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# 13 Rethinking Barcelona

## Changes experienced as a result of social and economic crisis

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### Introduction

The economic and social crisis experienced by Spain over the last few years has had consequences that can largely be defined as ideological, institutional, and material, although the political response to the crisis has been articulated mainly through the material and institutional field, to manage the ideological changes that society has experienced. This chapter studies how and to what extent the Metropolitan Area of Barcelona (AMB) has suffered from the impacts of the crisis and the responses and mechanisms which have been applied in an attempt to overcome these impacts.

The chapter starts with a short overview of the ‘Spanish Crisis’, giving special importance to the housing bubble and the institutional system that has facilitated this situation. It then analyses how the crisis has affected the AMB and its city model. In this context the situation of Barcelona is analysed and the main differences between the context of Barcelona and Spain are discussed to explain the management of the crisis in the material, ideological, and institutional fields. Then the analysis focuses on some of the most important policies applied by the City Council in response to the crisis impacts. Finally, in the conclusions, the new tendencies of Barcelona in the aftermath of the crisis are presented and some new lines of research are proposed.

### Overview of the crisis in Spain: its origins and consequences

#### *The Spanish context*

It could be argued that up to the year 2007 Spain was in a period of economic boom, which had started in the 1990s and had led the government of President José Luis Rodríguez Zapatero to a state of semi-euphoria because of exponential decline in unemployment rates and even talk of full employment (CincoDías, 2007). His government conducted a set of legislative actions that represented a real social revolution and modernisation of the state. Among these initiatives were permission for same-sex marriage, the law of dependence that secured financial support from the state for all those with degrees of dependence, and a new

abortion law (the most progressive ever). At that time Spain was, as it were, in the middle of a dream from which no one wanted to wake up. This dream had shaky foundations, however. It could be argued that this is one of the main reasons why the outbreak of the crisis had such serious ideological consequences in Spain; it not only shattered the economic dream, but also seriously affected social progress.

Analysing the foundations of Spanish growth to identify the elements that helped to create a national crisis greater than the international one, one could argue that the reasons were threefold. First, the primacy of the construction and real estate business, second the predominance of the tourism sector, and third the underground economy that was estimated in 2008 as 23 per cent of the GDP (GESTHA, 2011). The developments in all these sectors were essential to manage Spain's dizzying rate of progress. Yet today most scholars agree (Echeverría, 2008; Redondo, 2007; Romero, 2010) that the real estate and the housing bubble in Spain played the most important role in the Spanish crisis. This will be the focus of the following subsection.

### *The housing bubble in Spain*

The importance of the real estate market in the Spanish crisis is proven by the available data from the National Institute of Statistics (INE), which show that the rate of construction (both residential and non-residential) in the Spanish GDP increased from 11.7 per cent in 1996 to 17.9 per cent in 2007 (INE, 2014). Other experts using more inclusive methodologies to calculate GDP consider the economy even more dependent on the construction sector and argue that in 2007 this number was close to 39.4 per cent (BDE, 2008).

The exponential growth of the real estate sector in relation to GDP was made possible by the action of the government of the Popular Party (1996–2004) of José María Aznar, who launched a massive liberalisation of land through Law 6/1998 on land use and ratings (BOE, 1998). This law aimed to go much further than the one approved in 1990 by the socialist government of Felipe González that was a first step in converting rural land to urban land. The law of 1998 further liberalised and simplified land types into urban, developable, and undevelopable land, besides setting the premise that unless specifically prohibited by a provision of law, all land was now developable. The aim was to achieve a huge increase in the supply of land, which, according to the then Minister of Public Works, Arias-Salgado, should in the medium term reduce the price of land and therefore housing (El País, 1997). But the reality once again was not in line with the government's public speeches.

The consequences of the new law have been dramatic. Between 1998 and 2007, the housing stock grew by 5.7 million, an increase of almost 30 per cent. In the third quarter of 2007, construction accounted for 13.3 per cent of total employment, well above that of Germany (6.7 per cent) and the United Kingdom (8.5 per cent). With regard to prices the revaluation of housing in Spain between 1997 and 2007 was 191 per cent (*The Economist*, 2005). In 2013, this was the

second largest rate in the OECD and was higher than in countries where there was no doubt of the existence of a bubble, such as the United Kingdom (168 per cent) and the United States (85 per cent) (*The Economist*, 2005, 2013).

