even doubled those of the IDB. The largest part of the WB program was dedicated to the so-called “loans for sector adjustments” characterized by the obvious conditioning of the policies they imposed.

g) Renowned urbanists and architects

Renowned urbanists and architects played an important role, by means of a public appeal with strong objections to and critiques of the Retiro Project. They expressed the views which professionals had on what ought to be the city of Buenos Aires, its planning procedures, management and construction.

Not all these stakeholders had real interests in relation to the project, but it is difficult to appreciate them. Possibly, their opinion reflected a combination of interests in which, according to each case, the following prevailed: a mere interest in having their views made public in the information media, a disposition to act in the public sphere, a real sense of civil responsibility or (as was sustained by certain officials) the defense of minor interests that were due to envy and old grudges toward the municipal officials in charge of the project's management, many of whom were also part of the academic realm. What could be established is that these professionals had a direct participation at successive moments when the project was defined, as will be seen later on.

Resources used by these stakeholders were their ideas, their professional prestige and the weight their opinions had in the media.

h) The Central Society of Architects (Sociedad Central de Arquitectos, SCA)

The Central Society of Architects, SCA, represented a point of view and of interests of the architects and urban professionals (planners).

Their position vis-à-vis the Retiro Project was reflected in a very clear way in the case of individual stakeholders, the tension between their role of the urban planning entity and the corporative interest for participating in the process of management and construction of the city. The SCA criticized certain aspects which they considered too frail in the Retiro Project, but they also claimed with no possible doubts from the state, that their association should be heard and the local professionals eventually hired in the process of development of such a large enterprise. Consistent with their contradictory interest, the SCA had a changing outlook. In the beginning it exercised a strong opposition to the official project. Later on, when they agreed to participate in the conception of the project, they had to adhere to its management and procedures.

Established in 1886, the SCA is a non-profit civil association for professional objectives. The statutes of the society indicate a unionized view of their institution. Their aims enclose a series of aspects that are linked to the operative exercise of the architect's profession. The means defined by the association in order to achieve their ends are the tariffs for their fees and the regulation of their profession. It includes also "competitions" as tools to select projects, especially those that are emblematic for the city. The SCA also offers paying services of studies/competitions to state agencies and private individuals. Furthermore SCA has some access to the media with their periodical publications in national newspapers and the journal of the Association first published in 1904.

The power of influence of the SCA on the Retiro Project was nurtured by the strong weight their opinion had in official realms and in the specialized press. Another influence was the fluid contacts and relations which historically supported their most famous leaders and those associated in the Municipal Executive. Between 1992 and 1996, the presidents of the SCA were Julio Keselman, Rolando Schere and Carlos Lebrero. Shortly afterwards, Lebrero became Urban Planning Undersecretary of the Government of the City of Buenos Aires.

Finally, the SCA took refuge in a strategy it had tried with success during the management of Puerto Madero. According to the report of Ruiz de Gopegui (1996), in the first place, the SCA showed a frank rejection to the proposal formulated by the Catalan consultants. It asked to have the project stopped and claimed the participation of the community they represented. When it finally accepted to participate in the project, it was forced to adhere to the management they had formerly attacked.

i) Villa 31 and its organizations

Villa 31 was opposed from the beginning to the Retiro Project. That is the main indicator of the interest of their organization was that the villa should not be eradicated. Villa 31 witnessed also a long struggle to secure their settlement on the land. It is possible that many of the inhabitants were also firmly interested in staying in the villa, for economic reasons (high prices to be paid for housing in the proximity of their sources of employment and access to public facilities), but also for social and cultural reasons. In the past, to live in a villa was considered a brand iron. However, since the beginning of the 1980s (with the democratic restoration in the country) for many of its inhabitants, the villa represented a mark of pride and a feature of their identity. The movement of young musicians who emerged from these settlements and introduced a type of music called *cumbia villera*, that became a fashion in the whole country, is a witness to this character.¹⁰ On the other hand, in Villa 31, they had buried priest Mugica, a clergyman who had lived in the villa and displayed ample social work. Under the military dictatorship of the 1970s, he disappeared (*desaparecido*).

Some families manifested an interest in moving to other neighborhoods of the city. In the first instance, some 600 families accepted the offer presented by the municipality in the framework of one of the eradication policies. According to official reports: 212 families went back to their provinces; 340 were resettled in other neighborhoods and 122 asked for subsidies to buy themselves a housing unit. After a certain time, an unknown number of households of the latter group came back again to the villa, in spite of having received the subsidy to move.

The means Villa 31 used to oppose to the Retiro Project were their territorial organizations, the high level of political conscience among their leaders and the great support they received from some political parties and other social organizations. The villa was represented by the Movimiento de Villas y Barrios de Emergencia de Capital and for a short period by the Agreement Board.

Villa de Retiro or Villa 31 have been a part of the city of Buenos Aires since 1930. In early 2001, it lodged some 12,000 people (about 4,000 families) living in almost 3,000 dwellings, distributed in two sectors of the villa: Villa 31 and Villa 31 bis. Each of them was also divided into different communities: Comunicaciones, YPF, Guemes, Inmigrantes, Autopista, Playon and Bloc 34. By this time, the settlement had 11 communal kitchens, a first-aid room, five day-care centres and four football courts. Children went to 4 schools outside the villa.

According to estimates, in 1997 a hut made of metal sheets and earth flooring in the poorest part of the villa (sector of Bloc 14) could cost between 1000 and 2000 pesos (or US dollars at that moment in which 1 US dollar = to 1 peso). In the more consolidated areas, where dwellings were built with better materials, the cost of housing with no legal title of property could reach some 7000 pesos (*La Nacion*, September 21, 1997).

¹⁰ *Cumbia villera* is a music which retells stories of the *pibes chorros* (delinquent children) in their encounters with the police. Delinquency is justified due the need of maintaining the mother or the family.

Villa	Houses	Families	Persons	Absent families
31	1991	2791	9130	147
31 bis	970	1164	3256	63
TOTAL	2961	3955	12386	210

Data on Villa 31 and Villa 31 bis from the Census of October, 2001, by the Municipal Housing Commission and the Secretary of Social Promotion.

The Movement had emerged in 1987, as a way to coordinate different neighborhood organizations. At that time it stood for a non-partisan organization that searched for an extended consensus base.¹¹ To the traditional list of demands, other proposals were added, in a way encompassing more solutions to the villa's problems: community enterprises and housing programs. Along the whole period under study, the Movimiento Villero exerted a strong pressure on the national and municipal governments, in order to secure the fulfillment of a policy of villa settlement. Not only had the leaders undertaken many actions with public officials but also large groups of inhabitants presented themselves in the public realm with key functions for the new policies. The pressure of their organizations achieved that Villa 31 was incorporated in to the Program of Settlement, which was already implemented by the municipality, at least on paper.

Box 5.4. Forms of association at Villa 31

The Movimiento Villero raises the question and wants the neighbors to know why an organization is necessary.

In order to achieve at long last the anxiously awaited possession of land, so that we are not with our feet in the air, we have to be attentive and organize. History has shown that when we delegate our responsibility, we lose and, on the other hand, when our organizations take part in the problem we achieve our aims. Therefore, dear neighbors, it is necessary to determine in each sector the forms of association which will embody our Plan of land transference and housing construction.

What does a form of association mean? It is a way to give a legal structure to the organization in each neighborhood. This form of organization will help ensure that the land may be passed into the hands of those living on it.

Each neighborhood will look for the Form of Association more convenient for it, due to its characteristics, but taking into account always that these forms will allow and facilitate the participation of all the neighbors.

Source: Secretary of Press of the MVBC, Bulletin N° 1 of the Agreement Board

¹¹ Previous organizations were: Federation of Villas and Squatters (1958); Villas Front for National Liberation (1972) and Peronist Slum Movement (1973).

The so-called *Mesa de Concertación* (Agreement Board) was created in the framework of a policy for irregular settlements. It was made up of representatives from the villa and the municipal executive. Its function (derived from Decree 3330/91) was to plan all actions and steps needed to achieve the objectives of the Settlement Program: to define the responsibilities in the municipal areas involved, as well as to formulate urbanization projects of the lots included in the program.

Box 5.5. The Mesa de Concertación (Agreement Board)

Bulletin N° 1 of the Movimiento Villero serves as a channel to explain to neighbors the great challenge which the Settlement Program is contemplating and the participation of everyone in the management. Thus, the Agreement Board states:

Its task is to outline the implementation of a project of settlement which, as its name indicates, takes a form of co-participation. It is difficult for our neighbors to understand this, since it is a situation that does not normally happen. We are used to the plans and projects about our lives that are being outlined by others who do not know how we live.

Today, with the presence of the MCBA and if neighbors take responsibility for their participation, we can be assured that we, ourselves, are those who will decide how we want our neighborhood to be, in what way we are going to pay, etc.. We think we can find ourselves and be fulfilled as human beings.

The Agreement Board meets Fridays at the municipality. Everything is discussed here: from the humble faucet to the measurement of each lot; from the opening of a street up to where we want to put a window in the house, its cost and forms of payment.

It is difficult and slow, but everything will be done to achieve a suitable housing unit.

Source: Secretary of Press of the MVBC, Bulletin N° 1.

j) The Press

Faced with urban policies, the press usually has contradictory interests. On the one hand, as economic enterprises, they are interested in receiving the money which the government invests in advertising and distributes among several means of mass communication. In view of this interest, they have to maintain a cautious attitude when they criticize official policies. On the other hand, the volume of sales also depends on the credibility they maintain in front of readers. In this sense, they have to reflect with objectivity, the different positions which exist in society, including those who defend the interests of citizens' vis-à-vis all forms of abuse.

In relation to the Retiro Project, the written press echoed those voices opposing the project, originating with community stakeholders. According to the intensity this argument was taking, newspapers moved the treatment of the subject from the specialized sections (Architecture) to the main body of the newspaper and even to political editorials.

The same had happened with the Puerto Madero Project. In this case, however, municipal officials accused the Newspaper *La Nacion* of being worried because the new urban-enterprise might affect their view of the river from the newspapers offices.

Secondary stakeholders

k) Arraigo Program

The National Commission for Fiscal Lands, better known as the Arraigo Program, was the executing agency for a social policy directed to regulate the situation of land ownership in all the settlements located in the territory of the Nation. Created by means of a PEN decree in 1991 (Decree 846), Arraigo had the following mission and function:¹²

- to make a national survey of fiscal lands occupied by irregular settlements;
- to make a census for determining the socio-economic situation of social groups to which the program was directed;
- to coordinate actions with national, provincial and municipal agencies that were competent on the subject;
- to promote the participation of social organizations to which the Program was directed.

It was also allowed to elaborate urban and housing projects together with the municipalities. Thus it intervened in the Villa 31 and the Retiro Project.¹³

The concept of the Program - as shown in several documents and also explained by the head of the Program, Architect Miguel Angel Lico in other circumstances - was based on the notion that when families received the property of the lots they occupied, it was the beginning for eradicating poverty. The Program also allotted a significant role for the participation of neighborhood organizations.

With respect to the Retiro Project, Arraigo was forced to make an agreement with the organizations of Villa 31 and its inhabitants, about the alternative of moving the villa to other areas of the city. This fact implied a conflict with the general objectives of the program which, until that moment, had established agreements for regulating the situation of the land with the settlements' inhabitants. The tension within the program and with the villa explains why the program would not use its resources for achieving an agreement and determined its withdrawal from the area.

12 The legal antecedent of this Program was a Decree signed by PEN, the same on which the Program of Villa Settlement was based (as will be seen further on): Decree 1001/90. Allows property owners of a certain building (detailed in the annex) to declare them unnecessary for their management and authorizes to sell them "to their present occupants or to the legally associated agents constituted to represent them in their totality." In the list of buildings listed in the corresponding Annex, terrains under the presumptive jurisdiction of the General Administration of Ports are included, affected by Villa 31.

13 In the case of Puerto Madero, councilors wanted to approve each part of the project. They also tried to ensure that the land sales would go before publishing the standard and in this way forcing each purchaser to be subject to them. According to the authorities of the Planning Secretary of that time "being aware of this difficulty, we took the precaution of dealing with the current standards, so that no special standard for the project had to be developed (Garay, 2001:11)

I) Frente Grande

Frente Grande was a group of parties opposed to the Peronist Party that had conveyed Menem to the Presidency. The Frente Grande was in opposition to the RP. However, due to its recent establishment, the Frente Grande had no great political weight or enough technical support in order to organize a substantial confrontation.

Instead, they organized a one-day public debate with a series of professionals and institutions with interests opposed to the Retiro Project. Among these institutions was the Argentine Railway Foundation FIAF which expressed the interests of railways and had a prominent influence on the following stage.

The Commission of Ecology and Environment from the Frente Grande presented a document in which it asserted its position on various aspects of the Retiro Project. An essential issue was Villa 31 and the alternative of its settlement. One of its authors was Architect Jorge Lembo who later became an official of the Autonomous Government of the City, in the Municipal Housing Commission an agency linked to the villas.

All the initiatives that emerged under this political party's patronage never appeared in the print media.

5.4.3. Forces of support and opposition: display of stakeholders' interests

a) PEN authorizes sale of lands, defines a management model and hires a new study for the area.

In April 1992, Decree 602 was issued in which the National Executive transfers to a Commission for Selling State Property all the buildings pertaining to the National Government, to the Argentine Railways, to Metropolitan Railways and the General Administration of Ports located in the Retiro area.¹⁴ In the outline of the decree, it was clearly expressed that significant benefits with regard to the urbanization of this area, were to be expected: "Given the importance of real estate values in the properties which surround this area, an adequate management of urbanization and later marketing of buildings involved in said area, will result in the obtainment of important revenues for the National State."

The relevance of this decree lies not only in that it authorizes to sell the land and administrate the buildings, but also in that it defined the way in which the decisions in this area would have to be managed. It proposed a model of urban management, with centralization of key decisions in the national agency: the Commission for Selling State Property. This Commission expressly received the attributions which were inherent to the Ministry of Economy together with the Municipality of Buenos Aires according to the former Decree 1143/91.

14 The area defined comprises more than 200 Hectares and is limited by Salguero Street in the NW; Rio de la Plata to the N and E; the rails of the Ferrocarril Mitre; Avenida del Libertador and Av. E: Madero to the SW and W and the enlargement of Avenida Cordoba to the South.

In mid 1992, the Government of the Nation, with support from the World Bank, called for a competition of antecedents of consultants for studying the Retiro area. It invited three firms, but decided later to hire the same firm that had undertaken the previous report: the Canadian CANAC International.¹⁵ Other participants were CN Real Estate and IBI Group of Canada and the local firms Consultores Tecnicos Federico Camba and Associates SA, Lorenzo Escurra Medrano SA and Daniel Badens and Associates, all real estate enterprises. The amount for this contract was close to one million dollars.

b) Canadian consultants and their partners defined new patterns for the project, closer to PEN expectations

After a few days, the foreign consultants defined the project's alternatives. Expectations that the Canadian consultants would propose "a good study", in view of their former experience and the ample resources now available, were proved wrong. This study went directly to the key objective of the National Government: a maximization of lands to be liberated from railway use on the stretch close to Avenida Libertador.

The Argentine counterpart of this study gave the following statement of the facts:

I was designated (together with another person who recently died) as a counterpart of the study, which means that we would be their intermediates. Very soon we realized that the consultants had no interest in this mediation. The first days of the study, the director rapidly defined the alternatives. Such was the speed that it showed a definite preconception. I have worked in foreign countries that one does not know. When a study is undertaken in these conditions, it takes at least a couple of weeks to arrive at certain criteria and to clearly evaluate alternatives. One has to go over the city and seek information. However, this gentleman rapidly defined the alternatives and the study was oriented to what it ended up being: a study in which the liberation of land was maximized. Alternative number 6 was chosen (...). A curious thing was that the Minister Cavallo, who is an economist, never asked if they had done a cost-benefit analysis which would allow measuring the real costs and real advantages of each alternative. Thus, the study was approved in a political meeting (Interview with Engineer J. Pablo Martinez, March, 2001).

As a consequence, this proposal implied a radical change with respect to the railway solution suggested in the first study. Instead of consolidating the trains from the San Martin to the FC Mitre, they proposed the opposite: to unify the terminal passenger stations in the area occupied by the stations of the San Martin and Belgrano lines, while liberating the FC Mitre for commercial and public use. This proposal assumes moving the train terminals to the North (towards the bus terminal) and recycling the FC Mitre terminal and the liberation of 93 Hectares for real estate development. With this, the Government hoped to collect some 300 million dollars of which 90 million would have to be invested in new facilities. This area comprises approximately 50% of that defined by Decree 602/92.

15 Furthermore, another two European consultant firms were invited to this contest, who were linked to the real estate sectors of the French and English railways which still existed at that time, with their respective local partners.

Box 5.6. Technical description of the First Retiro Project

The study contemplated three stages:

- 1) Analysis of railway rationality by determining the areas to be liberated in this operation.
 - Unify terminal passenger station in the area presently occupied by the stations of lines San Martin and Belgrano. The Ferrocarril Mitre will be liberated for another enterprise. It is important to point out that the railway terminals grew in a different context than the present one.
 - To contemplate in the new passenger terminal station, platforms for eventually future interurban services.
 - Direct access to the port of cargo formations without generating a cross of rails with other lines.
 - All operations of trains associated with shipments will have to be done in areas outside the Retiro Terminal.

In short, this first stage allows for the availability of a surface of some 93 Hectares for the community and a rational use of railway operations, for greater competition.

- 2) Proposal of an Urban Development Plan in areas liberated from railway operations.

Private development will have 47 Hectares which will allow the construction of approximately 1.300.000 square meters. With respect to use of the area, it will be divided into four zones (from North to South): low density residential area, high and medium residential densities and offices. The area of the Mitre station will be destined to public and commercial use.

- 3) Implementation of the Project and financing.

Self financing of this enterprise is an essential prerequisite, and for this reason it is necessary to start marketing the lands liberated from railway operations. This income of funds will allow the realization of the works necessary to relocate railway facilities.

It is estimated that an investment of around 90 million dollars will be necessary to undertake works of railway services and facilities required by the project.

The liberation of areas will start with the area occupied by the cargo shipment lots of the Mitre line and the development of an areas limited by Avenida del Libertador and the internal street proposed between Avenue Ramos Mejia and Callao. Once the marketing of this area is finished, the execution of work for a new infrastructure of rails and the relocation of other cargo shipment zones will be envisaged. The last stage of this project, i.e. urban development of the remaining zones, will be started, once the railway infrastructure is relocated.

Source: Ministry of Economy and Public Works and Services, Retiro Project 1993

Box 5.7. The Retiro Project in numbers

Total area of terrain	937,507 m2	100.00%
Mitre Station	2,836 m2	4.57%
Area to be constructed	236,830 m2	25.26%
Complementary green area	236,830 m2	25.26%
Parks	162,306 m2	17.31%
Streets and landscaped sidewalks	308,044m2	32.86%
Total surface to be constructed	1,329,244 m2	
Surface to be constructed	1,286,408 m2	
Existing surface to be maintained (Mitre Station)	42,836 m2	
Public area and green spaces	71%	
Total area to be constructed on the terrain	29%	

Source: Ministry of Economy, 1993. Retiro Project

c) PEN presents the Retiro Project to public opinion

In September 1993, the Retiro Area Project was announced to the public in an official presentation at the main headquarters of the National Bank (Banco de la Nacion). The speeches were made by the President of the Nation C. Menem and by his Minister of Economy D. Cavallo before an audience of officials and businessmen.

From the moment of its presentation, the Retiro Project received a large amount of criticism with regard to two basic questions: the purely real estate interests this project seemed to represent, which were expressed in a very narrow urban conception of the proposal and the lack of consultation during the creation of the project with local professionals and the city's authorities who know about decision-making and urban policies. In response to this criticism the first stakeholder's publicly appeared, and with them, their own interests.

d) The press questions the Retiro Project

From the beginning, newspapers characterized this proposal as a real estate mega project. *Clarín*, the newspaper with largest circulation in the country, spread the news under the title "The Retiro train station is moved in order to subdivide 93 Hectares" and summarized it in the following way:

The Retiro Area Project is the new plan announced by the Minister of Economy Domingo Cavallo. The idea is to move the railway station: it will be moved, together with the bus terminal to where the San Martín and Belgrano terminals are located now. Rails will change places towards the river. Part of this project will also be the subdivision of 93 Hectares nowadays occupied by the rails; half of it will be sold to the private sector and with this money works will be undertaken which initially cost 90 million dollars (*Clarín*, September 16, 1993).

Another newspaper, *Página 12*, put the title “Retiro for Sale with a capital S: the Government sells 93 Hectares in the most expensive part of Buenos Aires” and continues with the following text:

The government has discovered a new box with the family jewels, once the most valuable ones had already been sold (it refers to the privatization of public service enterprises). (...) The preliminary study, with a budget of 900.000 dollars loaned by the World Bank, was conducted by the Canadian CANAC International, with the participation of local firms. This area will be divided from North to South into four regions: a residential low-density region; another institutional one; yet another residential medium-density one; and finally, a medium density also for office use. It is known that there are several chains of luxury hotels interested in the stretch of 12 Hectares without rails bordering Avenida del Libertador which will be the first one to be sold, among others the Ritz-Carlton and the Mirage. This location will continue the luxury chain initiated with the nearby Hyatt and Caesar’s (*Diario Página 12*, September 16, 1993).

e) **Urbanists raise objections to the Project**

The well-known urbanist Odilia Suarez offered three main objections to the official project:

I have three objections. First, the degradation of a high-density residential area such as Barrio Norte, with the pretension of developing some 700.000 square meters, more or less 50% of what is today the central business district. The project would only dismember this center overlapping the administrative with the high-prestige residential area.

Secondly, there will be more traffic jams and a movement of vehicles in an already saturated area. (...) If we add more offices and a large shopping center we will face a disaster equivalent to the one we would have if we were to move a train station and a bus terminal to Plaza de Mayo. (...) It is not true either that new green spaces will be gained since in the plans that were presented there are no others than the existent ones, except for a small fringe bordering the rails.

Third, the agony of the port of Buenos Aires. There are no projects for the harbor. They are not telling us where to go with the containers which are at this point crowding terrains of the Belgrano railways and the Southern Coastal area. Instead of reducing the space for entering the port, one should improve the gate to train freight. (...) Expansion of the city’s center should be made towards Puerto Madero and Constitucion. Later, they can build condominiums and even a hotel, if they want to do so (*Página 12*, September 23, 1993).

Another famous architect Clorindo Testa harshly criticized the project, emphasizing the lack of consultation with local professionals and the limited outlook of the proposal.

By hiring Canadian consultants the professional councils who have ethic tribunals, were disregarded. This happens when the Government points with its hand, when there is no consensus and of course, a suspicion remains (*Página 12*, September 23, 1993).

This project could be evaluated with the lowest grade by any professor of any School of Architecture. They dare to mark as green spaces certain parts that are beneath the highways. The lack of culture of the authorities is unbelievable since they seem not to realize the

enormous danger underlying the subdivision of the city (*Clarín* Arquitectura, September 25, 1993).

Urban historian Adrian Gorelik also expressed severe comments:

Exactly as in Puerto Madero where luxury apartments and offices are not needed, but nevertheless are being built, in Retiro the public powers show their theory, that the only thing which must guide the development of the city is the real estate logic. Retiro is the manifestation of a Government that gives up any task of urban or social compensation and regards the city as the exclusive realm for private businesses (*Diario Pagina 12*, Suplement Futuro, September 25, 1993).

f) Professional associations raise criticism and make a claim for participation

In September 1993, the SCA released a strongly critical view. It pointed out that:

The National Government insists on its role of simple realtor, acting with an urban shortsightedness and a highly speculative spirit in such a way that the first stage of the project will most probably be the only one to be accomplished. It consists in the liberation for sale of 12 Hectares facing Avenida del Libertador, from Callao to Retiro in order to assign these lands to high-density offices (FOT=7).