It is also necessary to underline that in the period 1998–2005 the banking system played a key role in the generation and extension of the boom phase of the residential market. The banks gave abundant credit to acquirers and promoters of housing and undoubtedly contributed decisively to the record levels of both demand for and offer of residences. High liquidity was owed mainly to three factors: a huge expansion in the number of savings banks, substantial bank competition, and low interest rates. The housing bubble created as a consequence of this process became responsible for a period of growth, but in turn weakened the resilience of the state to deal with potential setbacks (Romero, 2010).

At this point, it is necessary to understand that what Spain experienced was not a result of the international financial and economic crisis but a combination of international crisis and internal factors, which, as explained above, helped to amplify the magnitude of the catastrophe, generating a scenario that few other countries faced during the crisis years. It could be argued that the Spanish crisis was mainly caused by Spanish misrule and the patronage networks between political and economic power that allowed the housing bubble to arise in a context in which the economy and the institutional system were incapable of providing a framework of accountability, and where corruption was identified as a lesser evil by a large part of the citizenry (Metroscopia, 2014). The institutional factors that have enabled the current crisis situation are analysed in the next subsection

### *The institutional problem*

In order to understand the real dimension of the Spanish crisis with the problems outlined above, other issues should also be considered such as the complexity and opacity of the public administration and the multiplicity of institutions and agencies, most of which duplicated functions already assigned to other agencies. In this sense it can be assumed that Spain suffered a lack of institutional rationalisation on all levels (Royo, 2014). This, together with the lack of confidence of citizens in institutions during the crisis period expressed repeatedly in the Metroscopia polls (Metroscopia, 2014), represents one of the most serious challenges facing Spain.

The institutional problem started with the so-called ‘transition’ period (1975–1982), when the figures of the Franco regime (heirs of the dictatorship) and the opposition leaders designed the current institutions and constitution. What was supposed to be the end of the dictatorship did not represent a real new beginning for Spaniards. Military pressure forced the leaders of the opposition to accept the maintenance of some old institutions, and allowed the old guard to occupy important positions in the administration (Martínez-Conde, 1979; Rodríguez de Arce, 2014).

Another ongoing key discussion at that time was between the defenders of the central state and the supporters of a decentralised or federal state. This discussion

is still ongoing and is important when it comes to understanding the institutional problems of Spain today. Some regions such as Catalonia and the Basque Country, whose languages were banned during the dictatorship, and where repression was especially strong, wanted to develop a federal system to recognise the different nationalities that exist inside Spain (Solanes & Molinero, 2014). However, the reluctance of the conservative sector and heirs of the dictatorship to recognise the uniqueness of these regions forced the selection of an intermediate system, the Autonomous Communities, a system that is in the spotlight today because it keeps alive the struggle between centralising and decentralising tendencies, and does not protect the competences of the different autonomous communities. This system allows the inference of the state in many policies such as education, the responsibility for which was theoretically transferred to the autonomous communities, but it does not guarantee autonomous communities the necessary financial resources, the allocation of which is a state decision (Montaner, 1996; Ysàs, 1994).

In the context of the recent economic crisis this has led to a situation where the state, given its need to reduce its debt, has made budget adjustments and transferred the budget cuts to the autonomous communities while initiating a new recentralising effort through different sets of legislative actions like the new education law that gives the central government the capacity to design the content of the primary and secondary education curricula, something that was previously the autonomous communities' legal right, and the new Organic Law 2/2012 of 27 April (BOE, 2012) governing budgetary stability and financial sustainability that allows the central government to intervene in the Autonomous Communities when they exceed the budgetary restrictions. It came thus into conflict with territories such as Catalonia, whose people wanted to deepen their self-government, and now, as a reaction against the recentralising strategy of the state, are also claiming independence. The referendum of 9 November 2014 made this clear, when more than 80 per cent of the participants voted for independence (*La Vanguardia*, 2014).

### *Socio-spatial impacts*

The economic and financial crisis has had serious and multiple consequences in Spain. These impacts are illustrated by a series of indicators such as the unemployment rate, the gross domestic product (GDP), and the consumer price index (CPI). The unemployment rate, for example, which hit a record low in the spring of 2007 with 1.76 million people (7.95 per cent of the active population) unemployed, went on to register a record high in the first quarter of 2013 with more than 6.2 million unemployed (27.16 per cent) with a youth unemployment (unemployed and under 25 years of age) of more than 960,000 people (57.2 per cent) (INE, 2014). GDP also steadily declined during the last half of 2008 as a result of which Spain, for the first time in 15 years, entered a period of recession. The country did not come out of it until the second quarter of 2010. However, this recovery did not last for long, since in 2011 Spain experienced a decrease in

GDP. This series of recessions seriously affected the GDP per capita and it went from 105 per cent of the average of the European Union in 2006 to 95 per cent in 2013 (INE, 2014).

Other data that helps to explain the impacts of the crisis is the new unemployment dynamics in terms of the number of people that have completed a year of job searching without success. The Statistical Agency of Catalonia (IDESCAT, 2014) confirms the significant increase in long duration unemployment both in the Barcelona area and in Catalonia, a tendency that also exists in the rest of the country. In the AMB, the number of unemployed people looking for a position for 12 months or even longer doubled between 2006 and 2011, increasing from 33.7 to 60 per cent. This trend is especially obvious for those over 50 years of age, whose chances of finding a job again are limited or non-existent. This is accompanied by serious psychological effects, expressed in the form of disaffection, pessimism, and lack of confidence. It is very important to underline that the crisis has led to two lost generations: young people who are unable to enter the labour market, and those over 50 who have been excluded without any chance of reintegration.

Along with the decrease in employment and GDP, the crisis affected prices as well. Throughout the second half of 2007, prices started to increase significantly, placing the annual CPI in December of that year at 4.2 per cent. However, a study by the bank Catalunya Caixa claimed that the CPI was actually 7.9 per cent and that the everyday consumer goods suffered an even greater increase, especially milk (31.0 per cent), gasoline (16.2 per cent), bread (14.4 per cent), and eggs (9.6 per cent) (Catalunya Caixa, 2010). This has had serious consequences for the population, generating new typologies of poverty, such as energy poverty as families cannot afford to pay for fuel.

In the crisis years the public debt was also seriously affected. In 2007 it represented 36.1 per cent of GDP but doubled in the following three years, reaching 60.1 per cent in 2010 and even 93.4 per cent in 2013 (INE, 2014). This brought serious consequences with regard to the maintenance of the welfare state, which suffered huge cuts in order to control the public deficit, cuts that among others resulted in a loss of quality in the health and education systems.

All these developments have had an enormous impact on the ideological field, and Spain like many other Southern European countries affected by the crisis has seen a loss of confidence in institutions and traditional political parties. This new situation has led to the creation of new social movements, many protests against the status quo, and a decline of the traditional political opinion in favour of new ones, which in many cases represent new forms of populism.

A study conducted by the Centre for Sociological Research on the assessment of the economic and political situation of citizens provides some key clues to understanding this phenomenon. The survey from 2014 shows that the four major concerns of Spaniards are unemployment (82.3 per cent), corruption (41 per cent), economic problems (28.2 per cent), and political parties (26 per cent) (Metroscopia, 2014), whereas in the pre-crisis context terrorism was among the major concerns. This change clearly shows that the concern about politicians and

corruption has overtaken terrorism. This is mainly because many Spaniards consider traditional parties largely responsible for the current crisis, casting doubt on many other state institutions like the monarchy or the administration of justice, which they consider politicised. The situation has resulted in a crisis of trust and the consequent loss of votes by the traditional parties, as well as the creation of a new leftist party, *Podemos* (We can), which currently ranks first in voting intentions (CIS, 2014).

Bearing in mind the above overview of the Spanish context the following section focuses on analysis of the situation in Barcelona and of the extent to which the crisis has affected its Metropolitan Area.