Furthermore, the SCA enumerated a set of undesirable impacts and finally demanded the participation of technical companies of the city and the professional associations in the treatment of this subject.

- The progressive degradation of the Northern residential area which will be invaded by areas completely foreign to their nature;
- the almost certain traffic congestion in the Retiro node and the line of Figueroa Alcorta, to which should be added the building saturation of an area in which it is speculated that around the existing green spaces there will be new constructions without losing any appreciable surface of them;
- a partial strangling of the operative capacity of the New Port because large portions of terrain will be engaged which may be necessary if a plan of harbor reorganization is envisaged, a situation which it urgently demands (Lebrero, 1995:49).

g) The Municipal Council blocks the project

The Municipal Executive and the city's counselors demanded participation in the Retiro Project. Debates and discussion of the project were treated twice in this instance:

- a) In September 1993, the opposition tried, without success, to freeze the Retiro Project. The strategy of the main opposition group (Union Cívica Radical) was to promote an ordinance in which Retiro would have become an area for Future Urbanization. In that way it would have been impossible to do any work without agreements between the Government, the associations of architects and urban planners and the non-governmental organizations. It also meant that anything to be built on the premises would have to be enforced through an ordinance. For the radical legislators the project presented "resembled more a subdivision racket." The project also encountered opposition in other parties such as the Federal, the Socialist Unity and the Democratic Left. The Socialists

demanded a Park Urbanization, that is to say, one exclusively intended for green spaces¹⁶ (*Clarín*, September 25, 1993).

- b) In October 1993, the Municipal Council barred the Government's Retiro Project. After several delays the Council finally assigned the 93 Hectares of the Retiro Area Project as FU (Future Urbanization)(Ordinance N°47.190/93). This means that to whatever purpose this land may be destined, the Council will have to discuss its zoning, i.e. each modification will have to be done with an ordinance.¹⁷

5.4.4. Response of the State vis-à-vis the conflict of interests

PEN adopted two measures: the first cancelled the conflicts with the professionals and the second opened up a new confrontation with Villa 31 and other community organizations.

a) PEN calls on professional associations and partially cancels the conflicts with them

In order to avoid a worsening of the conflict, the National Government decided to summon the professional associations of architects and engineers to hear their opinions and discuss the matter. While the Argentine Center of Engineers (CAI) declined the offer,¹⁸ the Central Society of Architects (SCA) accepted the invitation. In December 1993 an agreement was signed between the Argentine Railways, the Municipality and the SCA with the goal of having an opinion on the project and outline new criteria with consensus, which would overcome the other objections.

After a few months of work, in October 1994, the SCA produced the first report (Urban Considerations for the Retiro Project) in which they warned about many objectionable aspects which could be improved.¹⁹

16 The debate about the project was treated in an non ordinary sessions which lasted the whole evening of Thursday, September 23, until dawn of Friday the 24th. In spite of support from the one person blocs, the radicals could not block the project from the Executive Power. They needed 31 votes in order to convert the proposal into an Ordinance and only got 30 votes. The session of the Council to treat such a polemical matter was carried on to the 7th of October.

17 In fact, 90% of the terrain was already (FU) Future Urbanization, with the exception of two plots: a fringe near the port which is U10 (allows, among other things to build offices, museums, supermarkets, and radio and TV stations) and another one on the opposite side on Avenida del Libertador (between Callao and Cerrito) which had other special standards.

18 In the view of this agency, the analysis of urban problems in Retiro could not be limited to a study on 94 Hectares and besides, these studies could not be finished with the required speed.

19 The working team was integrated by architects Julio Keselman and Heriberto Allende in the general direction, Odilia Suarez as coordinator of the subject, Luis Einstein, Carlos Lebrero and Alberto Varas (Lebrero, 1995).

Box 5.8. Position of the SCA about the Retiro Project of PEN

The team of the SCA said that they considered “valid and stimulating” the initiative of improving railway operations, as well as the idea of articulating with the city those terrains that might be dismissed from railway or harbor usages. However, they stressed “the serious lack of definitions and omissions in the studies that establish the baselines for the proposals” and “the lack of a management structure in agreement with the nature of the problem.”

The study proposed a new approach for changing and readjusting the project. It suggested giving priority to the refurbishing of the railways and the harbor in a stage prior to the urban transformation. The basis of the proposal maintains that “the main benefits in the remodeling of the Retiro area should be centered on the improvement of productive efforts which the country undertakes in order to relate commercially and competitively to the world.” It does not mention, nor suggest anything about Villa 31. However, it recommends “evaluating in a privileged way the results and functional, environmental, railway and urban consequences in general of the transformation operations, over the optimization of economic ends and the balance of financial flows” (SCA, 1994, Urbanistic Consideration).

Source: SCA, 1994, Consideraciones Urbanísticas sobre el Proyecto Retiro

b) PEN brings pressure to put the RP underway: a new decree for the urbanization of the Retiro area

Before the SCA could finish their assessment on the Retiro Area Project and formally deliver formally their reports, the National Government announced to the press in May 1994 that by end of the year they would call an international public contest to elaborate the Retiro Project.

The urgency in calling for this contest had a double motivation. The first one was that two of the railways operating in Retiro were already in private hands and the third one would be so in July. “The enterprises will have to know what the Government wants to do with these lands,” declared Matias Ordoñez (head of the Undersecretary of Administration of Assets) who also added that specifications for the contest would emerge from the study outlined by the SCA that had changed the original project.

The second major reason that had the march of the Retiro Project proceeding faster was the need of the National Government to anticipate the renewal of authorities in the city of Buenos Aires. For the first time after 100 years, the next year Buenos Aires would become autonomous, which meant those public officials would not be named by the Nation’s President, but would be directly elected by the citizens. In light of these events it was not unlikely that future authorities might eventually be opposed to the RP.

Given this urgency, in October 1994, by means of Decree 1737/94, the President of the Nation declared the redevelopment of 120 Hectares in the Retiro area, limited by the streets Avenida del Libertador, Salguero, Costanera and Ramos Mejia. The Decree stipulated that in 4 months ideas had to be presented by means of a contest of ideas in order to urbanize the area. It indicated that on the basis of the selected ideas, Ferrocarriles Argentinos would have to elaborate the urban development project of the sector which in turn would have to be submitted to the municipality for approval.

c) The Mayor of the city backs the decree: he demolishes the wall on Avenida del Libertador and partially eradicates Villa 31

The Mayor of the city of Buenos Aires (Jorge Domínguez) accompanied the presidential decree with two measures of highly symbolic significance and strong political impact. The first one was the demolition of the wall extending on Avenida del Libertador from the street of Suipacha to the Callao Avenue. The second was the eviction by force of a portion of Villa 31 located on the site of the prolongation of Highway 9 de Julio.

Villa 31, as well as all the other villas in the Federal Capital, had been subject to a new municipal policy towards these settlements (beginning in the early 1980s) which consisted in settling and integrating their inhabitants within the urban and social networks. The National Arraigo Program which was in charge of taking the necessary actions in this irregular settlement that had settled mainly on national lands proposed that the dwellers be relocated in other neighborhoods of the city, so as to clean up the site which soon would be required for the future highway and the Retiro Project. The unsuccessful negotiations with the organization and the refusal of neighbors to be evicted provoked the end of the proposals formulated by Arraigo and their retreat from the area. Another failure was the second round of negotiations led by the municipality who proposed to the villa dwellers three options in order to facilitate their relocation.²⁰ In June 1995, in face of the urgency to carry out the eviction, Mayor Domínguez resorted to force and with the help of bulldozers destroyed 35 villa dwellings. Months later, by means of decree 110/96 public officials were allowed to resort to public force in order to evict people and goods located on the other side of Highway 9 de Julio (Cravino, 1998).

d) Villa 31 takes action in view of their eviction

Nine Catholic priests and other clergymen initiated a hunger strike repudiating the decree of Mayor Domínguez who permitted the eviction of the villa. Many artists and personalities from culture and politics showed their solidarity with the affected inhabitants. Festivals, press conferences and other acts of protest were undertaken, having ample diffusion in press media. After a week, the Archbishop of Buenos Aires approached the villa in order to make contact with the priests who were fasting. The authorities tried to accuse the priests of playing politics after this conflict, but in spite of all, finally President Menem gave an order to the Mayor to stop compulsory evictions and try a reconciliation with the villa's inhabitants (Cravino, 1998).

e) Legislators are opposed to the Decree of PEN

The city's legislature reacted mainly against the presidential decree which ordered the redevelopment of the Retiro area, since it bypassed any participation of the Municipal Council and ignored the ordinance of one year before. By means of this ordinance of the Municipal Council there was a decision that any project that did not take into account the integration of this area with the rest of the city, was to be disregarded. Some councilors also supported the complaints of Villa 31.

20 The three options contemplated in ordinance 47.665/94 were: a) subsidies of 12.000 pesos to go back to their places of origin; b) credits of 25.000 pesos for the purchase of a home; and c) access to new homes built by the State. 212 families returned to the province of their origin, 340 were relocated and 122 asked credits for purchasing a home. Many families who had opted for the subsidy came back again to the slum after a certain period, while at the same time new inhabitants were arriving at the zone.

The head of the radical assembly in the MC (Carlos Louzan) argued that the project would condition future generations of citizens.²¹ The Socialist Norberto La Porta said that “this new presidential encumbrance, making our rights his own, more than a planned project seems to be a real estate speculation.” He denied that proportions for green spaces were 65% and the rest for buildings. He also maintained that 35% was destined for private areas, the same for public spaces and the rest for streets and sidewalks. Abel Fatala raised the proposal of the Frente Grande party to reserve the neighborhood for social housing. He said that to continue the Catalinas Complex to the North would unbalance the center of the city and to change the design of railways would be a drawback rather than progress.

The proposal of Frente Grande was presented and discussed at what was called the First Meeting of the Retiro Area. The proposal was outlined during a seminar entitled “Another City is Possible, which had taken place a few months before (July 1994) in the annex building of the Nation’s House of Representatives. It included a proposal to settle Villa 31 in that area.

Box 5.9. Proposal of the Frente Grande party with respect to Villa 31

a) General conditions

- Settlement of the villa in the lands they presently occupy is possible if one takes into account that:
- The recovery of urban land cannot be directed to undertaking large real estate businesses, but to solve problems.
- The lack of housing, infrastructure and services is a problem for the city.
- The transition from villa to neighborhoods has to be done taking into account the models of family and spatial organization of the villa dwellers, close to very deep cultural roots which cannot be changed abruptly. A marginal social group which is moved to an urban setting to which it cannot adapt, ends up by becoming more marginal and dangerous.
- The cost of urban land has nothing to do with the market price but with what it cost society to “build” on this land. The traditional pattern of land use cannot be respected, since the density will have to increase so that the urban settlement will not be a failure.
- The new neighborhood will be the basis for a series of exchange and communication net works which preexist.
- An adequate assignment of public space should be permitted.

b) Urban proposal and management patterns

- **Alternative 1:**
To locate families who accept the conditions of the housing plan and wish to stay in Retiro in modules of 50 families each with a maximum height of 3 floors (maximum families to be settled: 2100)

21 At the same time, in November 1994, the radical bloc of the Municipal Council presented an alternative project for the Retiro area. The president of the radical bloc, Alberto Louzan explained to the press that this project was presented as an alternative to the official project to open up debate with the people of the city of Buenos Aires in order “to be finally elaborated by the coming authorities elected by the people of Buenos Aires.”

- Alternative 2:
To work on the relocation proposals of the Arraigo Program, as far as they are feasible
- Alternative 3:
To give mortgages to families who cannot choose any of the former alternatives. This proposal has to be as restricted as possible since it furthers individualism, exposes families to the greed of realtors, does not allow for an adequate control in the use of funds, etc..

The objective is to offer squatters an “open menu” to allow them to choose different alternatives and selecting that which best responds to their dwelling problems, and eventually, to reduce the magnitude of the housing settlement by lowering density or liberating more lands for future urbanizations.

Source: Jorge Lembo. Frente Grande Primer Encuentro Area Retiro, July 11, 1994.

f) SCA was also opposed to the measures from PEN

The SCA also made public its critical views about the presidential decree and the demolition of the wall bordering Avenida del Libertador, although it passed no judgment on the subject of Villa 31 and did not slam the door on future participation in an eventual contest of ideas. In a note, signed by chief architect Julio Keselman, the SCA stressed that the main merit of the Retiro Project was not “to change the face of the urban front, but by demolishing an ugly wall bordering Libertador which hides a yard for train movements.”

That “the main benefits should concentrate on the operational improvement in view of the efforts the country is making in order to relate commercially and competitively to the world.” His approach meant – according to the studies undertaken by the SCA - to set a priority for the redevelopment of the harbor instead of real estate development. It should facilitate the movements of freight with origin or destination in the Port of Buenos Aires for all arrivals by trains as well as by trucks. Thus, a prior stage to any urban transformation should be that freight carried by railways obtains direct access to the harbor by the wide gauge. Again, freight by trucks should be channeled all along the highways (9 de Julio and La Plata-Buenos Aires) with the result and the enormous benefit of suppressing a great part of truck traffic in the city.

Afterwards, the SCA left a door open for future participation: “Although we maintain that government and planning of the city should be left to the institutional channels and not to a decree, the SCA supports the political energy which aims at planning the operations of train hauling in Retiro. This should be oriented according to the urban priorities which our city requires, among which we would include “a posteriori” the urbanization of those terrains retired from railway usage” (SCA, Note N°404, Buenos Aires, October 14, 1994).

5.4.5. Response of the State vis-à-vis the conflicts: agreements calling for a National Contest of Ideas

After many moves and countermoves, on March 1995, a second agreement between the SCA and the Argentine Railways with the Municipality of the City of Buenos Aires, was signed. Its goal was

to organize a National Contest of Ideas for the urban development of the Retiro zone. The SCA was requested to organize this contest by previously outlining the baselines, a task that should have been completed in 45 days. Newspapers covered these events and also gathered the opinion of the main stakeholders involved including those in favor as well as those who were critical. The newspaper *Clarín* published in its Architecture Section the following information:

Mr. Keselman, president of the SCA stressed the importance of this event. "It cost us long months of discussions and disputes, but what became clear is that Retiro requires a substantial change. It is necessary to rationalize the railways, as well as the access to the port; both have been waiting a long time for a solution." Mr. Matias Ordonez welcomed the decision taken by the National Government to stimulate joint action of this organization and the Municipality of Buenos Aires, thus allowing for a better use of state property. Also Mayor Jorge Dominguez agreed with Keselman in that it was the best way to find a planned solution for these lands.

Together with these declarations, a note signed by architect and planner Claude Della Paolera was published, pointing at two key questions of urban management which the Retiro Project might possibly have overlooked: (a) the possible encroachment of the scarce green areas available in the city and the need to create certain mechanisms to avoid this and (b) the importance of discussing a city plan which would allow for new ideas about urban policies in the long term without immobilizing the city

5.4.6. Synthesis of the stage

1992	With the support of the World Bank, PEN calls for a contest of antecedents of consultant firms for the study of the Retiro area. They hire the same CANAC International. A group of well-known realtors participate as local partners.
1993 September	PEN (President of the Nation and Minister of Economy) presents the Retiro Project in an official act to public officials and business people in September. The project receives a great amount of criticism: Press media characterize the project as a mega real estate project. Urbanists object to the shortsightedness of the project.
	The project receives a great amount of criticism: <ul style="list-style-type: none"> • Press media characterize the project as a mega real estate project • Urbanists object to the shortsightedness of the project
October	The SCA claims participation for the technical teams of the city and the professional associations in the treatment of the matter.
	The Municipal Council (with strong representation of opposition parties) blocks the treatment of the project. It dictates an Ordinance designating this area as a FU district (Future Urbanization) so that any destination for this area would have to be discussed by the legislature.
December	PEN calls for the professional associations of architects and engineers to give their opinions and discuss the matter; this is how they want to mitigate the conflict.
	The SCA accepts the invitation and signs an agreement with the Argentine Railways and the Municipality in order to formulate new consensus criteria which could help to overcome the objections made to the project.

1994	May	<p>PEN puts pressure in order to hasten the definition of the RP:</p> <ul style="list-style-type: none"> Announces to the press that before the end of the year they will call for an international contest to put the project underway; they try to anticipate the renewal of municipal authorities which for the first time in 100 years will be elected in a direct way. Future authorities might be opposed to the Retiro Project.
	October	<ul style="list-style-type: none"> Dictates Decree 1737/94 in which it resolves the re urbanization of 120 hectares and stipulates that in four months a National Contest of Ideas to urbanize the site should be implemented. On the basis of these ideas Ferrocarriles Argentinos has to elaborate the Retiro Project.
		<p>The Mayor of the city supports PEN and takes two measures of high political impact:</p> <ul style="list-style-type: none"> Demolishes the wall that extends on Avenida del Libertador and opens up the site to be urbanized for all the people to see Tries to compulsively eradicate a portion of Villa 31 which is settled in this area (outline for the prolongation of Highway 9 de Julio).
		<p>A period of conflict-negotiation with Villa 31 opens up:</p> <ul style="list-style-type: none"> The National Arraigo Program (in charge of giving a legal solution to the inhabitants of Villa 31) proposes to relocate the squatters in other neighborhoods of the city; Receives a negative answer from the villa. Dwellers and the opposition of the people in the neighborhoods where the squatters would be resettled. Arraigo retires from the area. The Municipality proposes three options to the inhabitants of Villa 31 in order to facilitate moving to other areas; has no success at all.
1995		<p>The Mayor dictates a decree in which he authorizes the use of public force; with bulldozers, they destroy 35 dwellings in Villa 31.</p>
		<p>This starts a period of confrontation with Villa 31 and evictions are hindered:</p> <ul style="list-style-type: none"> The organizations of Villa 31 manifest their disgust with the intentions of eviction. They receive support from many artists and personalities from the cultural realm. Nine Catholic priests start a hunger strike in disgust with the municipal Decree. The Archbishop of Buenos Aires approaches the villa in order to contact the priests. The President of the Nation commands that evictions shall be stopped.
		<p>The Municipal Council opposes Decree 1737 of PEN which intends to re urbanize the Retiro zone and tries to impose the ordinance in which this area is designated as FU (for future urbanization).</p>
		<p>Opposition parties reinforce the proposal elaborated by the Frente Grande (A coalition of opposition parties) which contemplates the building of social housing in the Retiro area.</p>
		<p>The SCA produces their first reports. Urbanistic Considerations on the Retiro Project in which it criticizes the project and proposes a new approach to re-adjust it. The SCA also criticizes the presidential Decree. Does not pass judgment on Villa 31 and leaves the door open for their own participation.</p>
		<p>A second agreement is signed with the Argentine Railways, the Municipality and the SCA in order to call a National Contest of Ideas for the urban development of the Retiro zone. The SCA is in charge of designing the contest and of organizing it.</p>

Table 5.2 Chronology of events. First Retiro Project 1992-1995

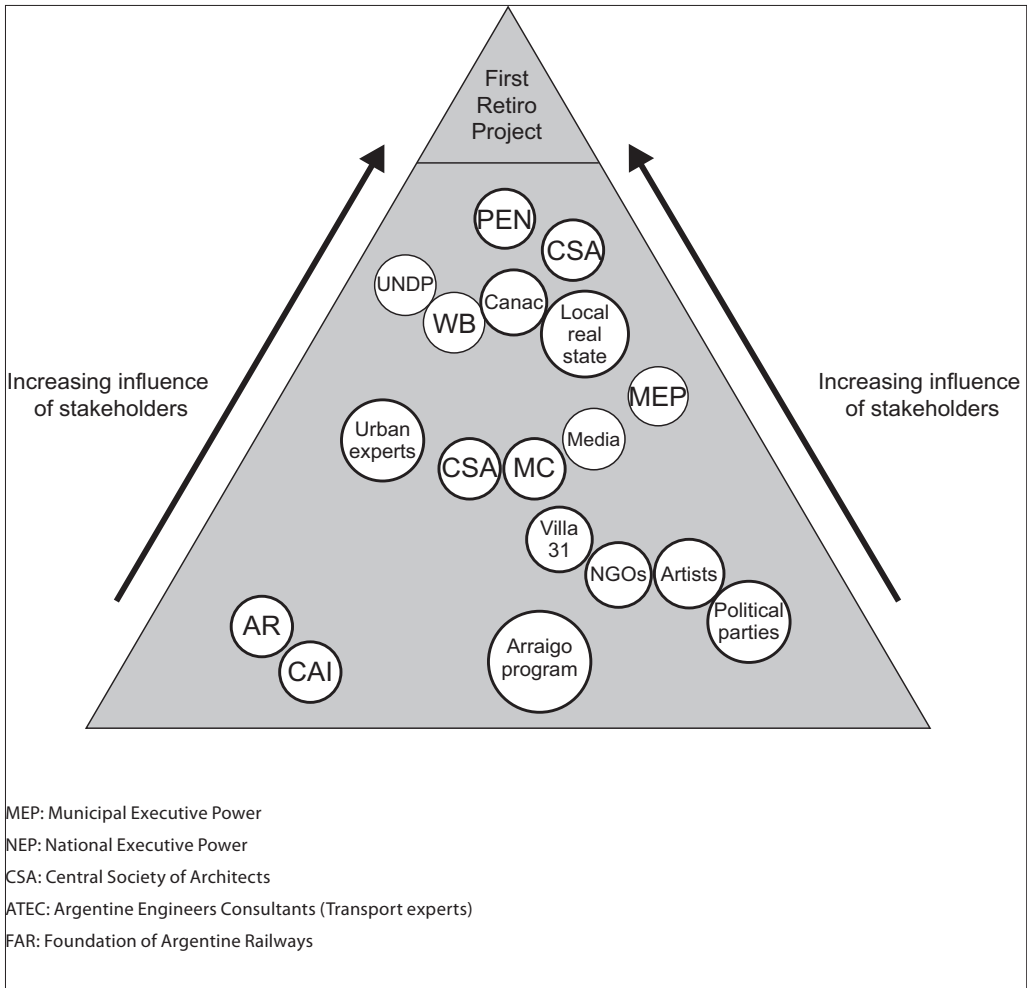


Figure 5.14. Stakeholders' influence level. First Retiro Project

NEP			●	●	●	●	●	●	●
MEP		●	●	●			●	●	●
MC						●			
Arrsigo Programme							●		
Urban experts									
CSA									
Villa 31							●	●	
NGOs								●	
Media									
	NEP	MEP	MC	Arrsigo Programme	Urban experts	CSA	Villa 31	NGOs	Media

References:

NEP: National Executive Power

MEP: Municipal Executive Power

MC: Municipal Council

CSA: Central Society of Architects

Matrix 5.3. Extension of stakeholder's conflicts: First Retiro Project 1992-1995

5.5. Second Retiro Project: winning proposal in the National Contest of ideas (1996-1999)

The Second Retiro Project was a result of the Contest of Ideas. Its production process developed between 1996 and 1999. In these four years, the bases for the contest were outlined, the contest was undertaken, the final proposal selected and an agreement was signed with the winners to elaborate the definitive project. This project received firm support from the architects associated to the SCA and naturally from the studio who won the contest. Simultaneously, the project was the object of strong criticism from a series of economic and community stakeholders. At the end of this stage it was “put on a shelf.”

5.5.1 Identification and classification of stakeholders

Main stakeholders		Relation to the project
State stakeholders	The city's Planning Secretary. Depends on the Municipal Executive	Under the new status of autonomous city, the Government of the City has greater control on the project by means of the Secretary. Must decide on the winning proposal and elaborate a re zoning project and convert it into Law. At the end of this stage cannot present a project to the Legislature.
	Urban Planning Assessment Council CAPU. Depends on the city.	Has to analyze the Project and assess for the Municipal Executive Power. Undertakes a detailed evaluation.
Economic stakeholders	Studio of architecture Baudizzone-Lestard-Varas	Their proposal for Retiro wins the National Contest of Ideas. Sign an agreement with PEN to elaborate a definitive proposal.
	ATEC Engineering Consultants	Questions the transportation solution contained in the winning project of the Contest of Ideas and elaborates on an alternative proposal.
Community stakeholders	S.C.A	Elaborates the Bases for the National Contest of Ideas under new urbanistic approaches Organizes the contest.
	Argentine Railways Institute Foundation FIAF	Summons a set of organizations and experts on environment and transport and produces a declaration in which it requests the annulment of the Retiro Project emerging from this Contest.
	Foro Ambiental Ciudadano	Provide their technical opinions and try to discredit the winning project. Adhere to the FIAF declaration requesting an annulment.
	Rivarola Meoli Foundation	
	National Institute of Natural Sciences Research	
	Many professionals and experts	

Secondary stakeholders		Relation to the project
State stakeholders	PEN	Has a secondary role in this stage. Must wait until the Government of the city decides about the winning proposal.
	National Administration of Railway Assets ENABIEF	Signs a contract with the winning studio of the National Contest of Ideas in order to elaborate a definitive project.
	Ad hoc Commission for the Project's follow up (integrated by the Nation and the City)	Designated by the Government of the City acts as a consultant and follow up instance. Articulation between Nation and city is only formal.
	Chief of Government of the Autonomous City of Buenos Aires	Presides the jury for the National Contest of Ideas. Later he distributes the prizes.
Economic stakeholders	IRSA Investments and representations	Argentine investment firm in real estate. After the long impasse in the definition over the Retiro Project it starts lobby to put the works in Retiro underway.
	TECHINT	Contacted by IRSA is eventually Interested in their participation in construction works.
	Cementera Loma Negra	Called upon by IRSA is interested in providing cement and inputs for eventual works in Retiro.
	National Mortgage Bank BNH	Contacted by IRSA is interested in eventual mortgage financing of housing.

Matrix 5.4. Stakeholders in the Second Retiro Project 1996-1999

5.5.2. Profile of stakeholders: interests, resources and lobby power on the project

Main Stakeholders

a) New Government of the Autonomous City of Buenos Aires

The new Government of the Autonomous City of Buenos Aires was a key stakeholder at this stage. The last phase of the Retiro Project depended on the performance of the executive and legislative powers. The Planning Secretary had to officially examine the tentative project that resulted from the Contest of Ideas and elaborate a Master Plan (including the proposal of rezoning the area). This Plan, after being approved by the Head of Government of the City, had to be transferred as a Bill to the newly elected Buenos Aires legislature. The latter, if it approved the Bill would dictate an ordinance which permitted an auction for building these works. The project never arrived at the Legislature.

The interests of the Planning Secretary with relation to the Retiro Project are not easily identifiable. The recently elected Head of Government had given his enthusiastic support to the Contest of Ideas, but at the end of his administration he shelved the Bill that had to be presented to the Buenos Aires legislature which constituted the last phase in the elaboration of a Master Plan and the zoning of the area.

The restraint of the Government of the City to the Retiro Project deserves two levels of analysis. In the more general framework of challenges and various proposals which the new Planning Secretary of the city had posed (Arch. Garcia Espil) it is possible to observe that Retiro did not occupy an important place. It was only mentioned in the "future actions to be accomplished." Instead, among the "ongoing proposals" they included the transformation of villas into neighborhoods, together with 15 others

giving relevance to questions such as the protection of neighborhoods, flood control, the construction of homes, ecological reservations, etc.²² This marks a significant difference with the priorities this same Planning Secretary had established when Puerto Madero was considered an emblematic operation.

At the level of management mechanisms and strategies, the relative lack of action of these city agencies could be expressed as derived from their impossibility and/or incapacity to achieve a formula for harmonizing contradictory interests of stakeholders in the Retiro Project. At this stage they tried their lobbying power.

- On the one hand, PEN tried to instigate the realization of the Retiro Project in stages, with the argument that there were capital interested in investing in the totality of lands and not only in some parts. A lobby of construction, financial and real estate companies controlled by George Soros made their lobby felt publicly and demanded an urgent auction summons.
- On the other hand, a set of stakeholders representing the interests of public transportation, particularly those of railways, promoted a strong criticism of the Retiro Project that had emerged from the Contest of Ideas, especially in those aspects linked to the transportation solution.

The Government of the City manipulated a very strong resource in order to hinder the advancement of the Retiro Project: their power to fix and approve standards for the area.

b) Architectural Studio Baudizzone-Lestard-Varas

The studio Baudizzone-Lestard-Varas was the winner of the National Contest of Ideas organized according to an agreement between PEN and the Society of Architects. This studio had extensive professional experience and had won its prestige due to the intense activity in the elaboration of projects and direction of works in architecture, urban design and interior design. It had undertaken hundreds of public and private works: hotels, industrial buildings, laboratories, hospitals, concert halls, sport equipment, commercial malls and large office buildings and condominiums.

Arch. Varas was the visible head of this studio during the development of the Retiro Project. His professional interest in the project had a long history. As early as 1983 he had started to investigate the matter in his university lectures and had elaborated his own position.

According to his view, the Retiro Project was framed within the large transformations in the technology of transportation of the city, a process equivalent to other parts of the world that had produced great changes in ships, airplanes and trains. The changes in transportation technology had made the infrastructure obsolete and had started to generate a periphery within the city: railway tracks no longer used and ports or airports that were not useful anymore. This became an obstacle in the position of the city as an efficient city: a city producing urban technology, which is the function a city has to perform in order to gain international competition. His planning and architectural proposal was considered by the jury to respond with greatest clarity and strictly speaking to the objectives posed in the bases, by means of a high soaring project.

22 Garcia Espil (Secretary of Urban Planning and Environment of the City of Buenos Aires), "Buenos Aires hoy", *Journal of the SCA*, # 186, October, 1997.

The almost personal relationships of Varas with Retiro (according to his own statement) lead him to be involved in all the instances of the project's definition, acting as a referee, but also as an interested participant. He participated in editing part of the Planning Considerations which were entrusted to the SCA in the frame of the Contest of Ideas, in the elaboration of the Bases of the Contest (together with other professionals); in his presentation as competitor in the Contest and, after winning it, in the development of a "definitive" version of the project ordered by PEN.

By means of these actions, it is evident that there is an aspiration of this group of professionals not only in furthering their well founded planning and architectural ideas for the area of Retiro, but also in their economic interest for successive contracts which implied the realization of a project presumably costing millions of dollars.²³

c) ATEC-Consultant engineers

ATEC consultants were another prominent stakeholder at this stage of the project. ATEC has a solid experience in matters of engineering, mainly in the areas of transportation, energy and sanitation in the private and public sectors at national and international levels. Founded in 1969, it has been in existence for more than three decades. Their partners and key personnel have been working in a majority of the cases in the firm for more than 20 years, which establishes consistency and professional prestige.

In representation of transportation interests (subway, underground, car transportation and port) ATEC was promoting a strong lobby against the Retiro Project. In the judgment of these specialists, the bases of the Contest had accepted the railway solution of CANAC as the best. The architectural contest had had little support in railway engineering. As a consequence, the winning proposal of the Contest of Ideas (the Project of Arch. Varas) showed serious faults. Among others, it proposed the deactivation of the Mitre Station and thus, to separate the railway station from the underground station, since its prolongation would be too costly.

The solid professional profile of ATEC is a good indicator that the criticism against the Retiro Project was guided by the legitimate aspiration of reaching a better technical solution for the area. At the same time, ATEC also had corporate interests as consultants. They had participated as partners of the Architectural Studio Antonini, which did not obtain the first prize, but appeared in the fifth place in the Contest of Ideas. The proposal of Antonini consisted in maintaining the Mitre station in its present position, but putting it underground, a fact which was not contemplated in the Bases of the Contest. Thus, it is valid to suppose that, having been displaced from a substantial project, ATEC aspired to take part in it again.

The consultant firm also had interests and a firm position in relation to other matters regarding Retiro. In the realm of Transportation Planning they had published a paper on *Port expansion area in the City of Buenos Aires* hired in 1998 by the General Administration of Ports and Navigation Routes for a Study on Technical Feasibility – Tentative road project – Tentative structural project- Tentative facilities project. They also made a study of a priority line for the underground of Buenos Aires, commissioned by the Nation's Secretary of Transportation between 1997 and 1998.

23 It was impossible to find access to the information giving a glimpse of the amount paid in contracts by the government of the city to the professionals and to the SCA.

The resources mobilized by ATEC to oppose the Retiro Project were multiple: their experience and professional prestige, their influence on public opinion, recruitment of other stakeholders and the contacts with officials. Between 1993 and 1999 its President was Engineer Maximo Fioravanti who had also been president of the Argentine Consultant Chamber (1994-99) and was later active as Secretary of Public Works of the Nation (between 1999 and 2001).

Engineer Larocca (president of the consultant firm since 1999) was the main operator in the opposition to the Retiro Project. He published in a national newspaper an article against Varas' RP, subscribed the Declaration of FIAF and later on, together with other colleagues elaborated an alternative proposal which will be described later on. Eng. Juan Pablo Martinez (from Subterranos de Buenos Aires) was a close collaborator of Larocca. Martinez agreed with the criticism of the Retiro Project, but did not believe in Antonini's "Pharaonic solution" which implied putting the Mitre Station underground.

d) Central Society of Architects SCA

At this stage, the SCA should have undertaken works which linked them in a direct way to the management of the Retiro Project. The SCA had signed with national authorities an agreement of participation of professional associations in the Retiro Project. Their objective was to give an opinion on the components of the project, on the basis of antecedents and studies undertaken by the consulting firm CANAC. Later, they had to "formulate consensus criteria which would allow overcoming the objections made within lines of action which should be compatible with the basic objective established by the Project."

This meant that, according to this agreement, the SCA could make objections and recommendations about the official project, but within certain limits that did not question the initially posed goals. This means that the SCA had to make compatible their own points of view with the interests of PEN.

Apart from the tensions this framework of agreements might have generated, the participation of the SCA in the elaboration of the documents and the organization of the Contest indicated their interest in the accomplishment of the Retiro Project.

In order to elaborate the various reports of the agreement, the SCA organized a teamwork constituted by Julio Keselman (President of the SCA and Heriberto Allende (general coordinator); Odilia Suarez (coordinator of the issues), Luis Anstein, Carlos Lebrero and Alberto Varas.

e) Argentine Railways Institute Foundation FIAF

The FIAF is a NGO dedicated to the promotion of Railways in Argentina. It was constituted on December 10, 1991, with the institutional aim of undertaking actions for the Preservation, Defense and Promotion of Railways as a useful means of transportation and a cultural and effective asset of the Nation. To that end, the Foundation called personalities, organizations, enterprises and institutions related directly or indirectly to the issue of railways and transportation as a whole, so as to constitute a conglomerate of common interests and for the development of a consistent transportation system, preserving in turn the cultural and environmental assets related to them.

FIAF engaged in research, studies, development of plans and projects, assessment and consultant services on design, provision, construction, operation and management of railway transportation services and systems and other related activities.

In the same way as ATEC, FIAF expressed the technical interests of public transportation with the perspective of achieving an optimal solution in an area as critical as Retiro. Simultaneously, FIAF had interests associated to their role as providers of services and assessments in the public as well as in the private sectors.

Members of the Foundation show a vast experience in the realization of professional work in matters of transportation in the whole world. In Argentina, they had developed actions which, in a more or less direct way, had a relation with the central definitions which had been taken or were about to be taken for the Retiro Project. Among other works, the home page of FIAF mentions assessment given to the following organizations:

- National Commission of Transportation Regulation, Buildings and Operational Areas for the concessions of metropolitan railways.
- Section for the Coordination of a Program of Railway Restructuring – Elaboration of a single standard for the technical and administrative management of requests of crossed and parallel installations to be taken care of by private railway operators.
- Department of Buildings, Complementary Management of FEMESA, Centralized Unique Real Property, determination of operational areas for the concessions of the metropolitan railways services – Organization and consistent direction of Inventories of Assets of FEMESA.
- Infrastructure Section – Mitre and Sarmiento Lines – FEMESA – engaged with: Urban management, railway crossroads, and installation of crossing and parallel public services to railway tracks, lots, landscaping, commercial advertising, crafts and judicial experts.

Resources managed by FIAF to oppose the Retiro Project consisted in searching for a consensus with other stakeholders, with affinity of perspectives on the RP and their influence on public opinion and authorities. FIAF grouped a set of experts in transportation, urbanism, economy and environment. They elaborated a document signed by this conglomerate of individuals and institutions, in which they offered criticism to the Retiro Project, largely coinciding with that of ATEC.

f) Institutions and professionals who agreed with FIAF's declaration

FIAF's declaration was followed by a series of independent professionals and institutions: Ecosistemas del Plata, Rivarola Meoli Foundation, Association of Directive Personnel of Ferrocarriles Argentinos, Foro Ambiental Ciudadano, and the National Institute of Research in the Natural Sciences.

Among those who signed, there was an Arch. David Kullock, who at that time had acted as consultant for the opposition bloc of the Frepaso in the city's Legislature. Kullock had made statements against the Retiro Project a short time after the outcome of the Contest of Ideas had been known. In his view, Operation Retiro was an example of "fragmentary urbanistic actions, completely opposed to the spirit and the letter unanimously approved by the new Constitution of the City" that had also approved the Urban Environmental Plan. In the editing of this Plan there had been a "cross thematic participation of academic, professional and community organizations that constitute the framework to which the remaining planning standards and public works will have to adjust."

His criticism is geared not only at the planning of urban fragments outside the comprehensive plan. They also question those professionals who, in spite of good intentions, had legitimated with their participation in the Retiro Project a style of seriously questioned management: "the selling fever of land by PEN, the secret hiring of foreign consultants, protest over this procedures, negotiation between the Government and the SCA for the development of the contest which has already concluded" (*Clarín*, November 4, 1996). Kullock was consultant to the Urban Environmental Plan in the period extending throughout the next stage of the Retiro Project development.

Secondary stakeholders

g) PEN

PEN had a less visible presence at this stage, since the Government of the City wanted to advance on administrative decisions prior to the works. However, the lobbying power of PEN was maintained and channeled this time by means of the incorporation to the management scene, of professionals who had voiced their objections. This can be corroborated by means of two facts: (a) an agreement signed with the SCA in which it was established that the studies and observations that had to be done about the First Retiro Project, would be compatible with the previously established basic objectives. This is to say that PEN was not showing any disposition to reexamine some of the central questions of the original proposal, a fact that led to more criticism, as will be seen further on; and (b) an agreement signed with the studio Baudizzone-Lestard-Varas to elaborate a definitive proposal. By means of this contract PEN could have direct control over the changes which would be introduced to the proposal, as well as to its schedule.

h) National Agency of Railway Assets (ENABIEF)

The National Agency of Railway Assets is the organism which replaced the former National Commission of State Assets. ENABIEF was created in 1996 by means of Decree PEN # 1383/96, as an autarchic entity under the wing of the Secretary of Public Works and Transportation from the Ministry of Economy. Dr. Matias Ordoñez was chosen as its President. The main aim of ENABIEF was managing the non-operational assets left by the railway enterprises Ferrocarriles Argentinos (e.l.) and Ferrocarriles Metropolitanos S.A. (e.l.), while specifically retaining the remaining faculties granted by Decree 602/92 about the Retiro Project to the Commission for the Sale of State Assets.

ENABIEF's patrimony was constituted by assets transferred from the railways. In general, it acted in the management, sale and paying rental of buildings and other assets, according to the goal assigned to them. It also was in charge of paid or free transference of buildings under the jurisdiction of the Agency in the framework of Law N°24.146: in the granting of permits for use, in the administration and transference of dwellings and other assets when their ends responded to community, social or cultural requirements and to the realization of urban or railway-urban projects.

It was specifically dedicated to manage and in this case to undertake the railway and urbanistic projects concerning buildings it had received and about those which could be useful to other public and private organizations.

Using these faculties, ENABIEF signed in 1997 a contract with the winners of the Retiro contest to elaborate a definitive project. At the same time, in 1998-1999 it called for an auction of projects to construct and manage the buildings of railway terminals that were left out of the concessions by Decree 1143/91 (Retiro later finished and Constitucion and Once, not yet finished).

i) Private investors

Private investors who played a part at the end of this stage of the Retiro Project were important firms linked to real estate, construction and finance: IRSA, TECHINT, Loma Negra and the National Mortgage Bank.

The pressures of this lobby of enterprises did not focus exactly on the terrains of the Retiro Project, but in a contiguous area between Retiro and Puerto Madero. This was a group of terrains which IRSA had acquired in front of the Northern Dock of the Port at an extremely low value: terrains belonging to the former shipyard Tandanor.

Since the purpose of investors was to build a complex of offices, condominiums and stores in 35 story high buildings, the project –which was called Retiro Port-, required the approval of the same standards that would benefit the official Retiro Project.

IRSA Investments and Representations SA is Argentina's largest and most diversified investment firm in real estate. It is furthermore the only company within the industry whose shares are quoted in the New York Stock Exchange. One of the main shareholders of the firm at the time we are analyzing was tycoon George Soros, who later defected. According to information provided at his home page, his main activities consist in the acquisition, development and operation of office buildings, commercial malls, residential properties, land reservations located at strategic points and acquisition of luxury hotels. The company's strategy consists in increasing the flow of funds, incomes and value of assets by means of a continuous expansion of their business assets (<http://www.irsacompany.com/2.html>).

Techint Engineering and Construction is a building firm that operates world wide. According to its home page, the company has a capacity of some 40 million hours per man in construction, per year. It has participated in the following projects: Federal Penitentiary Complex, Argentina (2001); Expansion of the Alvear Plant, Argentina (2000); North Andean Gas pipeline Argentina-Chile (1999); Bonny Island, Nigeria (1999); Pipeline Orucu-Curari, Brazil (1998).

5.5.3. Forces of support and opposition: unfolding stakeholders' interests

a) The Society of Architects elaborates the Bases for a National Contest of Ideas under new patterns

Instead of 45 days, the elaboration of baselines for calling a National Contest of Ideas took more than one year. On March 12, 1996, they were approved by the Argentine Railways and the Executive of the Municipality of Buenos Aires.

The baselines pointed at an important new thinking of the original project for various reasons.

In the first place, it established in an explicit way that the Retiro project was not to be conceived as real estate speculation. Therefore, a series of changes with respect to the official project were introduced trying to establish three main questions: (1) the railway linkage of Retiro with the Port; (2) the extension of the green area in the North continuing the 3 de Febrero park along Libertador; and (3) the change in uses of buildings allowed for private investment that now would not permit office buildings as the original project suggested. With the latter, it was avoided that this territory would constitute an attraction of activities from the central district, a fact that would have produced its decay, since the natural lines of expansion have to be Catalinas, Plaza Roma and Puerto Madero (Baselines for the Contest, 1996).

In the second place, baselines established three stages for the project's development and the sequence tried to ensure that railways were envisaged before the urban planning:

- First stage: railway management of connection between port and trains. Also a linkage between this and the Buenos Aires-La Plata highway.
- Second stage: liberation from railway use of some 18 blocks facing Avenida del Libertador from Avenue Ramos Mejia to Avenue Callao. This stage also includes the construction of a transfer point (train to bus) in the area of the FC. San Martin terminal.
- Third stage: liberation of another 57 blocks for urbanization, construction of a new unified terminal,

incorporating the transfer point and the recycling of the Retiro-Mitre station.

In the third place, regarding the sector for urbanization, baselines ensured that the better part of this surface be destined to public spaces and green areas. 65% of the surface was destined for public use (streets, sidewalks and green spaces), while the remaining 35% could be subdivided and sold to the private sector including specifications about use and building codes. Of the land to be sold, 40% had to be destined to housing and the other 60% to other uses such as high luxury hotels, commercial facilities, cultural buildings, nurseries and primary schools.

In spite of this very positive orientation, baselines did not question the solution for railway transportation designed by the official project (regarding functional and territorial zoning of train terminals) and did not make any references to the existence of Villa 31 and the need to find a solution for thousands of inhabitants located in that area over several decades. Rather, it was presumed that the Municipality would move the villas to another part, since its location on the land destined for a linkage node between highway and streets would provoke serious circulation and environmental problems in the area.²⁴

b) The new Government of the Autonomous City calls for a Contest

The National Contest of Ideas was called on April 22, 1996, and a deadline for delivering projects was established for July 24, 1996.²⁵ At this time, the city of Buenos Aires was already autonomous. Some 100 sheets of specifications were sold and 48 proposals were drawn in. The jury, presided by the new Mayor for the autonomous city (Dr. Fernando De la Rúa)²⁶ announced that the winners were members of the architectural studio Miguel Baudizzone, Jorge Lestard, Alberto Varas. On October 30, 1996, President Carlos Menem and De la Rúa shared the stage of the White Room of the Casa Rosada in order to deliver the prizes.

Official declarations to the press showed the new direction the project had chosen in the face of wide criticism. President Menem said: "there is no real estate business. What we want is a more beautiful city." De la Rúa on his part declared that: "the winning proposal overcomes the excessive level of occupation which was forthcoming in the first project where more attention was given to the revenues gathered by selling these lands, than to urban planning. Now there are more privileges for the people who will have access and expansions with a balanced proposal for the city" (*Página 12*, October 31, 1996).

24 Junction of Highway 9 de Julio and La Plata-Buenos Aires and transfer point with the network of streets at the level of the harbor zone.

25 It was established that the winners of the Contest would receive a prize of 65 thousand pesos and that they should yield the intellectual property rights of the project to the promoters (Railways and Municipality of Buenos Aires). The latter would be in charge of developing the tentative project on the basis of the ideas in the winning project and would hire two members of the winning team until the conclusion of the tentative project. But, if in the end no intervention to the area was decided or change in its aims, this obligation would be automatically cancelled since the contest had no enforcement rights, according to the text of Decree 1737/94 (*Clarín Arquitectura*, March 18, 1996).