### **Barcelona and the consequences of the crisis for its Metropolitan Area**

Barcelona remains one of the most dynamic cities in Spain, thanks to a diversified economic system which includes a knowledge economy, design, industry, tourism, and construction. The capital of Catalonia, the most industrialised region of Spain, it has its own dynamics that have had a major impact on the management of the crisis. The impacts of the crisis on the city of Barcelona cannot be seen in isolation from what happened in the Spanish context. It is, however, necessary to conduct a specific analysis to explain why the effects of the crisis on the city were not as devastating as they were in other parts of the country. In this line it is important to identify those factors that have helped to mitigate the impacts of the crisis on the city and then to focus on analysis of the responses undertaken in the entire Metropolitan Area of Barcelona.

A look at the data reveals that the situation of Barcelona is not as critical as that of other Spanish cities, such as Madrid, which remains the most indebted city in the country, with passive public debts according to the Excessive Deficit Procedure (EDP) that totalled €7.036 million at the end of the fourth quarter of 2013; according to the latest statistics of the Bank of Spain the debt of Barcelona, in this same period, was €1.110 million (*El Economista*, 2014). This situation is undoubtedly directly related to the institutional framework (organisations, norms, and transparency) and the confidence that citizens have in their institutions. In this regard it can be assumed that Madrid is much closer to the previously identified problems of the Spanish institutional system (Villoria & Jiménez, 2012) than Barcelona. The city of Barcelona has been ruled by the Catalan Socialist Party (PSC) and is now governed by Catalan nationalist conservative parties (CiU), which are less close to the patronage networks of Spain (but have problems with corruption), whereas since 1991 Madrid has been ruled by the Popular Party.

The study of a set of variables can provide a picture of the situation in Barcelona and the impacts of the crisis on the city. Among the most important indicators is the rise of unemployment, which in January 2014 reached 16.2 per cent in terms of unemployed jobseekers registered at the Public Employment Service offices in the province of Barcelona (IDESCAT, 2014). These numbers indicate

that unemployment has doubled since the beginning of the crisis. In relation to unemployment it should be noted that the sectors with the highest percentage of job losses are the construction (−30 per cent) and the real estate (−47 per cent) sectors (*ibid.*). In the rest of Spain unemployment has tripled in the same period.

In relation to the real estate sector the Department of Fiscal Studies of the City Council of Barcelona has provided a set of data that helps to visualise the evolution of the housing market. Based on this data it can be pointed that the price declines are widespread in every district. There are neighbourhoods with significant falls (e.g. Les Corts, with a decrease of 40 per cent in prices) and others where the prices fall more slowly, such as Eixample and Sant Martí, with declines of 3.3 and 4.1 per cent (Ara, 2012). This situation has led to a profound change in the dynamics of the real estate sector, as many citizens now prefer renting to buying, something entirely new to Spanish society.

Along with the social impacts the crisis has had on the city and its inhabitants, the crisis has also affected the city budget. For example, in 2014 almost half of the yearly budget (€903.1 million out of €2,574 million) has been allocated to protection policies and social development and is also meant to ensure the quality of life of people in all city districts (Barcelona City Council, 2014a). An example of these new spending priorities is food subsidies, which allow children from families at risk of social exclusion to eat free at schools. In 2014 there were 549 more families than in 2013 that were included in this category (BTV, 2014a), which shows that the crisis as increased social spending.

Another point to take into account is that contrary to many other parts of Spain where a crisis of trust and consequent loss of votes of the traditional parties is obvious, this is not the case in Catalonia and Barcelona, where traditional political parties remain stable, albeit with a transfer of votes from the centre right to the centre left. Currently the polls predict a victory for ERC, a centre-left independent party, with more than 80 years of history, whereas the benchmark CiU, the nationalist centre-right party, which currently is in government, remains in second position (Metroscopia, 2014). This is because even though political corruption in Catalonia exists and it has affected the nationalist parties in many cases, it is not as blatant as in Spain in general, where cases of corruption that affect the Crown abound, such as the case of the governing party itself, which is currently under investigation for illegal financing and double counting, but also cases involving the opposition and the trade unions.

The fact that people consider the Catalan government and institutions as more transparent is a key point in crisis management. It should not be forgotten that Transparency International gave Catalonia a score of 100 out of 100 for government transparency whereas Madrid scored 56 (Transparency International, 2014). The government of Spain was denounced by Amnesty International for torture and ill-treatment of demonstrators (Amnesty International, 2014). The factor of trust can also be related to the economic situation of Catalonia, which has been perceived as more stable, a perception that is important for generating trust in public institutions.