26 On December 12, 1996, the Jury integrated by Dr. Fernando de la Rúa and Arch. Roberto Converti for the Municipality, Dr. Matias Lucas Ordoñez and Arch. Jorge Jimenez Silice for FA; Arch. Rodolfo Gasso and Eng. Daniel Batalla for the SCA; Arch. Alberto Sabarr por FADEA and Arch Roberto Frangella for the participants, met to take a decision. The assessment of the contest was in the hands of Arch. Federico Mougén and Jorge A. Roca for the Municipality of the City of Buenos Aires; Eng. Roberto Carretero and Dr. Ismael Mata for FA; Arch. Luis Einstein, Heriberto Allende, Carlos Lebrero and Odilia Suarez for the SCA.

c) The studio of architecture Baudizzone, Lestard, Varas wins the contest

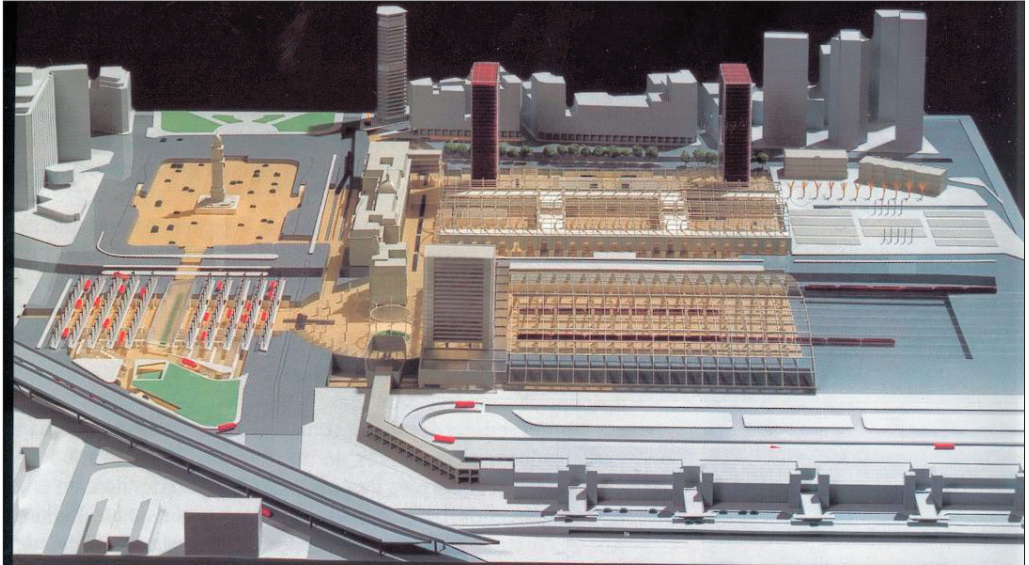


Figure 5.15. The winning proposal. Model

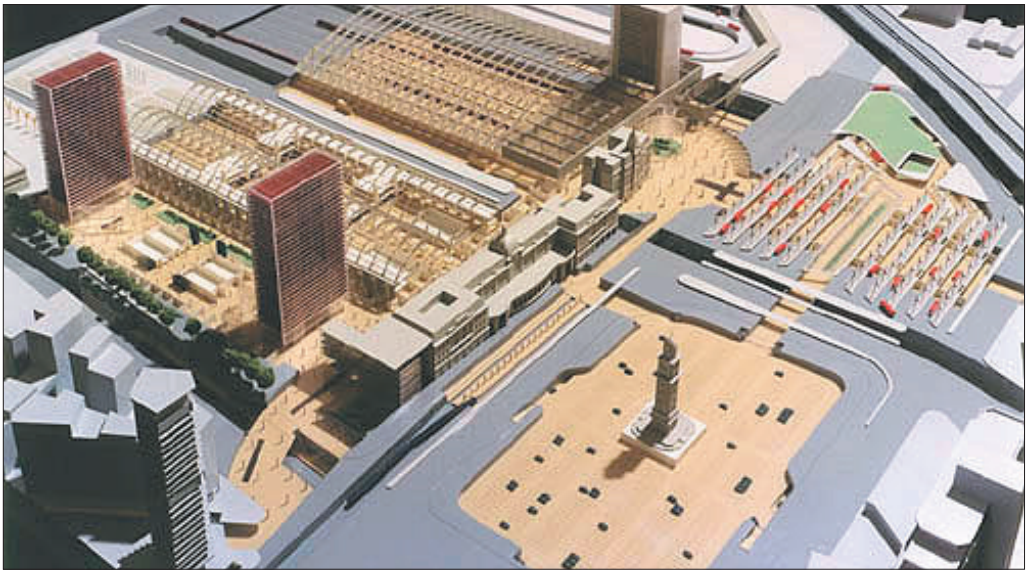


Figure 5.16. The winning proposal. Model

Box 5.10 The judgment of the jury

The project responds with clarity and strictly speaking, to the objectives posed in the bases and they do it with an interpretation that reaches a high scoring architectural urban proposal.

This project has based its general proposal on an exact valorization of public space: as structural element. Here resides its greatest merit. This is achieved without entering into contradiction with the idea of "self-financed project," since the authors' proposal of "two key urban pieces in the definition of a new centrality," are especially valued as the initial mark of this important intervention (second stage), i.e. what the authors call the "monumental dimension of the fragment."

This work shows a clear articulation between the site and its environment, and the laws that emerge from it, thus providing the necessary flexibility for projects of this uncommon size. The proposal of a multifunctionality is correct and the towers border the Mitre Station in a place announcing the Retiro Project and solve manifestly the economic equation.

The articulation of horizontals and towers is highly praised, the latter as vertical protagonists of the new centrality. (...)

The proposal of a green corridor is also wise, since it acts as a separator between Avenida del Libertador and the urban piece of residential tissue, by incorporating a new quality to the urban landscape of the area.

(...) Nevertheless, the above is susceptible to the following criticism:

- Has to improve the solution in the second stage, so as to achieve a staged execution of works.
- In the second stage the displacement of trains from the Belgrano, should be avoided.
- The scheme for exit of buses has to be improved.
- Natural light should be provided to the underground construct.
- Access of passengers from the Mitre railway to the center of transference has to be optimized.

Source: SCA, Revista de Arquitectura, N° 184, January, 1997.

Box 5.11 Author's report

(...) The improvement in the quality of life for the metropolis – the main objective of the Project – is linked to the quality of residential space (by means of a proposal of new tissue with respect to the square mass of the existing city) as well as that of recreation and travel time in which people invest an important part of their time. The project proposes hypothesis about other aspects of life in the city which, if they are not solved cannot secure the quality of life proposed for citizens (recreation, contact with Nature, the port, rational function of the transportation networks of cargo) as well as the functions which in general contribute to its economic life, viewing the city as a production center. Buenos Aires inaugurates in this way, problems of a new scale of monumental urban fragments in the central areas.

Sixteen ideas for the Retiro area (second and third stages)

- Multifunctional Center: high density complex with private development for public access. Includes stores, hotel, apart-hotel, studios, office facilities, communications.
- Residential urban mesh separated from Av. Libertador by a green corridor with medium height.
- High density front: on the crossroad with Highway 9 de Julio a platform is proposed with the same height as the highway and two buildings for various hotel complexes.
- Green corridor with a width of 50 m which will be the prolongation of already existent city parks.
- Street structure: elimination of the high-speed route after Callao and maintenance of the by-pass on Avenida del Libertador in order to protect the new neighborhood from rapid transit.
- The new public park: will unify the existing parks with new areas for public use.
- Urban front and park: line of buildings marking the new limit of the city with the river.
- Landscaped boulevard which connects with the present outline of Av. Madero up to Salguero.
- Cultural Park: buildings with ample space for exhibitions, museums and cultural organizations.
- A low and green site: low buildings with space for servicing the new housing in the area which, in the final stage, will encompass a neighborhood of between 8 and 10 thousand inhabitants.
- A low density neighborhood: completion of existing Barrio Parque,
- Underground transfer point: for passengers of internodal distribution connected to the western sidewalk (before crossing) Avenida del Libertador up to the new unified station of railways, underground at depths of 5 and 9 meters.
- Bus station: located across the railway station (+1.20 m) with pedestrian access from the transfer point (-2.50 m). Center for supplies that will contribute to finance it.
- Premetro and underground light train with a terminal in Retiro and arrival at Av. Brasil-Cos-tanera There to serve the new areas on the limits of the central district. Includes a transfer station with underground of Line C.
- Underground: enlargement of Line C up to the new railway station and eventual lengthening under Avenida Pueyrredon.
- Environment and conservation: refurbishing of terminal stations Mitre and Belgrano (second and third stages). Recycling of railways building. New center of supplies connected to the node

Source: SCA, Revista de Arquitectura, N° 184, January, 1997.

d) PEN and the winning studio sign an agreement to elaborate the definitive project

In August 1997, an agreement was signed between the National Committee for the Management of Railway Assets (ENABIEF) and the architecture studio of Baudizzone-Lestard-Varas, who had won the Contest of Ideas, in order to elaborate the final project. The winning project did not show the detailed level required by the government of the city in order to be approved.

At this stage (from August to December 1997) the government of the city appointed an ad-hoc advisory committee to follow-up and maintain continuous meetings with the designers and the members of ENABIEF.²⁷

The preliminary sketch – proceedings which contained a folder with more than 50 plans at various scales and two volumes with a project for standards - was presented by ENABIEF to the Secretary for Planning of the city of Buenos Aires on December 29, 1997, so that authorities might comment on the subject. That same month of December Project Retiro received the support from the Chief Executive of the city's Government, Fernando De la Rúa, who announced the formation of a new mixed committee with members of the city's and nation's governments that would deal with the control of the process until the call of an auction bidding anticipated to take place the following year.

With this decision, the final stage of the procedures, that is, the official approval of the preliminary urban sketch and the city standards for the Retiro Project should have been started. Steps to be followed were the following: The City Planning Secretary was appointed to elaborate a relocation project. Later, the initiative should have been transferred as a legislative bill to the new city's legislature for approval. They would have issued an ordinance to call an auction to allow bidding for the construction of the site. According to this outline, the deadlines to keep the project underway would finally depend on the political pace of the Legislature. However, the project never reached this government level.

e) The new Government of the Autonomous City examines the winning project

A year after having received the proceedings, on August 14, 1998, the Advisory Council for City Planning CAPU produced a statement on the Retiro project.²⁸ The minute evaluation of the CAPU presented to the Executive of the City's Government formulated the following recommendations:

- a) To approve the urban design and corresponding zoning of the second stage and send them to the city's Legislature;
- b) To approve the general city plan for the third stage in order to submit to investors with a spectrum of foresight in the immediate environment (No urban standards to be approved yet).
- c) Foresee (in the second stage) the necessary work to improve the area of transportation transfer in its functional as well as spatial aspects;
- d) To stipulate expressly, by means of certain standards, the obligation to proceed until the termination of the first stage (trains) to ensure accessibility and proper functioning of the Port of Buenos Aires, previous to the beginning of the second stage.

27 The Commission, presided by Rodríguez Giabarini, did not limit their study exclusively to the Retiro Project, but also to the whole set of railway lands which would change their use because of the deactivation of the freight yards of the railways. These were some 10 areas amounting to about 120 Hectares which constituted the only urban reservation the city of Buenos Aires had. ENABIEF was interested in determining if the percentages of 35% for private uses and 65% for public uses – established by the case of the Retiro Project - should be maintained in all the other areas as well

28 File about the Evaluation of the Tentative Urban Project for the Retiro Area directed to the Urban Planning Secretary Arch. García Espil and to the Undersecretary of Urban Planning Roberto Converti – Counselors that were signing this: Arch. Heriberto Allende, Arch. Mario Linder, Arch. Jorge Iribarne, Dr. Raul Navas and Eng. Olga Vicente.

- e) To fix expressly, by means of standards, the obligation to build and transfer to the city's domain the totality of public spaces corresponding to stages 2 and 3, before proceeding to sell the terrains on each of them.
- f) To constitute management authorities in the area in which the National and City governments should participate, previous to the enforcement of the second stage urban standards.

Recommendation (d) has a crucial importance since it pretended to avoid the elimination of other stages of the project, as was agreed, and to secure the execution of the so-called railway stage which consisted in the moving of the freight railways (which at this point lies parallel to Avenida del Libertador) to allow for direct access to the Port. The second stage permitted the liberation of terrains bordering Avenida del Libertador right up to Avenida Pueyrredon.

The third stage meant a transfer of rails towards the river (from FC Mitre to FC San Martin) and the release of another stretch of land on Libertador and the recycling of stations from the FC Belgrano and FC Mitre.

The idea of eliminating these stages in the outline of the Retiro Project had been proposed several times by the members of the ENABIEF in the mixed Nation-City Committee, with the justification that investors with capital were interested in investing in the totality of land and not in doing so by parts. However, the CAPU was very strict in following the stages as well as with the percentages (35%/65%) allotted to private as well as public uses and the urban standards of FOS and FOT designed only for the second stage. The CAPU maintained that the debate over stage three had not been completed. That it required, therefore, a new instance of consideration, after which a proposal of standards for these terrains could be outlined. Actually, while the first two stages presented no objections, the moving of stations Mitre and Belgrano towards the river resulted in another controversy which had not been sufficiently analyzed or solved.

f) The new Government of the City elaborates a “possible” Project of a Law which never arrived at the Legislature

Eight months later, on April 12, 1999, CAPU presented the Government's Executive with a new Complementary Report on the Evaluation of the Preliminary Urban Project of the Retiro Area (outlined after analyzing “the last reports of the project under reference”) in which two alternatives were presented with respect to the continuation of the proceedings. They meant to ensure that the first stage corresponding to the railway redevelopment be executed before selling and zoning the lands dismissed from railway use.²⁹

Alternative 1: Before submitting the Master Plan and the standards for the second stage to the Legislature in the form of a bill, it is necessary to obtain from the corresponding areas of the National Government a commitment that the railway access to the Port of Buenos Aires will be built (according to the attached criteria).

Alternative 2: Propose a Bill for the Legislature which contemplates the aforementioned conditions as a previous step to the enforcement of zoning regulations.

29 It was stated that “The process of evaluation has been going on in time due to the complexity of the matter and the need to agree with the authors of the project and with ENABIEF in joint solutions to different partial aspects which emerged during the study of the important documentation that they presented.”

The possible Bill included the following key aspects:

- 1) Approval of a Master Plan of urban development for lands released from railway use in the Retiro area
- 2) This Master Plan should not be enforced until:
 - a) The National Government had created access to the Port of Buenos Aires
 - b) The National and City governments create an agency for Urban Development according to the Master Plan
- 3) No authorization to sell any terrains within the area regulated by the Master Plan and not until the following prerequisites were accomplished:
 - a) the construction of facilities, streets and public spaces in the sector to be sold and no guarantee over their construction in the future
 - b) the tools for delivering to public dominium of the City those spaces destined for streets and other public spaces.

(Government of the City of Buenos Aires, Draft of a Proposed Law, included in "Evaluation of the Preliminary Urban Project of the Retiro Area. Complementary Report" February 11, 1999).

This project never reached the city's legislature. The proceedings were shelved during the rest of the De la Rúa administration and by the person (Olivera) who succeeded him in the post when the former was elected to the Presidency of the Republic after the victory of the Alliance (a coalition of Parties) that brought him to power in December 1999.

The reasons why the Project Retiro was stopped in the city's executive government are not found explicitly anywhere. People who were interviewed said they ignored the fact although they mentioned the existence of certain influences that made the approval of the project highly improbable if the main lines outlined at the time were pursued.

To the already mentioned critical view and opposition to the project, which we have analyzed above, two other types of attacks towards the Retiro Project should be added. Both were of a different kind of order and even contradictory in their intentions, as could be verified by their public manifestation. The first were harsh criticisms coming from certain sectors related to transportation engineering, who doubted precisely "the transportation solution" involved in the Retiro Project. The second one was a strong lobby of private investors interested in buying and developing the lands in the area.

g) A group of experts technically judges the Retiro Project as not valid

A new attack against the Retiro Project started with the entrance on the scene of a group of individuals (professionals) and organized stakeholders (foundations, civil associations and consultants) stakeholders summoned by the Argentine Institute of Railways Foundation FIAF. In this group, experts in transportation, railways, urbanism, economy and environment participated. In January 1998, FIAF produced a Joint Declaration about the Retiro Project where strong criticism was lodged against this project. Furthermore, as problems were detected, alternative proposals were formulated. It is worthwhile to quote some of these statements because they allow us to see up to what point the Retiro Project, in the view of experts, showed technical and planning mistakes with serious consequences for the city.

In September 1998, this group met in the Annex of the House of Representatives, with the aim of expressing their views with respect to the Retiro Project and to be heard by the representatives. This purpose was not fulfilled because in spite of being invited, nobody attended. All the speakers were against the Retiro Project.

Box 5.12. Joint declaration on the Retiro Project

The annulment of all actions in the so-called Retiro Project is asked, for since, as has been publicly known, there is no evidence of fulfillment of adequate urbanistic criteria of transportation, legal, financial and economic feasibility, such as:

- 1) Is not emerging from a community demand nor has it been submitted to an evaluation of environmental impact and latter discussion in public audiences as established by the Statutes of the Autonomous City as well as the National Constitution.
- 2) Does not agree with the laws of disengagement of public utilities nor those of alienation of vacant land, as well as the special laws destined to spaces for railway use.
- 3) Does not follow a systematic and standard planning procedure since it has no reference in the Strategic Plan nor in the Urban Environmental Plan.
- 4) Is not included in any urban or regional transportation study.
- 5) Discourages the use of massive transportation while favoring its replacement by individual uses.
- 6) Reduces railway facilities to extremes that are not compatible with present services and does not contemplate even a modest evolution, thus making recuperation impossible for the growth of interurban railway transportation and hindering the development of regional traffic and the formation of a future comprehensive network.
- 7) Increases distances between transfer point and pedestrian access, precisely in those areas of greatest transformation and development, as well as commercial, cultural and tourist sectors of the inner central city.
- 8) Rejects the comparative advantages of railways and their externalities, which generate a very important public benefit in the urban realm.
- 9) Does not explain all its costs and economic feasibility. Seems to ignore the enormous amounts of unnecessary proposed moves (to build the present stations, relocate cargo yards and operation and maintenance facilities) without any assurance of obtaining spaces for their installation, since at the same time lands destined to those ends are to be liberated.
- 10) Does not take into account either the greater operative costs of railway services during the complex transformation of services which this process will certainly generate, nor the serious damages provoked to the people in this period.
- 11) In this context, there will be no certain possibilities that this enterprise will be completed, with the risk of dismantling the present infrastructure without building a new one.
- 12) Does not foresee the impact on the urban, regional or neighborhood contexts. Therefore it is incomplete and will produce serious functional and environmental distortion, thus damaging in an irreversible way the quality of life in the said realms.
- 13) By facilitating a process of speculative over occupation of the Northern fringe of the city, it enters into contradiction with the announcements of the Autonomous Government of Buenos Aires, which has expressed many times the need to provide a development on its southern area..
- 14) Will accelerate at the same time the downgrading of already obsolete central areas while the great demand for fiscal lands will lower prices of those that will be liberated and causing, as a consequence, that this project will use much bigger resources than those it is able to generate.

Source: www.fiaf.org.ar/retiro.htm

h) Sectors linked to transportation criticize the project and make a new proposal

Delving into the aspects linked to transportation, ATEC Consultant Engineers, under the presidency of Engineer Larocca, produced a document entitled *Ordenamiento Estrategico y Funcional de Retiro (s/f)*, which says it represents the technical view of an extensive group of engineers and specialists in transportation matters. In this dossier the consultant engineers of ATEC expose a series of well-founded criticisms and their corresponding alternative proposals which are summarized as follows.³⁰

- Criticism with respect to the Retiro Project

One first critical aspect which was indicated is the proposal of a new station on the west side of the existing precarious terminal of the San Martin line, by deactivating the Mitre station, a fact which involves:

- o A very high price for the new station was so much as for the reconstruction of 8 main railways of circulation and their facilities on something like 4 kilometers
- o Economic and functional damage due to loss of transportation capacity during the period in which these complex changes are being built
- o Removal from the passenger terminal of “origin and destination” of trips (in the area comprised by Catalinas-Plaza San Martin-Northern part of the central district) so that 23.000 passengers who circulate daily through Retiro will have to walk 300 meters
- o Inadequate resolution of the railway connection with the underground (used daily by some 75.000 passengers) by abolishing the only station in good shape linked to Line C (which reaches the Mitre terminal)

On the other hand, this document warns that the project did not exhibit a rigorous cost-benefit analysis in order to prove that the moving of the terminals renders economic benefits for the total project to a value that would compensate the cost of these gigantic works.

The second aspect which served as strong opposition is the false pretension of taking advantage of the real estate value of one of the most valuable reservations of the city in order to achieve short range revenues for the “daily cash” of public finances. The strategic value of these lands for the community is not compensated by actual revenues of a scarce amount.

Finally, the approach of the project with respect to the Port is not considered valid since it was conceived before the concession of terminals in Puerto Nuevo, which have produced a deep transformation in the development of the harbor. (Extracted from ATEC, Strategic and functional planning of Retiro)

- The Proposal

The main strategy of the ATEC proposal is to optimize the railway usage of the Mitre station by including here also the movements of trains from the FC San Martin (the terminal to be located in the available space close to the Mitre platforms on the side of Avenida del Libertador) and keeping the Belgrano

30 The ATEC consultant firm had been a partner in the Antonini studio of architecture who had won the fifth prize in the Contest of Ideas. The proposal for the Retiro Project, presented by Antonini, consisted in maintaining the Mitre station in its present position, but putting it underground, which was too far from what was established in the bases of the Contest. Engineer Larocca went on developing this idea because he was convinced it was the best from the point of view of a solution to the transportation problems of the area.

terminal in service.³¹

The opinion of ATEC and the efforts made by their members to change the path of the Retiro Project for a better solution of the transportation problem were not attended in a first instance, but yielded its fruits sometime later, as shall be seen.

i) The Urban Environmental Plan includes objections and suggestions for the project

Objections to the solution of transportation were also included in the Urban Environmental Plan of the City of Buenos Aires in the Chapter on Transportation and Urban Circulation (1999). The Plan, outlined by Engineers Daniel Batalla and Roberto Nasta had objected to the fact that the road solution of the Retiro Project only encompassed a restricted area and did not take into account the linkages and repercussions in neighboring zones, particularly the central district, the Port and the Northern area.

The document suggested, by marking the impossibility of an adequate solution to the complex node of transportation in the area, that if the influence and interconnections of the traffic generated in the remaining urban and regional areas was not taken into account: i) to contemplate jointly the projects and solutions proposed by the various agencies with jurisdiction on the area (Coastal Highway, Bus Terminal, Port of Buenos Aires, River Station, Railway and Public Transport Terminal); ii) To facilitate coordination between local and sector authorities of transportation in order to outline a transportation and traffic policy by defining priorities. These suggestions were apparently taken into account in the following reformulation of the project.

j) Private investors lobby wants to put the Retiro Project underway

In the context of a vacuum of actions and official announcements on the march of the Retiro Project – a silence which lasted for several months – private investors started lobbying in order to renew the works in the Retiro zone. At first, around May of 1999, a group of firms controlled by the financier George Soros started to lobby for buying and investing in the lands around the Retiro area. Under the title “Soros wants to own Retiro for 1000 million pesos” the newspaper *Clarín* published an article in its Economic Section announcing the following:

Before the city’s Legislature had approved the zoning of the area and called for an international contest, IRSA had already started to move. It contacted two of the local giants: the Techint group and the cement factory of Loma Negra, i.e. the main constructing enterprise and the leader in the cement business. Besides, it included the Mortgage Bank (which owns funds from Soros) with the idea of financing the acquisition of 6000 dwellings planned to be built in the area. The technical team of the Mortgage Bank made a detailed study of the project. Apparently it adjusted to the winning proposal of the Contest of Ideas.

Later on, it was known that the group headed by Eduardo Elsztain (Soros BHN) had tempted the real estate branch of the Spanish Bilbao Vizcaya-Argentaria Bank. But other Spanish firms had also studied this juicy business (*Clarín*, Economía, May 26, 1999).

31 The ATEC document includes specific proposals for passenger trains, the front on Avenida del Libertador, subways and their linkage to railways, urban and interurban buses, freight trains and for the port, the connection with Puerto Madero, restructuring of the street network, extension of the areas that would be liberated (ATEC, *Ordenamiento estratégico y funcional de Retiro*).

5.5.4. Response of the State towards the conflicts

Probably due to strong lobbies in the government of the city, it was decided not to continue with the Retiro Project. It was detained until new events initiated a third stage in its prosecution.

5.5.5. Synthesis of this stage

1996 March	The bases for the Contest are approved by Ferrocarriles Argentinos and the Executive Power of the Municipality. The bases establish that the project must not be conceived as a real estate business and introduces changes in order to support this.	
	April	The National Contest of Ideas is summoned and the date for delivering the works is fixed for the 24 th of July, 1996.
	December	The jury, presided by the new Chief of the Autonomous Government of the City of Buenos Aires, proclaims the winner as the members of the Architectural Studio Miguel Baudizzone, Jorge Lestard and Alberto Varas.
		The President of the Nation and the Chief of Government of the city of Buenos Aires (former Mayor) deliver the prize to the winners in a public act. Both stress the fact that the new project does not constitute a real estate business. The new proposal avoids an excessive level of land occupation as was proposed in the first project.
1997 August	A contract is signed between the architectural studios Baudizzone-Lestard-Varas and the ENABIEF (former Committee of State Assets) in order to elaborate a definitive project.	
	December	An ad-hoc Commission is designated by the Government of the city to act as an instance of consultation and follow-up during the elaboration of the definitive project.
	The tentative project (50 plans and two volumes with a proposal of standards) is presented to the secretary of planning of the Government of the City for its evaluation.	
	The Mayor supports the project. Here begins the final stage of the procedures for an official approval of the urban proposal (under the direction of the Planning Secretary) and the urban standards (under the direction of the Legislature).	
	The project stagnates.	
1998 August	The Assessment Council for Urban Planning (CAPU) takes a year to decide about the Retiro project presented by ENABIEF and elaborated by the study Baudizzone-Varas. Recommendations are made for the port and railway remodeling before selling and urbanizing the lands.	
	September	The Retiro Project is newly revised. The Argentine Institute of Railways Foundation FIAF selects a group of technical people, professionals and experts of institutions specialized in transportation, urban and environment. Makes some criticism on the new version of the Retiro Project related to the "bad solution of railway transportation" and poses the outline for a new proposal.
	A TEC-Engineering Consultants develop the former outline and formulate a new alternative proposal for the solution of the transportation node.	
1999 April	CAPU submits a new report to the Chief of Government proposing two alternatives to assure that railway remodeling will be done before selling the dismissed lands.	
	May	A group of enterprises controlled by George Soros launches an attack by means of a press operation in order to put the project underway. Contacts the main construction enterprises (Techint), the leading cement firm Loma Negra and the BHN. Hires the technical team of the Bank to make a study in depth of the project in line with The Varas project.
		The Government of the City "puts the Retiro Project on a Shelf."

Table 5.3 Chronology of events in the Second RP 1996-1999

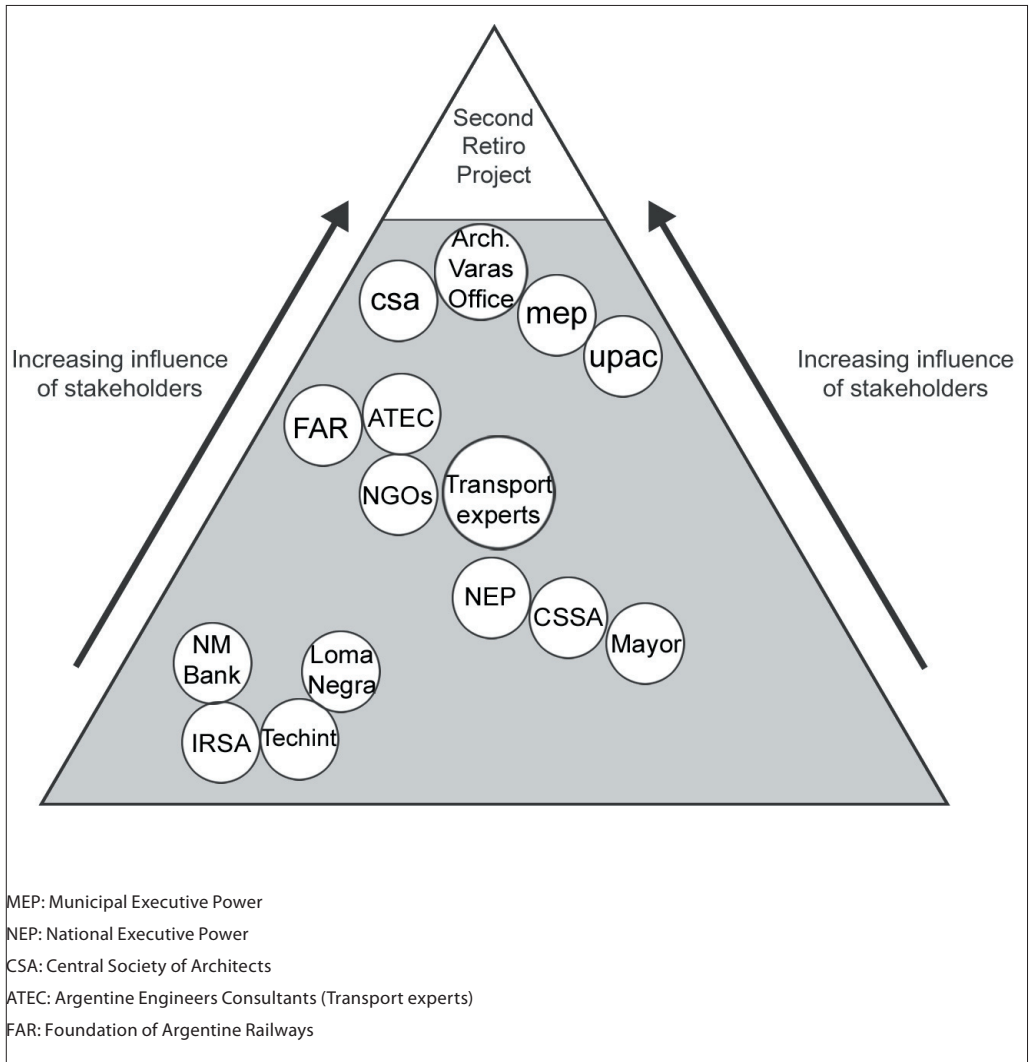


Figure 5.17. Stakeholders' influence level . Second Retiro project

NEP	○	○			●	●	●	
MEP	■	○	○		●	●	●	●
Baudizzone-Lestard-Varas Office	■	■						
CSA	■	■	■		●	●	●	
ATEC	■	■	■	■				
FAR	■	■	■	■	■			
Transport experts	■	■	■	■	■	■		
Private investors	■	■	■	■	■	■	■	
	NEP	MEP	Baudizzone-Lestard-Varas Office	CSA	ATEC	FAR	Transport experts	Private investors

- NEP:** National Executive Power
- MEP:** Municipal Executive Power
- MC:** Municipal Council
- CSA:** Central Society of Architects

Matrix 5.5. Extension of stakeholder's conflicts: Second Retiro Project 1996-1999

5.6. Third Retiro-Port Project: new proposal from the National Executive Power 2000-2001

The Third Retiro-Port Project was the product of a new initiative of PEN which was represented this time by new authorities after the party of the Alliance won the national election. The reurbanization in the Retiro area was announced as a 10-year plan which would follow the model adopted by Puerto Madero. The process of production of the RP at this stage lasted a little over one year, after which, the project was completely paralyzed.

5.6.1. Identification and classification of stakeholders

Main stakeholders		Relation to the project
State stakeholders	National Ministry of Infrastructure depends on the Executive Power	Publicly presents its own Urban Development Plan and Retiro-Port Project
	Puerto Madero Corporation	Is interested in taking charge of the management of Retiro Port by replicating the Puerto Madero experience
	City Government Executive Power	Agrees with the new railway solution proposed by PEN Does not agree with the alternative for Villa 31
	City Government Legislative Power	Asks to be informed. Exposes concern that the first project will be reworked
	Secretary of Planning Depends on the City Executive	Technically gives foundation to the decision of the Head of the City to settle the Villa 31
Economic stakeholders	Arch. Varas studio	Continues to develop a "definitive proposal" under contract with PEN

Matrix 5.6. Stakeholders involved in the Third Retiro-Port Project

5.6.2. Profile of involved stakeholders: interests, resources and the lobby for the project

a) Ministry of Infrastructure

The Minister of Infrastructure, Nicolas Gallo, was the person in charge of publicly launching a new plan for the Retiro Area after one year of being a national official for the Government of the Alliance. The Alliance, as was said before, was a recently formed party which, after having won and taken power in the Government of the City, had now succeeded in the national elections. The Chief of Government of the City, Fernando de la Rúa, became President of the Nation and Gallo went from a post at the local government to that of National Minister. Both stakeholders knew the history of the Retiro Project very well.

PEN included in this new version of the project, two novel ingredients, by means of which they aspired to really put it underway: a) a new planning formulation taking into account the main objections that had been made in the railway solution, by which they neutralized the firm opposition of FIAF, ATEC, experts and other opposition forces; b) a model of management according to which the Puerto Madero Corporation would be in charge of leading the Project. Thus the apparent lack of efficiency of the City, and especially the Planning Secretary who had an important role in its normal scheme, would be overcome.

b) The Puerto Madero Corporation

The interest of the Puerto Madero Corporation in being in charge of the project seems to have been the engine that finally initiated matters again. Its president at the time was Architect Converti who had been undersecretary in the Government of the City, before assuming this new position. This goes to show that Minister Gallo as well as Converti was perfectly posted about the Retiro Project.

The Ancient Corporation Puerto Madero is a stock company whose property is equal in both parts for the National State and the Government of the City. The body of directors is integrated by 8 members (four representing the Nation and four representing the City). The Corporation had been created during the Administration of President Menem in the framework of a Law for Reform of the State, so that they could take charge of the reurbanization of 170 Hectares (pertaining to the General Administration of Ports) of the Puerto Madero Project. This project had been the object of much criticism on the part of planners, academic personalities, politicians and other stakeholders, as in the case of Retiro. However, those who participated in the dealings were able to convince everyone that the performance of the Corporation had been successful. They had sold all the land included in the first stage (Western fringe); thousands of square meters had been constructed in buildings for housing, restaurants and offices. An obsolete and abandoned area had been recovered and they had promoted an investment of some 2.5 billions dollars.

From the point of view of the analysis of interests it is quite surprising to find that Minister Gallo asked the Corporation to prepare an urban proposal for Retiro, since this organism already had available a tentative project. They had been working in the elaboration of this project by hiring the winners of the Contest of Ideas (Architect Varas). One of the professionals of the Corporation who was interviewed during the present research, explained this fact in terms of "the inclination of the Corporation" to develop a proposal.

The proposal was accepted by the partners (Nation-City), so that the Corporation would take charge of the management of the project. This undoubtedly would secure their continuity under exceptional operating conditions. The bureaucracy of the Corporation was a kind of managerial elite who worked in luxury offices (especially when compared to the rest of the public administration) who negotiated with important investors, who received wages way above the average and who even acted by international assessment for private enterprises and governments.³²

The Corporation constituted a scenario in which the conflicting interests of the Nation and the City could be made compatible, under efficient management. However, the Presidency of the enterprise was exerted rotationally by a representative of each of the two powers, a fact that marked the preeminence of their respective approaches on the project. At first, its president was Architect Converti, representing the Nation. Later on this post was filled by A. Lavado, representing the City.

32 The technical personnel of the Corporation was headed at the beginning by four managers, with not more than 30 persons and demanded a budget of half a million pesos per year. In December 2001, the annual expenditure in personnel was more than 3 million (Garay, 2001). This was probably due to an increase in personnel and in wages.

c) Government of the City

The Government of the City played a role that was dedicated to opposing the new proposal by PEN. Among the municipal policies outlined by the Chief of Government (A. Ibarra) the Retiro Project was no great priority. The development of the Southern part of the city, by creating a Corporation equivalent to that of Puerto Madero, was not the objective aimed at.

In that position, the City did not show any evident interest in advancing definitions about the Retiro Project. It only referred to issues on which it agreed, among which, the Corporation of Puerto Madero would be in charge of managing the proposal in case it received the approval of the involved organizations.

However, it took a key decision about Villa 31 which would remain in the area, a fact that blocked the satisfactory economic equation designed by PEN. The Planning Secretary only gave the technical and ideological foundations of this political decision. The representative of the City in the Corporation never had an active role.

d) Studio of Arch. Varas

In a context of changes in political authorities and officials in the Nation, as well as in the City who had contributed to hinder the treatment of the Retiro Project in the previous stage and brought it almost to oblivion, Arch. Varas was perhaps the main operator who gave continuity to the Retiro Project. Separated from his former associates, Varas continued to work in the Project and presented it to the Puerto Madero Corporation, including a mock-up, so that the subject might continue.

The interest of Varas in proceeding with the project – to which he attributed income and prestige, lead him to establish agreements and deals with the representatives of PEN who were those really interested in the Retiro Project. In spite of having more affinity and relations with the “corporation of architects,” the city did not present a clearly favorably position.

e) ATEC Engineering Consultants

The ATEC consultants firm opposition to the later version of the Retiro Project, changed to support for the new proposal. This position was based on a positive judgment of the changes that were introduced, especially in those aspects linked to transportation. At the same time, it became clear that this consultant firm could derive certain benefits by performing studies of their speciality for the development of the Retiro Project.

In an article published by the newspaper *El Cronista*, Eng. Larocca (ATEC president) stated that the modifications to the old Retiro Project were positive, but that they still had to do some studies about various areas and to define important questions for the future project.

It must be said that the Retiro-Port Project has lacked transportation, traffic, environmental and economic studies in accordance with its importance. The next stage has to be, undoubtedly, the development in depth of these studies and a careful planning of a complex urban and engineering project which will affect the future of a strategic area for the city and even for the whole metropolitan area (Jose Larocca, *Diario El Cronista* May 28, 2001).

5.6.3. Forces of support and opposition: the display of stakeholders' interests

a) PEN reactivates the Retiro Project and announces a change of approach

In August 2000, one year after the Alliance was set in power of the Nation's Government the new Minister of Infrastructure of the Nation, Nicolas Gallo ³³ publicly presented his Plan for Urban Development and Central Logistics Area for the zone of Retiro and the Port, calling for private capital to invest some 2 billion dollars. The redevelopment of the Retiro area was announced as a 10-year plan which would follow the mode adopted in Puerto Madero.

This Plan started to be called Retiro-Port (or Retiro-Port Project) since it meant essentially the actualization of Project Retiro with a new approach. According to the press announcement of Minister Gallo, the new project was similar to the first in that its main objective was to modernize and optimize the railways, harbor and transportation services, as well as to urbanize the lands on Avenida del Libertador. However, the new proposal included some substantial changes with respect to the former outline, among which the following have to be stressed.³⁴

- Maintenance of the Mire station under present usage. Instead of moving the railway platforms, concentrate them in one station, close to the bus terminal, with the intention of liberating a greater surface of land to sell. The new project recommended moving the rails in the opposite direction as was suggested by the ATEC consultants.
- Extension of the reference zone, by incorporating the port area (and a corresponding modernization of the harbor system) and the definition of the so-called Coastal Highway which links La Plata to Buenos Aires. By extending over Puerto Madero it joins the highway that passes through Retiro.
- The construction of 40.000 dwellings in the zone.
- The intention of entrusting the old Puerto Madero Corporation with the technical elaboration and management of the new project.

b) The Puerto Madero Corporation starts to elaborate the proposal

The Puerto Madero Corporation was entrusted with the elaboration of a new proposal while taking into account the objections which had been made to the Winner of the Contest of Ideas as well as contemplating the points of view of all the organizations involved in the matter including the Urban Planning Secretary of the City, the Secretary of Transportation, etc.. When the request was formulated by Minister Gallo, the Corporation had already advanced a tentative project which, as was said before shows: a) its own interests as public bureaucracy to continue with their functions and b) the interests of the Varas Studio to continue with their tasks.

In the preparation of a new proposal, a central ingredient was the economic and financial evaluation which the Corporation had made. This statement accounts for the relevance of economic interests by PEN which the Corporation had incorporated to the project. According to declarations of an official of the Corporation who was interviewed, this evaluation had shown that operation Retiro would be

33 In the years previous to his position as Minister, Nicolas Gallo had been a government official of the city, while Fernando de la Rúa was President of the Nation.

34 On the basis of information provided by the newspapers *Clarín* (August 31, 2000), *La Nación, Suplemento de Arquitectura* (August 31, 2000) and *Cronista Comercial* (September 1, 2000).

profitable for the National State, because in this manner it would obtain resources derived not only from the sale of lands, but also by collecting future taxes from the new commercial activities which would locate in the area (capital gains and others). With this, the National State could invest in a center of transportation transfer and build a group of public works for which it had no resources. Thus, the Business Plan contemplated a formula of selling land in exchange for building facilities. In this formula, the settlement of the villa had an unknown weight, as will be seen later.

When Lavado assumed the Presidency of the Corporation representing the City, the discussion about the solution to Villa 31 took a new dimension in the framework of the new proposal. This was motivated by a clear political interest of the Head of Government of the City who did not want to be burdened with the costly decision of eradicating the villa from its site.

The mock-up of the new proposal was not immediately known but some time later

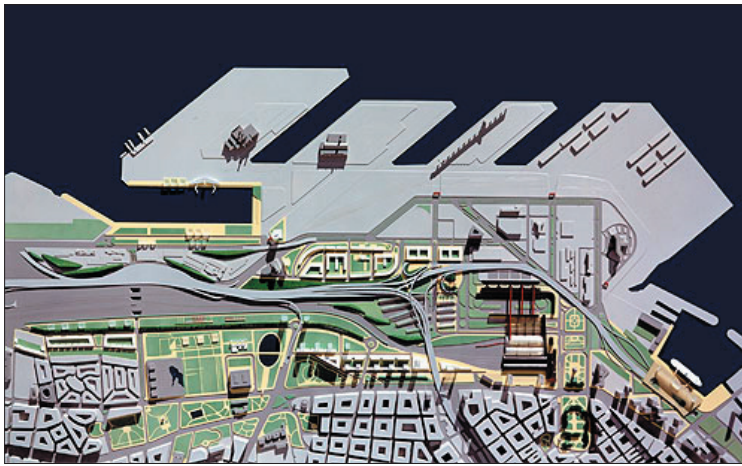


Figure 5.18. Retiro-Port Project General Plan (source: Puerto Madero Corporation).

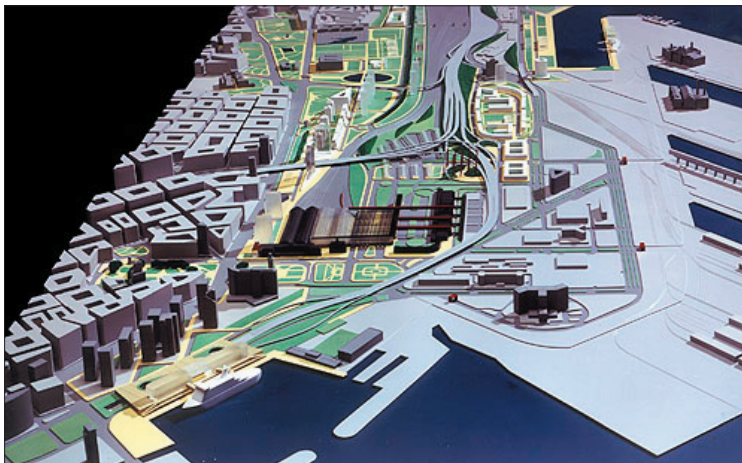


Figure 5.19. Retiro-Port Project by Arch. Varas (source:<http://www.estudiovaras.com.ar/urbanismo02.html>).

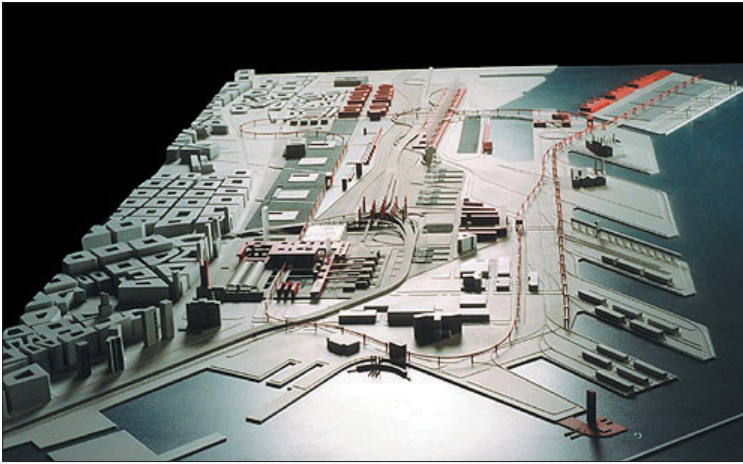


Figure 5.20 Retiro-Port Project by Arch. Varas (source: <http://www.estudiovaras.com.ar/urbanismo02.html>).



Figure 5.21 Retiro-Port Project by Arch. Varas (source: <http://www.estudiovaras.com.ar/urbanismo02.html>).

c) The Government of the autonomous city publicly states its differences with PEN's proposal

Despite the fact that the National Government and the City of Buenos Aires were in the hands of the same political party – the Alliance - Minister Gallo and the authorities of the City's Government had some disagreements with respect to the announcement of the Retiro-Port Project. Issues under conflict had to do essentially with the following questions:

- The lack of participation of the City's Government in the elaboration of the new project.
- Suspicions that this enterprise again would hide basically a real estate business.
- Disagreement with respect to residential development and the outline foreseen for the so-called coastal highway.
- The attitude towards Villa 31.

Part of these disagreements can be explained by the confusion provoked by the Nations inability to render a formal project. Its extent was only known through the public declarations of officials who were in favor or against the project and the secret existence of a new plan for the area.

According to information submitted to the press, Minister Gallo's announcement caused surprise in the City's Government. The Secretary of Planning E. Garcia Espil said he knew nothing about the project although he agreed with a change of the railway proposal: "The city believes that the railway core should be in the FC Mitre station. From there on, the project will have to be discussed. I am amazed at the announcement of the location of 200 thousand inhabitants in that area, which is contrary to the projects of the city to unclog the central district."

On his part, the new Head of Government Anibal Ibarra reacted by saying that he was interested in developing the southern part of the city. With these ideas in mind, the standards had been changed in order to allow the construction of housing in the south. Also, the fact that the coastal highway would pass "at an equal level" to the frontage of Puerto Madero caused a firm critical reaction on the part of Ibarra who pointed out that: "this highway passing in front of the Puerto Madero docks will be an insurmountable barrier between Buenos Aires and this urbanization. The best alternative would be to build it underground. We agree with the National Government in the need for a highway, but not at street level."

Finally, Ibarra took a decision with respect to Villa 31 which he made public: to relocate the villa on the same site. Thus, he disclaimed Minister Gallo's insinuation that the villa had to be evicted by the Government of the City and in turn opened a new discussion over the Retiro project which still continues and will be commented on further.

The controversial issues were clearly expressed in a Bill elaborated by the Legislative Power of the Government of the City. Its purpose was to request from the Executive of the city the following information with respect to the so-called "Retiro-Port" Project:

- What differences were there to be observed between the Retiro Project which was the goal of the Contest of Ideas in the year 1996 and the new 'Retiro-Port' project issued by the National Executive for the Executive of the city.
- Whether the new real estate and urban 'Retiro-Port' project contemplates the construction of

40.000 dwellings on the terrains liberated in that area.