The trust factor is, in consequence, one of the key factors that made the difference between the Spanish crisis and the situation in Barcelona, where there is still confidence in the Catalan institutions but not in the Spanish ones. This confidence has given the right to the government to implement a series of measures aimed to increase transparency and social participation, but has also led to an unprecedented situation of tension and estrangement between the two governments (the Catalan and the Spanish one).

### **The management of the crisis**

Following the line of argumentation about the impacts of the crisis on the society both in Spain and Barcelona this section analyses the actions taken by the local administration in an attempt to mitigate the effects of the crisis and to generate new synergies and resilience factors to take Barcelona one step beyond the crisis. The analysis focuses on the different kinds of responses implemented by Barcelona as a consequence of the global economic crisis and the Spanish one. In the following the responses are studied in three categories in order to provide a structured overview of recent developments. The first of these categories refers to material capacities, which could be natural resources as well as technological, economic, or organisational skills that could be affected by the crisis. The second one is the ideas, understood as intersubjective beliefs or collective conception of social order, which could be influenced by the city administration through adaptation of the institutional system to the new claims of the citizens. The third category is the institutions or institutionalisation, which work as a means for the stabilisation of a certain order. It should be noted at this point that the presented categories are interdependent and a phenomenon observed in one category could have important consequences in another one. This is the main reason why the institutional and ideological response is discussed in a single paragraph.

#### ***The material management of the crisis***

The economic impacts, as illustrated above, have been among the most visible of the crisis. In the following it is discussed how the economic recession and rising unemployment have materialised in the AMB.

As seen in the contextualisation of the crisis, the impacts on the economy can be easily related to a decline in tax collection, which has provoked a reaction from the public administrations because of their need for more resources in order to respond to the new demands of their citizens. For this reason, in a first stage the City and the Catalan governments have chosen a strategy based on increased prices for public services such as public transportation and have applied different taxes such as property tax or water or electricity taxes in order to get money to provide the basic social services. These strategies were accompanied by new forms of urban exploitation such as the increased licensing of the construction of luxury hotels, which ultimately evoked criticism

from neighbours, port expansion (both commercial and industrial), the sale of public buildings, and the cancellation of public works that were under construction or planned.

It is worth mentioning that in order to continue the implementation of key projects the government of Barcelona has established public–private partnership(s) (PPP), a strategy that is studied here as it is seen as a consequence of the lack of public resources. This strategy, although already well known and established in many English-speaking countries, is quite new to Barcelona.

In this context it should be noted that the City Council has also tried to rationalise the public spending through establishing new protocols in order to pay providers in 30 days as well as concessions for the opening of new business (*El Mundo*, 2011).

In relation to the rationalisation of public spending several examples of public works that have been affected by the crisis in a different way can be mentioned here. Among these are the Blue Museum, the Cultural del Born Centre, and the dissenyHub. It should be highlighted that traditionally in Barcelona the public administration has been responsible for planning, designing, and implementing public works. In the middle of the crisis a move to a new scenario was observed, whereby private companies shared responsibilities with the city government in the administration and construction of facilities, providing new resources to face the new challenges of the city. It should be underlined, however, that different advantages as well as disadvantages have been observed. The biggest negative effect related to PPP is the impact on people. Citizens feel that they are losing control over the city, and see private participation as an invasion of the public sphere, in a field traditionally monopolised by public administration. Mainly because this process has been simultaneous with the privatisation of buildings and services it has suggested the dissolution of public administration at a time when corruption is a principal concern and as such new strategies generate mistrust (*El País*, 2011). Yet these strategies have important benefits such as the new commitment of local companies to the city. The PPP seems to generate quite positive synergies, although the novelty of the strategy makes in-depth analysis of all the consequences impossible.

Furthermore, it should be emphasised that Barcelona examined other possibilities for the acquisition of additional resources. An example in this regard is the use of venues in the city which are sold to private companies, as is the case with the Statue of Columbus at the end of the Ramblas. The City Council allowed Nike to dress the statue of Columbus with an FC Barcelona jersey (Ediciones La Vanguardia, 2013) for promotional reasons. This sparked numerous protests which forced the Council to dismiss the strategy. Yet it has been used in other Spanish cities like Madrid, where the City Hall has allowed the sale of names of city venues such as the name of subway stations. An example in this regard is Puerta del Sol, which now bears the name Vodafone Sol (EuropaPress, 2013).