- Whether the new 'Retiro-Port' project foresees the extension of refurbishing of the Port of Buenos Aires with the participation of the General Administration of Ports S.E. at present to be abolished. If the answer is affirmative, whether legal advice had been requested to turn over the port to the city and to create a 'Society for the Administration of the Port of Buenos Aires.'
- Whether the agency or execution unit of the project 'Retiro-Port' has foreseen in what proportion, if any, the Government of the City will have participation (Article 1)

The basis for this Bill – a definitely eloquent one - points at the anxiety of the legislators that the new Retiro-Port Project would show once more its real estate profile.

Motivation of the present Bill is the anxiety of neighbors of a new launching of Menem's old real estate project called 'Retiro Project' which under the coverage of optimizing harbor and railway facilities hid real estate businesses of hotels and office buildings in that zone. The building of mega constructions in the port area or in front of the river, generally linked to realtors and without due participation of the City's Government has become a real insult to the city's autonomy. (...) Last, we would specially like to stress that the undertaking of a real estate mega project in the zone of the Retiro-Port (which according to the National Executive would house more than 40.000 dwellings) expressly contradicts the policies of urban as well as economic promotion and development of the long-delayed improvement of the Southern part of our city (Parliamentary Document 3049d00).

The political decision of the Head of Government of the City with respect to the relocation of Villa 31 in the area of Retiro was technically argued by the Planning Secretary by using two central reasons: the need for an adequate solution to the transportation node and the importance of developing policies of social inclusion. In an article published by the newspaper *La Nacion*, under the title: "Villa 31: to urbanize or to look the other way," the Secretary Garcia Espil developed his points of view.

- The location of Villa 31 on the site where the access to the harbor should be constructed remains an obstacle and delays the undertaking of works for a highway, initiated 23 years ago. These works would allow a better movement of trucks coming and going to the harbor, as well as buses which arrive at and leave the long distance bus terminal. At present, the latter have to use adjacent streets and avenues provoking traffic jams and bringing about economic losses to the city.
- In the last half century, the city has lacked plans and projects for the Retiro due to old-fashioned prejudices that segregate cities in zones for the rich and for the poor. "It is time to incorporate the villas into urban life and develop inclusion policies, so that all inhabitants may share the services and ways of life that the city has to offer."

The urban solutions outlined by the city's authorities consisted in "transforming this sector of the city: by removing the sand depots, opening up an avenue - a green boulevard with trees - in order to join the promenades of the Northern Coast with Puerto Madero, open up streets, build facilities and utilities, and housing, and give an option to the present inhabitants of squatter zones to buy with subsidized mortgages as other sectors of the population (no more neighborhoods with high-rise buildings like in Fort Apache, nor ghettos for a single social sector) and integrate this zone into the urban mesh and the life of the city (*La Nacion*, 2001).

In opposition to the integrative disposition, from a planning and social point of view, other voices were being heard from certain professionals who stressed the functional incompatibility between housing and other functions essentially linked to transportation, as well as the lawlessness of handing out lands to illegal occupants.

5.6.4. State response at the end of the period: paralysis of the Retiro Project

At the end of the period under study, the two main State stakeholders responsible for defining and putting the Retiro Project underway had achieved some agreements on the basis of the last proposal outlined by PEN. However, they had not found (or not agreed) a formula on which to harmonize the still conflicting economic, social and political interests. As a result, the Retiro Project was paralyzed.

The agreements:

- The new framework of the Retiro Project in a more strategic perspective together with the planning of the harbor, the coastal highway and Villa 31 in the reurbanization of the area, while searching to integrate the different points of view and interests involved in the area. This extended view had already been contemplated by the Urban Environmental Plan of the City's Government.
- The reformulation of a series of aspects that were previously questioned in the solution of transportation.³⁵
- The intention to hand the management of the Project to the Puerto Madero Corporation which appears to have been a successful example in terms of urban results as well as of managerial terms.

Disagreements:

- The pattern of gradually selling the land to make the necessary infrastructure works in order to attract investors, was satisfactory for PEN.
- In this pattern, the idea of letting Villa 31 in the area was not considered. Basically because it implied lower land values, which was contrary to the main objective sought with this intervention. On the other hand, because there were no resources available for financing social housing in the area, incoming funds should allow the construction of a transference station and other emblematic buildings.
- The Government of the City was engaged with urban policies whose objectives were more socially geared than those before them. In that context, they were not inclined to pay the social and political costs of eradicating Villa 31.

35 The stations Mitre and Belgrano would be maintained; the trains from San Martin would leave their precarious station and pass to the Mitre station; in the place of the San Martin Station there would be a transfer center for urban buses; ample areas would be provided for activities of support to the bus terminal; a way to link it with Puerto Madero would be designed; the station of subway H would be at one side of the Mitre station and a similar location was proposed for the station of line E. These positive aspects were pointed out by Eng. Larocca, who was quite satisfied with the new direction of the Retiro Project since it overlapped with the proposal presented by his own consultant firm ATEC (*El Cronista*, Wednesday, March 28, 2001)

A possible solution that never became true:

- A possible solution between an economic and social equation, which was outlined in the discussion board between City and Nation, was to apply an instrument of surplus value in an area of private investments close to the Retiro Project and then use these resources for social housing for the inhabitants of Villa 31. These would develop on terrain from Tandanor undertaken by a group of private investors who had acquired them at very low values. The tribute would have to be paid to the state by the developers, as a compensation for allowing a new standard to permit the construction of buildings 20 floors high.

This solution was not developed and the Retiro Project remained paralyzed.

5.6.5. Synthesis of this stage

2000 August	PEN (new Minister of Infrastructure of the Nation and former Secretary of Public Works of the Government of the City) publicly present their Urban Development and Central Logistic Area Plan for the Retiro zone. Calls for private capital to invest in the area and proposes to follow the model adopted by Puerto Madero in which the Puerto Madero Corporation managed the project.
	The new project maintains the former scheme but reformulates the transportation solution (incorporating criticism and suggestions) expanding the reference zone by incorporating the port, proposes the construction of 40.000 dwellings and assigns to the Puerto Madero Corporation the technical elaboration and management of the new project.
	The Puerto Madero Corporation hires Arch. Varas (author of the former initiative) in order to elaborate the new proposal.
	The Government of the City requests a greater participation in the new project and makes public its disagreement with the new version (only known in official spheres).
2001	The new Head of Government of the City makes public his decision to settle villa 31 in the Retiro zone.
	The project is again paralyzed

Table 5.4. Chronology of events at the stage of the Third Retiro Project 2000-2001

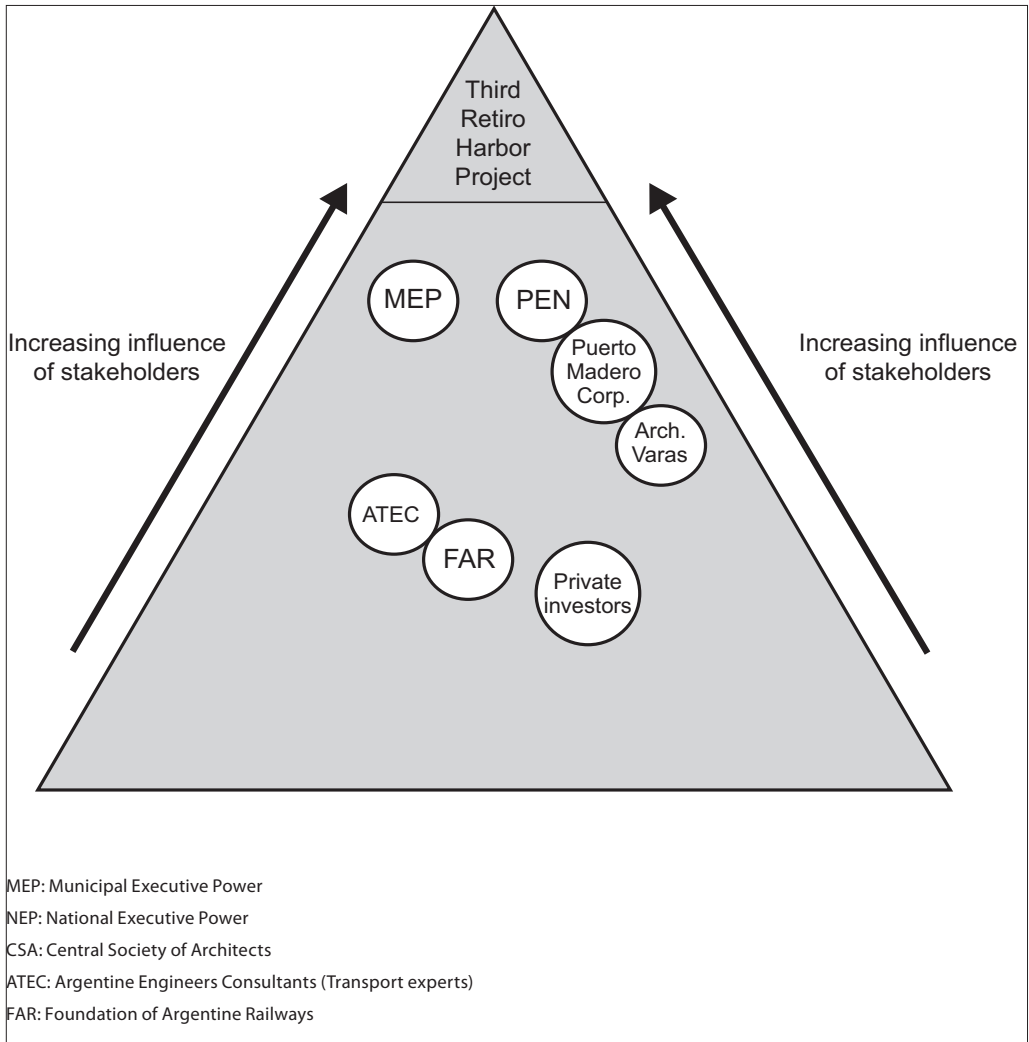


Figure 5.22. Stakeholders' influence level. Third Retiro-Port Project

5.7. Synthesis and conclusions

The process of production of the Retiro Project had been a complex procedure which after a whole decade was paralyzed. The history of the project has implied successive adjustments in its foundations, objectives and components. Four stages have been delimited according to the technical proposals that were being elaborated. In each of these we have been able to identify a certain constellation of involved stakeholders and of certain interests, of actions displayed and ways of solving conflicts on the part of the state in its capacity as regulator. In the following, we will try to make a synthesis of this process of production remodeled by those forces. We will also try to offer an interpretation as to why the Retiro Project was never carried out.

5.7.1. About the production process of the Retiro Project as shaped by supporting and opposing forces of stakeholders

a) Preliminary study of the Retiro area

The first stage of the Retiro Project arose when an official initiative decided to develop a preliminary study on the Retiro area.

A key stakeholder was the National Executive Power (PEN) represented by the Nation's Presidency and the Ministry of Economy, whose highest authorities were important and visible operators in the launching and later development of the Retiro Project.

PEN had a clear and explicit interest in liberating lands and buildings from railway use for their sale and exploitation for other functions. In the past, every time the costly and inefficient railways were to be rationalized, the idea of selling idle lands emerged as a way to finance entrepreneurial modernization. But, it was in the 1990s, during the process of privatization and dismantling of railways, that this initiative could be envisaged. In this context, the selling of lands permitted PEN to supposedly obtain very grand resources. At least a part of these resources could be applied to the payment of subsidies to concessions of the passenger railway services of the Buenos Aires Metropolitan Area. An obligation for this subsidy had been incurred by the privatization of railways in the framework of state reform. This economic motivation was registered in an indisputable way in a decree from PEN. It created a Fund that would dispose of the resources emerging from buildings and other assets which would be liberated from their previous uses due to the concession and rationalization of these services.

Other stakeholders, such as the state enterprises of Ferrocarriles Argentinos (FA) and the General Administration of Ports who had jurisdiction over the terrains of the Retiro area and interests contrary to dismissing these terrains, maintained a low profile since during the process of privatization and reorganization they were submitted to a large retrocession in their functions and lobby power.

PEN hired a Canadian consultant firm (CANAC International INC) for the preliminary study that had to be undertaken in less than three months since the urgent demand of Argentine authorities was to call very soon a summons for an international offer for the development of the identified properties. The purpose of this study was to find out what properties of the railways in the Retiro area could remain vacant for further private development. Their conclusions were not wholly satisfactory for the Argentine authorities since the quantity of land they recommended to designate for private uses were not the expected ones. Therefore, PEN decided to file this study and install the idea that enormous resources could be obtained with the urban redevelopment of large liberated areas without damaging the railways operations.

Actions undertaken by the main stakeholders at this stage had two types of results in the process of production of the project: 1) establishing the standards to implement the project (the already mentioned decrees) and 2) to settle the planning approach to the proposal.

b) The First Retiro Project

The process of production of the first official version of the Retiro Project – what we have called here First Retiro Project - was developed between 1992 and 1995. During a long lapse of almost four years, PEN elaborated a proposal of urban development for the area which after being presented to the public

received a great deal of criticism by an ample range of social stakeholders, including the legislative organ of the Government of the City of Buenos Aires, community and political stakeholders. As a result, the project had to be redefined.

- There were three main guidelines of the project which sparked protest from the opposition forces of stakeholders, showing the interests that were being affected.
 - (i) The open real estate profile, expressed in a poor urban proposal which advanced on the central area, on the port and dismissed green spaces of the city. This question was posed publicly by urbanists and experts in urban matters, whose criticism was picked up and amplified by the mass media. These stakeholders took the defense of the quality of life of citizens in general, without claiming anything about the eradication of Villa 31 contemplated in the official project, nor on the transfer to the North of the Mitre railway station, close to the highly valued Avenida del Libertador.
 - (ii) The contract with a foreign consultant firm together with a lack of deliberation with local professionals for the elaboration of the project. This gave rise to protest from the Central Society of Architects who, in defense of the interests of their associates, asked for maximum participation of the professional organizations in the treatment of the matter.
 - (iii) Centralization of the project's management in an agency especially created to that end which depended directly on the national government: a commission in charge of managing and selling public lands and state assets liberated from their original uses. This subject did not affect the interests of the executive authorities of the Government of the City because in that period, the city did not yet have an autonomous administration and the Mayor was named by the President of the Nation. Indeed, the faculties of the legislative body were affected since they were in charge of releasing urban standards for the area and in which opposing forces to the government party were represented. The Municipal Council temporarily blocked the advance of the project.
 - iv) The first attempt to eradicate Villa 31, especially a sector of the squatter settlement located on the outline of a highway which passed through the area where they had to start construction. This action led to a protest from the inhabitants of the villa and their organizations, in defense of their dwelling places. They asked from the authorities of the city, to keep the commitments they had taken in the framework of a Plan to sell land to all the villas of the city. This protest was backed by representatives from different churches, artists and personalities from the cultural realm. Festivals were organized, as well as press conferences and several acts of protest that had ample coverage in the press media. The above mentioned stakeholders were "leaders" in the actions that were displayed in opposition. Other auxiliary stakeholders also acted as enthusiastic followers or else as interested onlookers.
- Response of the State vis-à-vis this conflicting interest, adopted three forms:
 - (i) The withdrawal of the official project from public view. The proposal elaborated by the Canadian consultants was never exhibited again.
 - (ii) Dealing with professionals and their organizations. The Central Society of Architects were called to participate in the evaluation of the official proposal and to organize a National Contest of Ideas in order to define the new project.

(iii) The suspension of evictions from Villa 31. Various alternatives were proposed for the moving of dwellers of the villa (to grant subsidies for buying a home, construction of housing in other neighborhoods) which had no success.

c) **The Second Retiro Project**

The Second Retiro Project was the result of the Contest of Ideas. Its process of production developed between 1996 and 1999. Along these four years the basis of the contest were outlined: the definitive project was elaborated. It received the firm support of the architects grouped in the SCA and naturally the winning studio of the contest. Simultaneously, the project was object of serious criticism by another range of economic and community stakeholders. As a result, the project “was put on the shelf.”

- Two main approaches received support:
 - (i) The field of work opened up for architects with the execution of such a grand enterprise, with the resulting sources of income. Immediately, two contracts were signed with the SCA, one for evaluations editing the bases and organization of the contest of ideas, and another one with the winners of the contest of ideas, the Studio Baudizzone-Lestard-Varas.
 - (ii) The possibility that opened up for the Society of Architects to directly participate in the technical definition of the project. The bases for the contest of ideas meant an important new direction to the original project submitted by PEN for various reasons. In the first place, it established in an explicit way that the Retiro Project should not be conceived as a real estate business and therefore the changes introduced with respect to the original official project tried to secure three essential questions: 1) the railway linkage of Retiro with the Port. 2) the green extension of the green Northern corridor of the 3 de Febrero Park all along Libertador and 3) the change of uses for the buildings to be constructed by private initiative which did not allow offices as proposed by the original project. In the second place, the bases established three stages for the development of the project, whose sequence intended to guarantee the works in railway infrastructure before initiating urban development. In the third place, the sector assumed to be urbanized, assured in the bases that the greater part of the surface would be destined for public spaces and green areas. 65% was assigned to the surface of public uses (streets, sidewalks, and green spaces) and the remaining 35% to be subdivided for selling to the private sector, with specifications about uses and building volumes. 40% of the area to be sold had to be destined to housing and the remaining 60% to complementary uses (high category hotels, commercial services, cultural buildings, nurseries and primary schools).

In spite of these positive orientations, the bases did not question the solution of railway transportation of the official project (with respect to functional and territorial disposition of the train terminals) nor did it make major references to the presence of Villa 31 and the need to find a solution for the thousands of inhabitants located in this area for the last decades. Moreover, it set forth that the Municipality should be in charge of removing the villa from its site, since it was partially located in the zone that was foreseen as a transfer node of highways and streets which would provoke circulatory and environmental distortions in the area if this was not done.

- Two main approaches inspired the opposition forces.
 - (i) The bad technical solution of transportation which was implied in: a) building a new station for

trains, deactivating the Mitre station, much appreciated by its correct functioning and historical value: b) inadequate connection of trains with subways and c) an excessive cost which meant a new station as well as the construction of eight main lines of circulation with their facilities, along 4 km.

- (ii) The misleading pretension of making use of the real estate value of one of the most valuable reservations of the city in order to achieve short range incomes for the “treasury” of public finance.

Both approaches were raised by a series of institutions and specialists in transportation, railways, urbanism and environment. In the first place this was by the Argentine Railway Institute Foundation (a NGO dedicated to the promotion of railways in Argentina) which requested a public declaration against the Retiro Project. Later a specialized consultant firm in transportation engineering (ATEC engineering consultants) explored them in depth and elaborated an alternative proposal to the official one.

- The response of the State vis-à-vis the conflicts of interests took three forms:
 - (i) A first enthusiastic support to the National Contest of Ideas by PEN and the new Head of Government of the City despite the latter pertaining to an opposition party. PEN signed a new agreement with the winning studio in order to continue developing the proposal, taking into account the objections and agreements that had been achieved.
 - (ii) A long and thorough examination by the Urban Planning Assessment Council of the City. This organism spent a long time in examining the proposal, making a statement and formulating some recommendations in order to continue with the compulsory *administrative route* of the project.
 - (iii) In the end, *putting on the shelf* the Bill approving urban design and standards. This file was never presented to the Legislature which should have given its final resolution. Undoubtedly, this response expressed the permeability of the local Government to opposing pressures exerted by the transportation lobby, who were able to impose themselves in spite of solid and traditional relations which the Planning Secretary of the Municipality had always maintained with the so-called corporation of architects.

d) The Third Retiro-Port Project

The Third Retiro-Port Project, was the product of a new initiative by PEN, this time represented by new authorities, after the Party of the Alliance won the national elections. The reurbanization in the Retiro area was announced as a 10-year plan following the model adopted by Puerto Madero. The process of production of the RP at this stage only lasted a little over one year, after which, the project was paralyzed.

- Two central approaches inspired support for the new proposal in this period.
 - (i) A new planning formulation of the proposal in matters of transportation, especially with reference to maintenance of the Mitre railway station with its present use. This neutralized the firm opposition which experts in transportation engineering had maintained under the leadership of ATEC. The president of the consultant firm publicly stated his conformity to the changes introduced in the former version of the Retiro Project. He also pointed out the need to engage in more profound studies with regard to traffic and transportation, which left open the possibility of opportunities

for specialized consulting works.

(ii) The intention of engaging the Puerto Madero Corporation in the technical elaboration and management of the new Retiro Project. This fact led to the support of the own Corporation, whose mission in the Puerto Madero Project was about to finish. Incidentally, the Corporation had been working in the development of a tentative Retiro-Port project. Arch. Varas had continued to work on the subject by means of a contract with the Corporation.

- Two critical questions determined the opposition.

(i) The lack of participation of the City's Government in the elaboration of the new Project. In spite of the fact that in this period of analysis the Government of the Nation and that of the City were in the hands of the same political current (the party of the Alliance) the Head of Government publicly manifested his differences with PEN's initiatives.

(ii) The approach with respect to Villa 31. In the new proposal of PEN the permanence of the villa in that place was not contemplated. The Head of Government of the City decided that Villa 31 had to remain in the Retiro area and that the project should include a component of social housing.

- The response of the State vis-à-vis the conflicting interests took two forms:

(i) The scheme to find a tentative solution to make the economic and social equations of the project compatible. Social housing could be financed applying certain tools to capture surplus value in a real estate development located in an area close to Retiro.

(ii) The paralysis of the project.

5.7.2. About the results: why did the Retiro Project never materialize?

Garay has suggested the feasibility of a large urban project is dependant on the fulfillment of three conditions:

(i) That the proposed design should correspond to an economic formula favorable for private and public revenues. From the point of view of the public sector, selling new plots could finance at least the first works of infrastructure, necessary to attract a flow of private investments (the so-called *prestige operation*) and, in the best of cases, leave a remnant for other ends of urban policies.

(ii) That the proposal should be socially accepted in the sense that it corresponds to the needs, interests and aspirations of stakeholders, especially of those that are involved.

(iii) That the agency in charge of the project's management should have sufficient capacity and power to gather and reunite the necessary goodwill to bring it about.

In the case of Retiro, the urban design which was closest to a favorable economic formula for the State (especially for the Nation) was the First Retiro Project: one that left the greatest quantity of land free for re zoning and private uses, while moving the Mitre railway station (the closest to the high value Avenida del Libertador) and favored the eradication of Villa 31.

However, this proposal was not only socially unacceptable, but furthermore did not have the support of municipal agencies that should be in charge of the social and political question of the villa.

The design which finally achieved the greatest social consensus was the Third Retiro Project: it was able to gather the aspirations of all stakeholders. The two most important ingredients of the last proposal was that of leaving the Mitre railway station in its original location and leaving Villa 31 in the area by building social housing for their inhabitants. However, this proposal could not condense an economic equation acceptable both to the Nation and the City. The permanence of the villa implied a low land value, which was against the main objective sought by its intervention. On the other hand, there were no resources for financing social housing in that area. The funds collected had to allow the construction of a transfer station and other emblematic buildings.

From the point of view of management leadership, the Retiro Project has been a paradigmatic example of the enormous difficulties which are encountered to exercise this leadership when more than one organization has to take key decisions, when there is no compatibility in the interests of public agencies and neither is there an institutional and legal framework, adequate for the management associated with different level jurisdictions.