The discussed impacts on the material sphere (and the responses to these) led, at first, to a change of mind on the part of many citizens.

### ***Ideological and institutional changes***

All these changes (political dissatisfaction with national policies and protests against the government) have had a real impact on municipalities, mainly because they are the closest administration, where attempts are made to combat political disaffection by implementation of new policies and strategies that can generate confidence, a set of strategies that usually appears in new ways of public participation and new forms of transparency and accountability. That is, the government has tried to respond to the ideological shift of the population mainly through institutional reforms.

In this sense it could be argued that Barcelona has spent years experimenting with different approaches to participatory democracy. Among these was the involvement of stakeholders in the decision-making process and the establishment of district councils or other arenas/platforms for discussion about public policies and urban planning (Casellas, 2007). The crisis has disrupted these traditional strategies, however, mainly because citizens are looking for more direct participation without the intervention of intermediate actors, and this is having effects on the traditional stakeholders of the civil society. A clear example of this situation is that one of the key traditional actors, the neighbour associations that were acting as a privileged partner of the local government (Huertas, 1997), seem no longer to be preferred by the citizens, increasing thus a trend that began earlier this century. This situation has become one of the biggest challenges for the city, because now there is no structured representation by civil society of the concerns of citizens.

Importantly, these associations played a key role in the anti-Franco struggle, and the first decades of democracy in the whole of Spain, especially in Madrid and Barcelona. It was in the 1980s and 1990s when their social involvement and mobilisation capacity reached their highest levels (Blanco, 2009). At that time Barcelona's Council began to include them in almost all discussions related to the implementation of policies especially in relation to urbanism. Yet now the situation has changed and it seems that citizens no longer see these associations as useful in the defence of their interests, either because of excessive politicisation, whereby many of the leaders are active in political parties, or because of a lack of modernisation (they use practically no new technologies, have no social networks, their meetings are held at private places at times impossible for working people to make, and many of them have no young people involved).

An analysis of the survey conducted in 2012 among the 86 neighbour associations of the FAVB (Federation of Neighbour Associations of Barcelona) shows that the total number of members was 43,672 with an average of 424 people for every association (FAVB, 2012). From the data it can be assumed that only a small number of citizens are now members of these associations. When compared with the overall population of Barcelona (1,620,943), 43,672 represent only 2.6 per cent of the citizens. In conclusion, it should be obvious that the participatory process should go beyond these organisations. This becomes clear from participatory processes led by civil society, like the *BarcelonaDecideix*, an

unofficial consultation about the independence of Catalonia. This was held in Barcelona in 2011 and had a participation of 21.37 per cent of the population of the city (BarcelonaDecideix, 2001).

Changes in the perception and behaviour of citizens are obvious also from the fact that after the emergence of the crisis citizens created new platforms to support the weakest members of society. An example in this regard is the platform of people affected by the evictions (*PAH*) or the *StopPujades* dedicated to opposing the rising price of public services (Castells, 2013), as well as movements with a strong presence in the social networks, less organised or not organised at all, and in general without a clear leadership.

This ideological change entailed the need for updating the strategies of the government, and, of course, for renewal of the institutions. In the case of Barcelona's transformation it led to a model of decision-making, especially related to planning decisions, and new instruments for participation, some of the most important starting in 2014 such as the new open governance project.

The combination of the previously described facts has forced local governments to be the first to implement changes in organisational models to adapt to the new requirements of citizens as well to make rational use of resources in order to serve more people with less money, simplifying the bureaucratic steps in order to provide more fluid communication. In this context the following subsections describe the changes experimented in relation to the participatory process in the city, a field that is between the ideological and the institutional one, as well as the institutional changes that converged in the creation of the Metropolitan Area of Barcelona

### ***Public participation challenges***

In this subsection, two processes, the referendum of La Diagonal and the new open governance project of Barcelona, are presented. The consultation process for the future of La Diagonal, one of the main avenues of the city, was considered one of the biggest experiments with regard to public participation. This pioneering initiative intended to directly involve the residents in the decision-making process about the urbanisation of the avenue, surpassing the existing stakeholder model described in the previous paragraph. This process was one of the first initiatives undertaken by the public institutions in order to address the citizens' new claims for deeper participation, which arose as a result of the crisis. The result was far from expected and had an enormous influence on the strategies developed thereafter (Corrochano, 2014). This process explains how the government of Barcelona has been trying to apply new tools of communication between the administration and the citizens in the middle of the crisis as a possible solution to reconnect with the citizens and combat political disaffection, one of the biggest ideological impacts of the crisis.

The consultation process was an unprecedented case of the exercise of participatory democracy in Barcelona. It took place between 10 and 16 May 2010, one of the worst points of the crisis, and aimed to involve all residents aged over 16

years and registered in the city in the decision on the future of the diagonal. The process was handled in the following manner:

The city government presented three options designed by the city technicians in collaboration with stakeholders such as neighbour associations or commerce associations, organising a huge publicity campaign in order to inform the citizens about the process (*La Vanguardia*, 2010). But the referendum had little pulling power and the registered participation was 12.17 per cent of the people eligible to vote. The option C got 137,474 votes in the consultation issue, which means that about four out of five people voted against the reform of La Diagonal. The option supported by the mayor was option A, which got 11.38 per cent support and the consequences were that after the resignation of some members of the city government the mayor lost the elections after 32 years of socialist government (Barba, 2014).

This experience has been a key point in the development of current participatory processes. No other public consultation has been conducted locally again because of the risks this could pose to local government. The principal conclusions of the process indicate the difficulty of sensitising the message to the public in a society where it is not normal to consult the cities outside the traditional electoral process. Many of the public saw the referendum or public consultation as an opportunity to blame the local government, transforming the vote into a vote against the mayor, similar to the process that occurred in France when the European constitution was voted on (Hawes, 2012). We have to take into account that the popularity of the mayor at that time was very low and in addition many of the public did not understand the importance of the reform of La Diagonal in a context marked by the crisis.

Four main lessons can be drawn from this process. First, the risk taken by the local government in participatory processes when it opts for one of the proposals, as Barcelona's mayor did. Second, the difficulties in making people see the real utility of the vote instead of a global referendum about the city management. Third, there are strong possibilities for political opposition to turn a participatory process with such features into a motion of censure against the government. Finally, in countries with little democratic tradition and no training on the importance of a binding referendum it is not recommended to carry out such processes in contexts of social tension and without the necessary pedagogic effort.

The new mayor of Barcelona chose not to undertake a consultation process because of the risks explained before, instead generating a new methodology that he called Open Government, which tries to fight against political disaffection by including citizens in the decision-making process.

The Open Government project, created in the first quarter of 2014, is a digital initiative on the City Council web page which has tried to meet some of the ideological challenges created by the crisis, such as the lack of confidence and the demand for a more participative democracy. It provides citizens with a tool that lets them follow the current status of the approved municipal budget or the evolution of the debt and the solvency of the city. Through this tool the City Council also publishes a series of indicators that enable the

citizens to understand how the council functions, and it contains information on grants and subsidies granted by the council and grouped by category, as well as an annual list of companies that have received major contracts from the administration. Xavier Trias, mayor of Barcelona, has described the project as 'a new way of doing politics to serve the people' (BTV, 2014b; Barcelona City Council, 2014b).

The Open Government initiative could be described as a major attempt at transparency and accountability, as well as a tool of bureaucratic simplification because it allows people to track all open participatory processes, obtain information on completed processes, participate online, follow the contributions of other residents, and make arrangements online thanks to a new application called MobileID. This is an attempt to curb the phenomenon of disaffection and build confidence in institutions, but it is still too early to make an assessment of its results. Apart from its positive side, however, the tool can also create problems like the digital exclusion of people from social segments that have no knowledge about technology, like elderly people or people at risk of social exclusion. Apart from this initiative, efforts have also been dedicated to finding other ways of rationalisation and transparency, such as the creation of the Metropolitan Area of Barcelona.