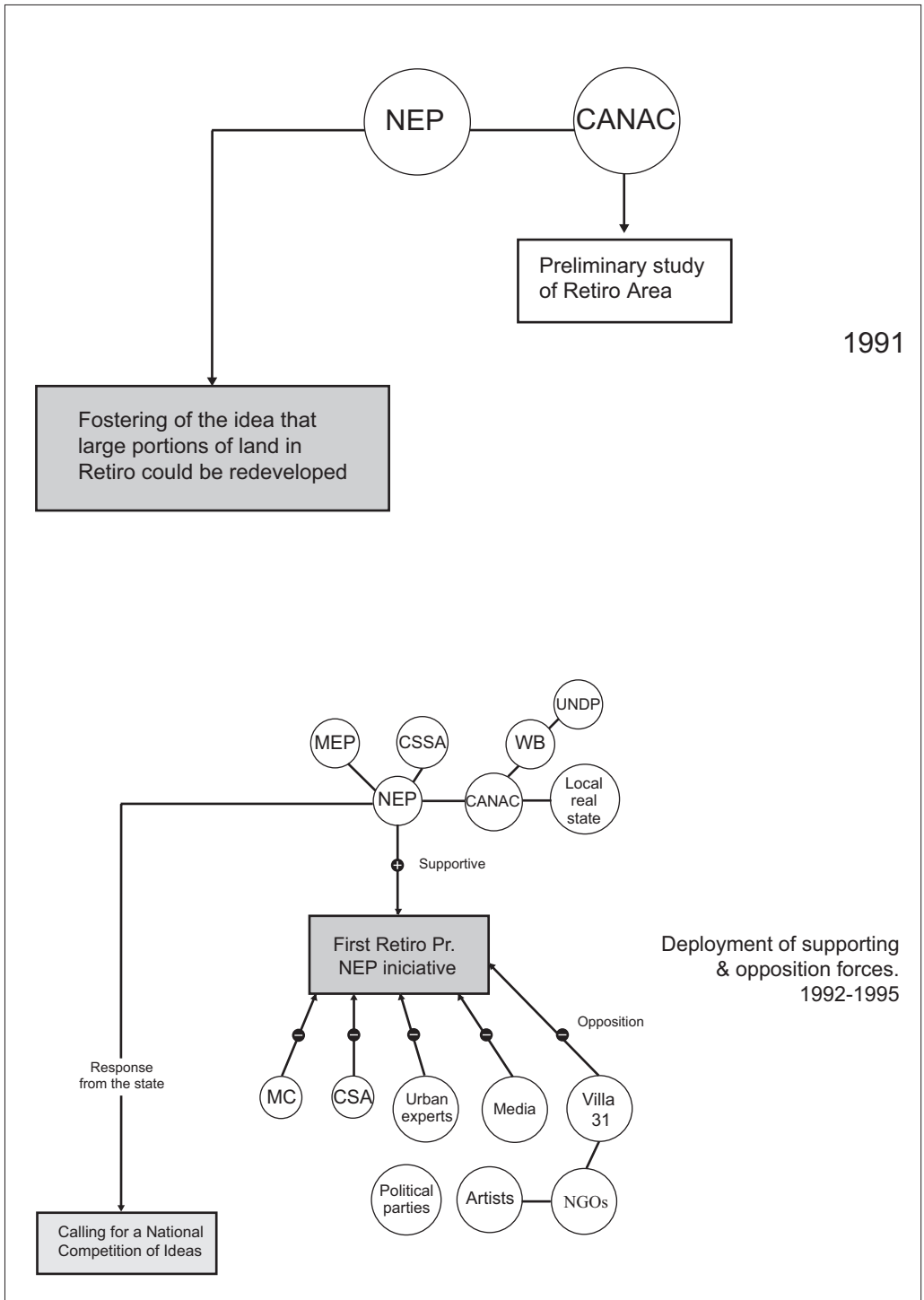


Figure 5.23(I) Production process of Retiro project shaped by supporting and opposing forces. 1991-2001

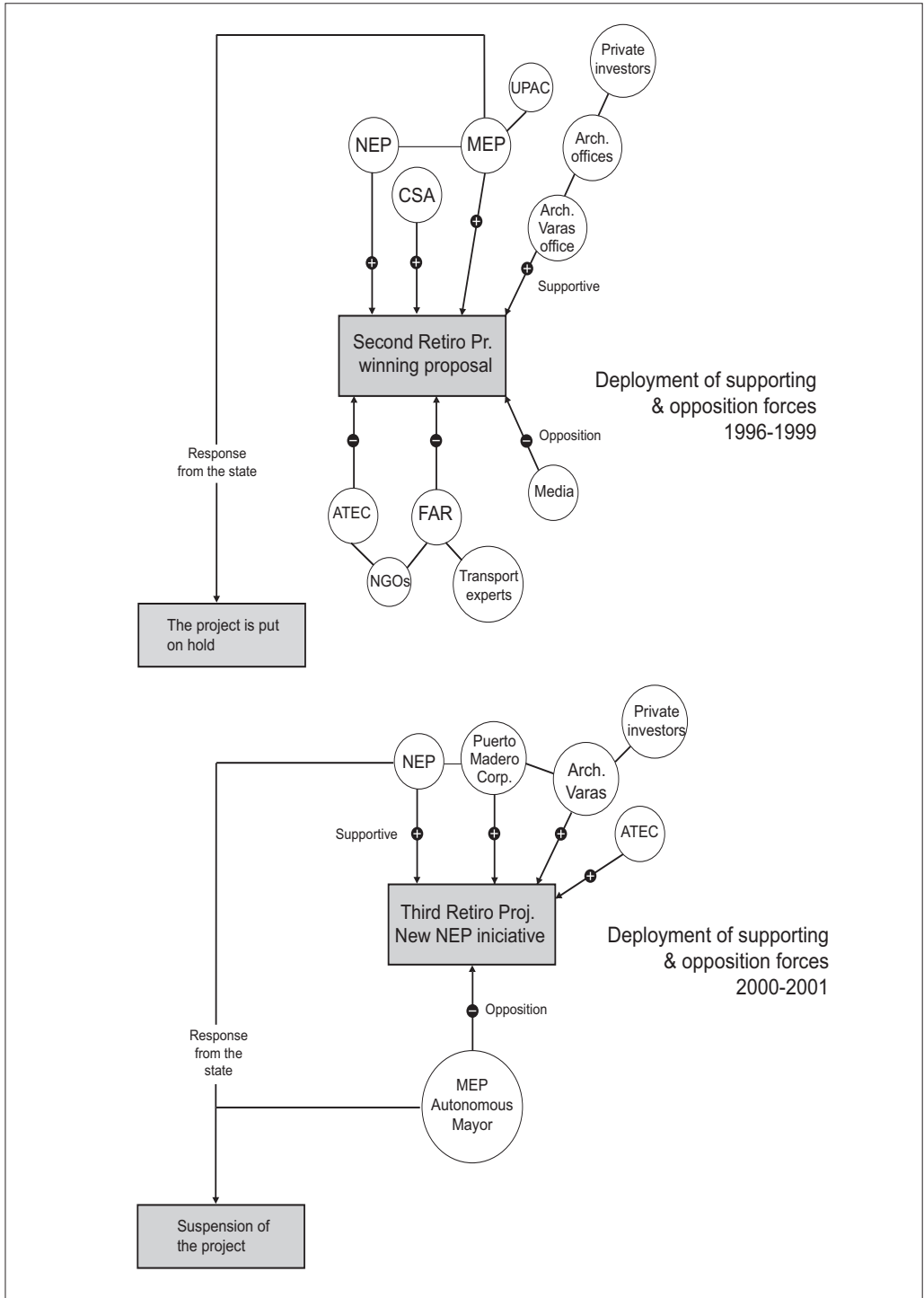


Figure 5.23(II) Production process of Retiro project shaped by supporting and opposing forces.1991-2001

General conclusions and recommendations

General conclusions and recommendations

Scope and contribution of the research

Large urban projects furthered by the public sector in strategic areas begin to spread in Latin American cities in the context of globalization. These urban operations are subject to controversy in the public and academic realms. Due to their scale and complexity, they question the planning frameworks and land use regulations, redefine economic opportunities, generate tensions in local finances, give new dimensions to political spaces and change the map of positions occupied by urban actors. Large urban projects generate extraordinary benefits and damages which have been only partially examined. All this is reflected in the public and academic debates which are still embryonic and draw few conclusions.

This research studies, by means of the analysis of a paradigmatic case, the production process of a large urban project furthered by the state and directed to create a new centrality. The analysis is focused on the forces supporting and opposing the project that were expressed by various social actors involved (state, economic and community actors). These came to light at the moment a political decision was made about the project, thus influencing its development and its final outcome. The general objective of this study is to provide conceptual and empirical elements which will help to understand the interaction between the production of new built spaces and social forces. Additionally, it is intended to throw light on how this affects the management of the large contemporary projects.

The methodological strategy of the research rests on three pillars. In the first place the research reviews theoretical approaches on the production of built space and the role of social actors in this process. At this level of the analysis the notion of New Urban Policy, developed in North Atlantic academic circles, is particularly useful in order to situate our object of study. In the second place, the research provides an analytical and methodological framework about large urban projects and the interests of social actors. A great portion of the effort of the research is put in this framework, since there are neither formal models nor finished theories to study this subject. At this level, the research tries to identify the structural aspects of large urban projects; those that are the crux of the relation between them and territory and which allow us to understand why certain actors are involved in its production and development. For doing this, this framework is based on two basic inputs: (a) a set of recent studies referred to Latin America contexts that explore different aspects of large projects and (b) an adaptation of stakeholder analysis and social analysis considered very useful methods for a systematization and analysis of support and opposition provoked by the intervention of governmental authorities in the field of social policies. These methodologies have been applied with a governance approach, which underline the interactive nature of the political processes. In the third place, a deep empirical study is undertaken through the analysis of secondary and primary sources of information. The case study within the previous framework allow us to draw ten tentative general conclusions about contemporary large urban projects.

Results of the present research contribute to the understanding in what manner the production of new spaces of urban centrality - in the context of global restructuring implies a technically complex social and political process which, even from the earliest stages of launching such an initiative on

the part of the public sector, carries contradictory strategies of multiple stakeholders who operate in significant areas of the city, including strategies of the State itself that acts as a part of and as a judge of the interests in conflict.

It has been shown which structural factors determine that large urban projects generate benefits and damages to a range of stakeholders. In this sense, four aspects have been noted as key factors in the determination of winners and losers: (a) increased values produced by large urban projects together with the arrangement of social and territorial distribution of potentially generated surplus values; (b) the competition between profitable land uses which value the city as a business for the private and globalized sector and non-profit uses which enhance the city as a place to live and to work for individuals and groups with no capital; (c) the competition for access to million dollar contracts and to positions of international renown which generate the production of studies, tentative and final projects; and (d) the competition for the technical and political control in the management of large urban projects from the emergence of such an initiative, to the formulation of tentative proposals until the final definition of a marketing plan for these lands.

It has been argued that benefited and harmed stakeholders act in support or opposition to large urban projects, by means of different collective or individual ways showing their conflicting interests. It has been shown that conflicting interests demand the state's intervention, which can go from the modification of the project to its discontinuance. It has been found that this constellation of forces and public responses - being changed in the course of time - has a direct incidence on large urban projects in terms of their objectives, characteristics and partial and final results. Thus, a grand scale operation is no longer the result of the outline and action of one unique stakeholder (any planning office of the public sector). Instead, it gathers a variety of stakeholders who operate and influence events by asserting their interests.

In view of these findings, it has been suggested that the process of production of a large urban project from its conception to the final execution requires special proceedings based on negotiation and the search of consensus solutions. If this is not done, interventions can be paralyzed or finally show socially questionable results. Possible applications of obtained results are linked to urban planning and urban management.

There is still before us the interesting possibility of continuing this research if the Retiro Project is finally put underway. It will also be a challenge to accomplish comparative studies with other large urban projects, taking as a hypothesis the conclusions we have here exposed.

Main Conclusions

a) Global transformations, new attributes of urban centrality and large urban projects

The review of certain recent literature relating to the urban and territorial effects of global economic and technological restructure (Chapter 1) provided a general framework for realizing in what way the changes of urbanization at world level have redefined urban structure and urban centrality.

The logic of the productive system at the global level has transformed urban systems of cities and regions, by creating a new model of spatial structure characterized by a pattern of concentration-dispersion. A set of metropolitan areas have emerged as key sites to command a system of dispersed production.

Most studies agree in that the processes of economic internationalization have also been expressed in the internal structure of cities and in urban centrality. The post industrial urban model has brought strong pressures on central spaces from tertiary services while favouring the establishment of high standard urban uses. The new business centers where tertiary functions have advanced require exclusive spaces for managerial and technocratic elites as happened with bourgeois elites in earlier times. The demand for an infrastructure of communications, telecommunications, top services, qualified technological centers and educational institutions, as well as hotel complexes oriented to international tourism, has intensified.

In many cities this demand has contributed to the expansion of a high-priced real estate market, with the active participation of foreign enterprises who are investors, customers and buyers of these buildings. Auctions for space have been limited to specific areas, to central locations, for which the buyers were ready to pay very high sums.

In our judgement, these processes constitute key contextual factors that are needed for understanding the development of large urban rehabilitation projects. Areas that had been considered marginal (due to the downgrading of urban uses belonging to the industrial stage) are reconstituted as central areas. The new physical forms of spacial organization produce exclusive fragments of the city adapted to global demands and objectives. They provide material and symbolic support for top activities and for the wealthier segments.

b) New Urban Policy and large urban projects

These structural trends were accompanied by a change in the rules of the game of urban management. Imposed as a response to the crisis of the Keynesian State, these policies, together with the liberalization and lack of economic regulations, gave an essential role to private capital in urban development. The new approaches to public administration started to be guided by the logic of the private sector, particularly with respect to land profitability.

In this context, the notion of New Urban Policies (NUP) as shown in Chapter 1, illuminated the institutional links which dominate the decision processes in the policies of urban regeneration, particularly those which have the *growth* and marketing of the city as political and economic imperatives. Theoretical developments which nurture the concept of NUP (the “growth machine” and “urban regimes” theses) provide a good framework to understand the role of stakeholders (and the local elites) in the more specific processes of construction and management of built environments.

There are two ingredients of the New Urban Policies which become essential for the production of large urban projects. On the one hand, strong state support for private capital for the revitalization of the city, in which the city is not only the site for business but is in itself "business." On the other hand, a regime of urban policies in which public and private interests are mingled in order to define the government's decisions. In this way, urban policies are determined by a set of political and power arrangements beyond the limits of government as it was commonly understood (laws, codes, and standards).

The thesis of the city as a *growth machine* emphasized that space is a sort of commodity which can produce wealth and power to their owners and that explains why certain agents are involved in the decisions which affect urban development. The interest for increasing rent, profits and incomes generate consensus among an ample range of elite groups whose priorities are those that affect the patterns of land use, public budgets and urban social life. This is a mixture integrated by various middle and high income stakeholders, organized around the exchange of land and property (land owners, realtors and banks) who are able to increase the value of land and the sources of income of their members. It also implies collective organizations influence on the government who controls the most valuable regulatory and fiscal resources for growth, especially those that are referred to the control, exchange and development of plots of land. Once organized, these *coalitions for growth* remain organized: they are the "active interests." They imply a continuous interaction between business people and public officials. A strong corollary to this process of formation of coalitions for growth is the emergence of a counter coalition, organized around environmental and distributive questions, which can become a strong force in urban policies.

The strength of these concepts for our study, lies in: (i) the identification of a structural guide of urban policies focused on economic growth as an essential guideline for the city and (ii) the key role assigned to property and to those interests involved in maximizing the incomes proceeding from real estate values and profits.

From the so-called theory of urban regimes emerges the thesis that the whole city is governed by certain standards, defined as a set of arrangements or formal and informal relationships. This regime is formed by means of a mesh of interests in which the public institutions as well as the private agents work around a negotiated agenda in order to carry out the government's decisions. Although among private agents, the main group which integrates the government coalition is the entrepreneurial sector (due to the importance of private investment in the city's economy), there are also trade unions, political parties and an ample range of organizations of the tertiary sector. Thus the principle of cooperation which supports a regime (for which the private sector abandons some of their objectives in order to obtain more cooperation, politicians also exchange their own) is a result of a form of administration which, even if biased towards the interests and preferences of the entrepreneurial sector, finally becomes creative.

The idea of regime is a good description of a form of urban administration, at a moment in which the private sector is becoming more and more important. It is particularly valuable in that it questions the traditional division between public and private, in view of the private interests which are directly involved in the process of urban management. We also appreciate the manner in which the theory allows to explore political and power arrangements, beyond the limits of government as commonly understood.

c) Strategies of social actors in the production of built environment

Although the emergence of large urban projects is inscribed in contemporary structural processes of worldwide and regional scope, their dynamics and specific features are also dependant on concrete actions displayed by the different stakeholders who make up each society. Theoretical developments examined in the last section of Chapter 1 have thrown light on this and allowed the identification of categories of stakeholders that are useful for empirical analysis.

Conceptually, it can be said that urban social actors present differential behaviour according to multiple variables, among which the following may be noted: their structural base (the position they occupy in society in terms of social division of labor), their territorial base (the position they occupy in the city according to social division of space) the representation they construe of the city and the way they organize as units of action.

From an operational point of view, four key actors are essential for the process of production and management of the built environment of Latin American cities: (a) state actors: they direct and execute the public processes of production of the city and the regulation of actions by other stakeholders, includes political officials, bureaucracy and public enterprises; (b) economic actors: are defined by the search for profits in the market either in the industrial, commercial or service sectors, and include individuals, small, medium and large enterprises, national and foreign; (c) community actors: oriented to activities emerging from their reproduction as social subjects, includes individuals, families and community organizations (with territorial and labor base); and (d) political actors: who orient their activities with respect to occupying positions of power which provide capacity of decision to define policies and the use of resources together with their maintenance.

d) Conflict of interests and the role of the State in the mediation of conflicts

Theoretical and methodological developments relative to stakeholder analysis and social analysis, as discussed in Chapter 3, have provided criteria and tools for identifying, systemizing and analyzing the social support and opposition which is generated by a project, as well as the logic which orients the action of the public sector when it tries to solve conflicts in the course of the project's management.

In a society segmented into different social sectors which have a diversity of material and other interests, which usually are opposed and contradictory, every intervention of the state which alters the "status quo" generates contrary reactions which confront on the one hand those that are satisfied with the situation as it is, because they benefit from it and, on the other side, those that want change because they expect to obtain advantages from other alternatives. The former are beneficiaries, the latter are harmed: both are involved in the intervention. Social policies which by their own nature tend to alter the life of groups and persons by re-distributing the wealth and resources of society, usually generate a large number of stakeholders. This is the case for urban redevelopment - policies which have a character of redistribution of incomes and benefits. This policy may fail if the conflict of interests is not solved.

Interest groups manifest themselves by means of lobbies, of different nature, which they produce using social and public non-governmental powers in order to further and protect their private interests and achieve collective goods for the group. In this sense they are pressure groups. The means these stakeholders use to influence the government are variable: lobbying, the influence on public

opinion to try to convince them that what is good for their interests is also good for society as a whole. These groups are always active and watchful, scrutinizing the initiatives, discussions and proposals of legislators in case they approve some legislation which may damage them.

The strategies of the public sector to solve conflicts are usually directed in a dual way. In order to face the opposition of those harmed, the state may appeal to three great lines of action: neutralization, negotiation and reform of the project. If they want to achieve support (the stakeholders that benefit) there are three types of actions: mobilization, defense and negotiation.

e) Contemporary large urban projects: contribution to a conceptual framework

The theoretical analytical framework elaborated in the theses provided conceptual elements and empirical evidence which, in a provisional way, allow us to describe large urban projects from the point of view of their main attributes, their objectives, their production process and their impacts on different spheres. This analysis, added to the evidence of our case study, has tried to illuminate the main benefits and damages occasioned by the implementation of large urban projects in “opportunity” urban areas. This correlates with the definition of a range of benefited and harmed stakeholders and the emergence of support and opposition forces which outline the production of large urban projects.

The following are ten tentative main conclusions about large urban projects.

- (1) Contemporary large urban projects, emerging from public initiatives, constitute a special type of urban intervention, as much in terms of peculiar spatial responses to the demand of an increasingly global economy, as well as in terms of the new forces of production and management of built space by the public sector.

Large urban projects are key operations for positioning a city as a worldwide space, with their requirements of creation and extension of central functions and specialized services. The principle of large urban projects is to create appropriate and attractive environments in which enterprises can find: on the one hand infrastructure, means of transportation, facilities and services which will allow them to function at international, regional and national scale; on the other hand, an comfortable urban situation which secures a high quality of living to entrepreneurs, managerial and technical personnel linked to leading firms and also to high income customers and international tourism.

By means of these operations, strategically located areas that had been relegated to obsolescence of urban uses linked to former economic models (ports, railway zones, etc.) are reconstituted as central areas: modern areas, shiny and functional, capable of attracting and lodging leading economic activities, particularly those related to the international sector of the economy and a whole local platform of support. The production of these built environments for business, international tourism and customers of high purchasing power, in strategic areas, requires a strong public initiative directed to make real estate operations easier and to attract massive investments that are necessary to finance infrastructure and buildings. Land use management (design of plots, provision of infrastructure and marketing) is a key component.

- (2) Large urban projects are proof (as stated by Molotch in his thesis) that urban land is not merely a surface on which the process of production and consumption of the city develops. Property of

land gives those who have a right of dominion over it, the possibility of obtaining profits (urban surplus value). What is special in the case of a large enterprise is that it produces an extraordinary increase in land values where these are implemented. This is different to what occurs with plots of regular size, whose price and value on the market are dependant on factors external to the lot itself (urban improvements in the environment.) large urban projects (due to their size, span and nature of the investments in infrastructure and buildings) exert an influence on the value of land where it is situated. Large urban projects generate externalities which are strong enough to influence their own value. Areas where these projects are located are considered real “areas of opportunity”: parts of the city in which the value of departure of the land is relatively low, since they have been relegated (close to port, railway, army activities, etc.) but whose final value is very high due to their extension, the strategic character of their location and the high symbolic and constructive quality of that which is going to be built there.

- (3) Large urban projects enhance a fact that had not been evident or stated in urban planning as enforced until the 1990s: the possibility of generating and capturing urban surplus value (increase in land value) belongs to the state by virtue of their triple linkage to the enterprise: (a) as an investor (provides infrastructure for accommodating the area and executes showcase works in order to attract capital); (b) by virtue of their power to regulate the land uses and to authorize uses and building coefficients, commercial instead of residential uses, greater heights and higher building densities). Inasmuch as this regulation privilege is an attribution of the local government, its presence as a partner in this enterprise, is assured; and (c) as land owners of generally large portions of land in central sites. If the landowner is the National Government the management of large urban projects is a hinge for national and local forces, a fact which gives place to negotiations about how these surplus values have to be distributed.
- (4) Large urban projects express an urban policy of net economic bias, in which there are economic objectives prior to the planning ones, although these purposes are not always shown, neither are they made public.

If in the thesis of growth machine private tenants are the hard core around which an elite gravitates which organizes the growth coalition, in Latin America the stakeholders who enhance large urban projects policies articulated with real estate businesses is the state itself. In the context of an extensive fiscal crisis in which the public sector has already sold all its enterprises, it turns to selling “grandmother’s last jewels,” i.e. lands and vacant properties, strategically situated. They also have the power to modify urban standards. This is the structural hinge on which the urban policies of large urban projects are defined: economically biased policy focused on the possibility of generating and gaining surplus values by acquiring real estate properties which the state does not want anymore, in order to find new functions for them.

- (5) The impulse of urban policies for large urban projects requires a series of public initiatives in order to make attractive the entrance of private investments, necessary to facilitate real estate operations, as well as for the construction and financing of infrastructure and buildings in the new environments. Inasmuch as the public sector lacks resources to make these huge investments, official initiatives will be based on non-traditional schemes.

In the first place, the “stage of the preliminary project,” materialized by plans, maquettes and videos is a key factor in the production of this type of enterprises. Formal physical design and the proposed aesthetics contribute closely to the economic viability of the operation in the sense

that it is dependant on them that public and private stakeholders engage in such a complex and long-term project.

Later on, the marketing logic of public lands should enhance their value, without the need on the part of the state to make huge investments. Theoretically, this process starts with a "prestige operation" whose objective is to make evident, by means of a selective public intervention, the potentialities of this business. Private activity takes intervention on the site by initially buying land at low values. The gradual increase of values in the area, by virtue of progressive private investments allows the state to finance infrastructures and market the final lots at prices equal or superior to their equivalents in other areas. The final stage is when the economically obtained profits appear by virtue of the creation of values generated by the development of the project.

One aspect that seems crucial in this process is the following: in order for the state to recover surplus values, it must follow this logic and avoid selling plots in blocks and elude the usual pressures of strong developers who seek to keep the business for themselves.

- (6) Putting these operations underway also requires a specific legal and institutional scaffold which includes measures that go from dictating laws and decrees authorizing the state to sell or give into concession the terrains and buildings implicated and even to create public agencies where the stakeholders involved in the project are represented. In any case, this implies complex mechanisms of articulation between different levels and sectors of public administration and between the state and private stakeholders.
- (7) Social stakeholders which gather in support of this policy designed to conquer opportunities of business in the territory include apart from land owners, a vast range of agents linked to the real estate markets (developers, real estate, financial and construction firms) and a variety of consulting firms or renowned individual consultants who assess state agencies and private enterprises in the initial diagnosis, as well as in the arrangement of financial engineering which underlies the management of these large projects. In the context of globalization, many international stakeholders appear, including foreign enterprises that operate as investors and buyers of buildings.

Other auxiliary stakeholders ready to benefit by increasing their incomes and prestige are the large engineering and architectural studios, apart from other professional associations that intervene in the processes of design and production of these enterprises. In fact, the urban and architectural design of these environments - due to their size and enormous symbolism - require procedures that in a way are exceptional, in order to assure original and exclusive patterns of morphology and aesthetics of the site. With these stakeholders, of course, it is not primarily a purely economic interest, but also a legitimate concern to guarantee adequate planning, technological and aesthetic criteria, preventing that these operations become merely luxury land subdivisions.

It might be said finally, that one could add also to this coalition of interests in favor of the development of large urban projects, the public bureaucracy which is in charge of managing them. They are not the usual public officials, but a kind of managerial elite that operates in luxury offices - given the need to negotiate with important investors - who receive wages well above the average and furthermore act in international assessments for private enterprises as well as for governments of other countries.

- (8) Since these large urban projects gather a net of interests in favor of their development, they also unchain opposition forces which are being felt from the moment in which the state takes the political decision to intervene in a strategic area of the city and lets its purpose be publicly known. As urban theory explains, the character of the built environment determines not only the gains, but also the losses derived from it. The implant of these luxury fragments in an existent city drastically alters the consolidated urban spatial system in the area with its neighbors and its social stratification, its economic activities, its buildings and monuments, its communication infrastructure, its symbolic significance and its social practices. The consequences of these impacts would be very disadvantageous for a large set of stakeholders; for those who use the city as a place to live and to work; for those who defend the rights of poor inhabitants to stay in the area; for those who want to preserve green spaces and buildings of patrimonial value; for those that promote an urban culture opposed to large interventions and who anticipate urban damages. In this category are included: residents who are irregularly settled in the area, civil associations, NGOs, professional associations, planners and representatives of political parties, among others.
- (9) The process of production and management of a large urban project is formed by the pressure that these two groups of social actors exert (the coalition in favor of the project and the coalition against it). The final result for a large urban project depends on the relation of forces between them, on the resources they manage and the interest and capacity of the main stakeholders of the coalition in favor of the project (the state) to incorporate into its agenda the demands of sectors who are not their partners in the large urban projects. It also depends on the actual type of urban pattern and network of agreements that define them.
- (10) The determination of the success or failure of a large urban project is a motive for very diverse opinions.

The discussion that has been outlined in the Latin American environment and especially in Argentina with respect to this matter, permits us to identify two polar positions: a) one that maintains that the production of these real estate artefacts represent a subordination of urban and social reasoning to that of urban business; and b) one which says that by means of this type of interventions and the refurbishing of spaces implied in it, the state opens up the economic possibility of creating and capturing surplus value which otherwise would be taken advantage of by private tenants.

The policies for recapturing land appreciation constitute a subject that has started to have great acceptance in Latin America, not only among scholars of liberal tradition, but also among the representatives of progressive currents of thought. In a context of fiscal crisis it would seem reasonable that local governments learn to exercise new forms of obtaining resources, to attract private investments and promote growth in order to improve the quality of urban life.

In this framework, from our point of view, the policies towards large urban projects should be conceived not only as a way to generate and recapture surplus value, but also a redistribution of it with criteria of equity. For this, it would be necessary in the first place that these operations (as happens already in other countries) be explicitly linked to specific social enterprises. In the second place, the negotiation of their objectives and contents should not only be in the hands of a small group of entrepreneurs and an elite of professionals and public officials. It should incorporate a range of private organizations that represent the non-entrepreneurial sector. It should be taken into account that urban assets are brought into play which are a patrimony of all citizens.

In another way: a good indication for determining the success/failure of large urban projects is if the public sector has achieved the following objectives: a) that the state has recaptured a significant part of land values generated in the area under the effect of urban regulations, together with public and private investments; and b) that recaptured incomes by the public sector are not only used to finance the infrastructure of the project proper (which would end up by being beneficial for private investors) but should serve essentially to compensate negative impacts of large urban projects in the area and/or to lessen urban inequalities already existing in the city.

General recommendations

a) Recommendations with respect to urban planning and management

It is advisable, with respect to the concept of large urban projects, that they be conceived as comprehensive urban settlements foreseeing a mixture of uses and activities; they should include apart from the new sectorial components, those historical uses installed in the area still having urban vitality; that they should maintain an adequate relationship between private uses and public spaces with free entrance. It should be avoided that large urban projects be implanted in zones where there are cores of population of a certain size, taking care not to injure human and social rights of access to the habitat for all inhabitants, including the poorest. In case a location with these characteristics were to be approved by the legislative organs of the city (supposedly they represent the opinions of citizens) it would be essential to find financial, social and urban solutions, previously seeking consensus with their inhabitants and organizations.

The elaboration of the project (materializing planning and architectural conceptions of the enterprises) as well as studies on impact and feasibility should be made by means of enforcing public auctions of ideas or tentative projects for the selection of the most adequate proposals. This process has to allow the most ample participation of professionals and experts and assure a maximum of technical competence and impartiality in the proceedings.

With respect to the management of large urban projects, it seems essential that they incorporate a component of land management with specific mechanisms, so that municipal governments may recover the surplus value generated by their own investments and urban regulations. This would mean the creation of financial tools, accompanied by adequate methods to determine the increase in land values and ways to recapture them and distribute them among stakeholders participating in the operations. In turn, one should count on an institutional structure and the adequate legal scaffolding, as well as with the political will to further the necessary reforms for those ends. Previously, it will be necessary to enlighten as much as possible the political officials, legislators and public agents by means of institutional and educational political action. It will also be important to further a systematic dialogue among the public agents involved in the implementation of urban policies, creating bridges between the areas of urban planning, finances, public works, social policies and lists of real property.

The conception, as well as the assembly and management of large urban projects should provide mechanisms of participation of all involved stakeholders: those that benefit and those that are harmed, in order to gather their opinions and needs, and find consensus arrangements. With regard to this, it is recommended that new institutional forms be generated, not subject to the ups and downs of political times, in order to secure the continuity of decisions and the clearness in assigning priorities and responsibilities for action. It is advisable to revise the formal framework of institutions, creating inter institutional instances of administrative integration and articulation between public organizations and the civil society. The construction of consensus requires procedures which facilitate the identification, treatment and possible approaches to opposed positions within the set of participating stakeholders.

As for the legitimacy of large urban projects as urban operations articulated to a policy of recapturing and redistributing surplus values, it will be necessary to establish systematic consulting mechanisms with urban specialists, lawyers, experts in public administration and representatives of the community's organizations.

b) Recommendations for urban research

We recommend to engage in the follow-up and evaluation of large urban projects undertaken by the public administration. For this reason, research centers will have to develop appropriate methodologies which include the relevant variables and dimensions to be studied in each context, from the point of view of advancing scientific knowledge, as well as transferring this knowledge in order to improve urban management. It will be necessary to obtain financial support so as to carry out long term studies with an interdisciplinary scope.

We also recommend to create and develop intercommunication programs between urban researchers and stakeholders from the public sector with the purpose of designing agreements for reciprocal cooperation. Unrestricted access to official information should be secured for scholars about the enterprises; in turn, the public sector will have access to the partial and final results of all these studies.

It should be useful to promote a data bank of experiences and lessons learned in the Latin American countries as well as to further in a regional conglomerate the information that incorporates these experiences and their recommendations. The knowledge and spread of experiences of large urban projects within institutional frameworks as well as flexible and modern standards will serve as testimonial cases which are relevant in the search for greater challenges.

Summary

Large urban projects furthered by the public sector in strategic areas begin to spread in Latin American cities in the context of globalization. These urban operations are subject to controversy in the public and academic realms. Due to their scale and complexity, they question the planning frameworks and land use regulations, redefine economic opportunities, generate tensions in local finances, give new dimensions to political spaces and change the map of positions occupied by urban actors. Large urban projects generate extraordinary benefits and damages which have been only partially examined. All this is reflected in the public and academic debates which are still embryonic and which draw few conclusions.

This research studies, by means of the analysis of a paradigmatic case, the production process of a large urban project furthered by the State and directed to create a new centrality. The analysis is focused on the supporting and opposing forces displayed by various social actors involved (state, economic, community and politicians) which come to light at the moment in which the political decision about furthering the project is made, influencing its development and its final outcome. The general objective of this study is to provide conceptual and empirical elements which will help to understand the interaction between the production of new built spaces and social forces. Additionally, it is intended to throw light on how this affects the management of the large contemporary projects

The methodological strategy of the research rests on three pillars. In the first place the research reviews theoretical approaches on the production of built space and the role of social actors in this process. At this level of the analysis the notion of New Urban Policy, developed in North Atlantic academic circles, is particularly useful in order to situate our object of study. In the second place, the research provides an *ad-hoc* analytical and methodological framework about large urban projects and the interests of social actors. A great portion of the effort of the research is put on this framework, since there are neither formal models nor finished theories to study this subject. At this level, the research tries to identify the structural aspects of large urban projects; those that are the crux of the relation between them and territory and which allow us to understand why certain actors are involved in its production and development. For doing this, this framework is based on two basic inputs: (a) a set of recent studies referring to Latin America contexts that explore different aspects of large projects and (b) an adaptation of stakeholder analysis and social analysis considered very useful methods for a systematization and analysis of support and opposition provoked by the intervention of governmental authorities in the field of social policies. These methodologies have been applied with a governance approach, which underline the interactive nature of the political processes. In the third place, a deep empirical study is undertaken through the analysis of secondary and primary sources of information. These analyses, added to the evidence of the case study, allow us to draw ten tentative general conclusions about contemporary large urban projects.

Results of the present research contribute to the understanding in what manner the production of new spaces of urban centrality - in the context of global restructuring - implies a technically complex social and political process which, even from the earliest stages of launching such an initiative by the public sector, carries on contradictory strategies of multiple stakeholders who operate in significant

areas of the city, including strategies of the state itself that acts as a part of and as a judge of the interests in conflict.

It has been shown which structural factors determine that large urban projects generate benefits and damages among a range of stakeholders. In this sense, four aspects have been noted as key factors in the determination of winners and losers: a) increased values produced by large urban projects together with the arrangement of social and territorial distribution of potentially generated surplus values; b) the competition between profitable land uses which value the city as a business for the private and globalized sector and non-profit uses which enhance the city as a place to live and to work for individuals and groups with no capital; c) the competition for access to million dollar contracts and to positions of international renown which generate the production of studies, tentative and final projects; and d) the competition for the technical and political control in the management of large urban projects from the emergence of such an initiative, to the formulation of tentative proposals until the final definition of a marketing plan for these lands.

It has been argued that benefited and harmed stakeholders act in support or opposition to large urban projects, by means of different collective or individual ways showing their conflicting interests. It has been shown that conflicting interests demand the state's intervention, which can go from the modification of the project to its discontinuance. It has been found that this constellation of forces and public responses - being changed in the course of time- has a direct incidence on large urban projects in terms of their objectives, characteristics and partial and final results. Thus, a grand scale operation is no longer the result of the outline and action of one unique stakeholder (any planning office of the public sector). Instead, it gathers a variety of stakeholders who operate and influence events by asserting their interests.

In view of these findings, it has been suggested that the process of production of a large urban project from its conception to the final execution requires special proceedings based on negotiation and the search of consensus solutions. If this is not done, interventions can be paralyzed or finally show socially questionable results.

Possible applications of obtained results are linked to urban planning and urban management through the following main recommendations: (a) a large urban project 's conception should foresee a mixture of uses and activities, maintaining an adequate relationship between private uses and public spaces; (b) the elaboration of the project should be made by means of procedures capable of assuring a maximum of technical competence and impartiality; (c) the management of a large urban project should incorporate a component of land policy with specific mechanisms, so that municipal governments may recover the surplus value generated by their own investments and urban regulations and redistribute that value in an equitable way; and (d) the assembly of a large urban project should provide mechanisms for participation of stakeholders, in order to gather their opinions and needs, and find consensus arrangements.

Samenvatting

Grootschalige stedelijke projecten geïnitieerd door de publieke sector in strategisch belangrijke gebieden komen steeds meer voor in Latijns Amerika, in de context van mondialisering. Als stedelijke interventie zijn zij onderwerp van tegenstellingen tussen publieke en academische territoria. De schaal en complexiteit van deze interventies stellen vraagtekens bij de stedelijke raamwerken en grondgebruikvoorschriften; zij herdefiniëren economische kansen, wekken spanningen op in lokale financiering, geven nieuwe dimensies aan politieke ruimten, en veranderen de kaart met posities die worden ingenomen door stedelijke actoren. Grote stedelijke projecten genereren buitengewone baten en schade, die nauwelijks zijn onderzocht. De publieke en academische agenda's en debatten verkeren wat dit betreft in een embryonaal stadium gekenmerkt door een gebrek aan conclusies.

Het onderzoek in dit boek betreft het productieproces van een groot stedelijke project, in gang gezet door de Staat en gericht op het creëren van een nieuwe stedelijke centraliteit, aan de hand van de analyse van een casus die als model dient. De analyse is gericht op de ondersteunende en oppositionele krachten van diverse betrokken maatschappelijke actoren (Staat, economie, gemeenschap en politiek) die aan het daglicht treden op het moment waarop de politieke beslissing om het project in gang te zetten wordt genomen, en die dan van invloed zijn op de ontwikkeling en uiteindelijk resultaat. Het algemene doel van het onderzoek is conceptuele en empirische elementen aan te voeren die helpen om de interactie te begrijpen tussen enerzijds de productie van nieuw gebouwde ruimten en anderzijds de sociale krachten. Tevens is het doel licht te werpen op hoe deze interactie het management van grote hedendaagse projecten beïnvloedt.

De onderzoeksmethode berust op drie pijlers. Ten eerste geeft het onderzoek een overzicht van de theoretische benaderingen van de productie van de gebouwde ruimte en de rol van de sociale actoren in dit proces. Op dit niveau van analyse is de *New Urban Policy* die ontwikkeld is in Angelsaksische academische kringen zeer bruikbaar om het object van onderzoek te situeren. Ten tweede biedt het onderzoek een *ad hoc* analytisch en methodologisch raamwerk voor grote stedelijke projecten en de belangen van sociale actoren. Een groot deel van de onderzoekinspanning is gericht op dit raamwerk, omdat er geen formele modellen noch adequate theorieën zijn om dit onderwerp te bestuderen. Op dit niveau wordt met het onderzoek beoogd de structurele aspecten van grote stedelijke projecten te identificeren: te weten, de aspecten die beslissend zijn in de relatie tussen projecten en grondgebied en die het ons mogelijk maken te begrijpen waarom bepaalde actoren betrokken zijn bij de productie en ontwikkeling ervan. Daartoe is het raamwerk gebaseerd op twee vertrekpunten: a) een aantal recente studies in de Latijns Amerikaanse contexten die verschillende aspecten van grote projecten verkennen, en b) een aanpassing van de *stakeholder* analyse en de maatschappelijke analyse die als zeer bruikbare methode worden beschouwd voor de systematisering en analyse van de ondersteuning en oppositie die wordt opgewekt door de interventie van de overheden op het gebied van sociaal beleid. Deze methoden zijn toegepast met een bestuurlijke benadering, wat de interactieve aard van de politieke processen onderstreept. Ten derde zijn secundaire en primaire bronnen in een empirisch diepteonderzoek geanalyseerd. Deze analyses en de casus studie, kritisch gezien binnen het hiervoor genoemde raamwerk, bieden de mogelijkheid tien tentatieve algemene conclusies te trekken over hedendaagse grote stedelijke projecten.

De resultaten van dit onderzoek dragen bij tot het begrijpen – in de context van mondiale herstructurering – van de manier waarop de productie van nieuwe centrale stedelijke ruimten worden generaliseerd. Die productie impliceert technisch gezien een complex sociaal en politiek proces, zelfs al vanaf het allereerste begin van een dergelijk initiatief vanuit de publieke sector, en zoals het proces voortgaat met tegengestelde strategieën van een diversiteit aan *stakeholders* die opereren in belangrijke stedelijke gebieden, inclusief strategieën van de Staat zelf, die enerzijds handelt als deelnemer en anderzijds als beoordelaar van conflicterende belangen.

Het onderzoek toont welke structurele omstandigheden bij grote stedelijke projecten baten en schade genereren aan een range van *stakeholders*. In die zin treden vier sleutelfactoren op de voorgrond in het bepalen van winnaars en verliezers: (a) toegenomen waarden die door grote stedelijke projecten worden geproduceerd tezamen met de samengestelde sociale en territoriale verdeling van potentieel gegenereerde surplus waarden; (b) de competitie tussen winstgevend grondgebruik waarbij de stad wordt beschouwd als een bedrijf voor de private en gemondialiseerde sector, en voor de non-profit sector die de stad gezien als een leef- en werkgebied voor individuen en groepen zonder kapitaal; (c) de concurrentie om de toegang tot miljoenencontracten en tot posities van internationale betekenis die de productie van studies en voorlopige en finale projecten genereren; en (d) de concurrentie om de technische en politieke controle in het beheer van grote stedelijke projecten; van het opkomen van zo'n initiatief, via de formulering van voorlopige voorstellen tot de uiteindelijke vaststelling van een marketingplan voor deze stukken land.

Bevoordeelde en benadeelde *stakeholders* handelen ondersteunend of opposerend ten opzichte van grote stedelijke projecten, op verschillende collectieve of individuele manieren, waarmee zij uiting geven aan hun conflicterende belangen. Aangetoond is dat conflicterende belangen vragen om interventie door de Staat, variërend van aanpassing van het project, tot het stopzetten ervan. Er is ontdekt, dat deze constellatie van krachten en publieke respons – die ook nog verandert in de tijd – een direct gevolg heeft voor grote stedelijke projecten in termen van hun doelen, kenmerken en hun deel- en eindresultaten. Op die manier is een grootschalige operatie niet langer het resultaat van het plan en de actie van één unieke *stakeholder* (welk planbureau van de publieke sector dan ook). In plaats daarvan brengt het project een diversiteit aan *stakeholders* bijeen die handelen en gebeurtenissen beïnvloeden om hun belangen veilig te stellen.

In het licht van deze bevindingen wordt voorgesteld dat het productieproces van een groot stedelijk project, van de conceptie tot de einduitvoering, speciale stappen vereist die gebaseerd zijn op onderhandelen en het onderzoeken van oplossingen met een breed draagvlak. Als dit niet gebeurt, kunnen interventies worden verlamd of maatschappelijk twijfelachtige resultaten vertonen.

De toepassing van de verkregen resultaten in stedelijke planning en stedelijk management omvat de volgende hoofdaanbevelingen: (a) de conceptie van grote stedelijke projecten moet vooraf rekening houden met een mengeling van gebruik en activiteiten, met een gepaste verhouding tussen privaat gebruik en de publieke aard van de ruimte; (b) de uitwerking van het project moet voldoen aan procedures met een maximum aan technische competentie en onpartijdigheid; (c) het beheer van een groot stedelijk project moet een component van grondbeleid opnemen met specifieke garanties, opdat de gemeentelijke overheid de surpluswaarde van de eigen investeringen en regulering kan verkrijgen en die waarde kan herverdeling op een onpartijdige manier; and (d) het tot stand brengen van een groot stedelijk project moet gepaard gaan met procedures voor de participatie van belanghebbenden teneinde hun inzichten en behoeften te verzamelen en akkoorden te vinden voor het bereiken van consensus.

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Interviews

Lic. Juan Gutierrez. Former priest of Villa 31. He wrote a book about neighbourhoods in Buenos Aires.

Arch. Nestor Jifetz. Adviser of the organization *Movimiento de Villas y Barrios Cadenciados*

Lic. María Cristina Cravino. Anthropologist, has made a study on villa 31.

Arch. Jorge García. Manager at the Housing Municipal Commission, Social area, in the Government of Buenos Aires' city.

Arch. David Kullock. Adviser of the Buenos Aires city's Government at the Urban Planning Assessment Council (CAPU). Formerly he participated in the Declaration that FIAF produced a about the Retiro Project where strong criticism was lifted against this project

Arch. Heriberto Allende. Was member of the team from the Central Society of Architects that produced the first report *Urbanistic Considerations on the Retiro Project*, in which many objectionable aspects of RP mentioned. Later on he was adviser of the Buenos Aires city's Government at the Urban Planning Assessment Council (CAPU)

Arch. Olga Vicente. Adviser of the Buenos Aires city's Government at the Urban Planning Assessment Council (CAPU). Participated in the Environmental Urban Plan giving advise on transport issues.

Arch. Jorge Lembo. Manager at the Municipal Housing Commission, directly linked to Villa 31. Previously he had been one of the members of the Frente Grante political party who produced a critical document about RP including alternatives for the settlement of villa 31 in Retiro area.

Ing. Juan Pablo Martinez. Expert on transport issues. From the beginning has an active participation against RP. ATEC Ingenieros Consultore

Arch. Juan Carlos Angelomé Adviser of the Puerto Madero Corporation. Participated in the Third Retiro-Port Project elaboration.

Arch. Andrea Catenazzi Consulting at the Puerto Madero Corporation. Made a diagnosis about the Port situation regarding Retiro project.

Arch. Alberto Varas Winner of the National Contest of Ideas. One of the main Retiro Project driving forces.

Arch. Silvia Pupareli Expert on transport Consulting at the Urban and Environment Plan, Buenos Aires city Government.

Diputy Srur Vicepresident 2° at the Legislative Power of Buenos Aires city.

Arch. Gervasio Ruiz de Gopegui, Director of the Master on Real estate studies at Belgrano University. Made a study concerning Puerto Madero Project.