### *The Metropolitan Area of Barcelona*

The creation of the Metropolitan Area of Barcelona (AMB) in July 2010, two years after the beginning of the crisis, was considered to be one of the most ambitious plans for the institutional reform of Barcelona (Muñiz & García-López, 2013). The AMB can be defined as the public administration of the metropolitan Barcelona. It occupies 636 km<sup>2</sup> and comprises 36 municipalities with a population of more than 3.2 million. It is the largest metropolitan sprawl in the western Mediterranean, and generates half of the yearly GDP in Catalonia (IDESCAT, 2014). This new civil metropolitan administration was created to replace the three entities that had existed until 2011 (the Union of Municipalities of the Metropolitan Area of Barcelona, the Environmental Agency, and the Metropolitan Transport). The introduction of the single administration was meant to simplify the existing administrative levels that as shown above were one of the causes of the amplification of the international crisis in the national context.

The creation of this new institution has been accompanied by a new legal framework that has also reinforced the new metropolitan government by awarding it new powers and objectives. The new law (DOGC, 2010) envisions that the metropolitan urban master plan is elaborated by the new administration, which provides spatial planning instruments tailored to the needs and requirements of the different municipalities included in the new institutions. The Metropolitan Area also has a Planning Commission, which ensures that all subjects of interest to the 36 urban municipalities are analysed according to a joint planning group (AMB, n.d. a).

In addition, the AMB has also played a role in the sphere of environmental preservation. It includes for instance provisions for preservation of natural areas and also manages 30 km of the metropolitan beaches and has developed a comprehensive maintenance network of the 31 metropolitan parks (*ibid.*). In relation to mobility aspects it prepares and approves the Metropolitan Urban Mobility Plan. AMB now coordinates the transport in 36 metropolitan municipalities. It has also acquired competencies in the field of economic and social development to promote economic activity and strategic planning and promote employment and entrepreneurship.

The new governing body of the new administration is the Metropolitan Council, which currently comprises 89 metropolitan advisers. Each of the 36 municipalities has a number of members in proportion to their demographic weight. The mayors of the municipalities are *ex officio* members of the council, in addition to the councillors appointed by the city councils up to the number stipulated for each municipality (AMB, n.d. b).

The new administration, created in the middle of the worst period of the economic crisis, has been a key factor in Barcelona's recuperation. It provides a legal and institutional framework that allows Barcelona to face the future in a coherent and rational way, integrating the city and the adjacent municipalities in a new administration that only reflects a reality that already existed. This is because the Metropolitan Area has been a territorial, social, demographic, economic, and cultural entity that has been forming over the last century as a product of growth and connection of urban systems surrounding the city of Barcelona. The AMB is considered one of the biggest institutional changes undertaken as a consequence of the rationalisation process needed to manage the crisis. It saves resources and streamlines operations in the Metropolitan Area, but it also has some problems that should be considered, especially with regard to public knowledge and transparency. Few people really know how it works, and the fact that its organs of government are not elected directly but indirectly through municipal voting in different cities could generate problems of accountability and transparency. In fact, one of the biggest problems we face when we study the impact of the AMB, is that there are no studies about the perception of citizens. That is why it is a very interesting topic for further research. We need more time for a deeper analysis of the success or failure of these initiatives.

## **Conclusions**

The crisis Spain has experienced has not been caused only by international factors, but has also occurred because of institutional weaknesses bequeathed by the Spanish transition process. The emergence of the international financial and economic crisis caused a number of factors that helped to accelerate the bursting of the housing bubble, which had dramatic consequences for Spanish society. It is from this time that Barcelona City Council began to rethink Barcelona, applying new tools and updating some policies to the needs of the new era. These responses to the crisis are in three fundamental areas.

The material one, which has been mainly structured through a reformulation of municipal budgets, aimed at meeting the basic needs of citizens and maximising the pre-existing resilience to the crisis. Also, new ways of financing public works, such as the PPP route, have also generated new synergies in civil society.

The ideological one is characterised by the recognition of the new demands of the population. The City Council is trying to answer these demands through reforms towards greater transparency and public participation surpassing the existing mechanisms and opening possibilities for new ways of governance.

Finally, the institutional level, heavily influenced by the previous two, is living a transformation, trying to adapt itself to the new demands of the society through the open government project and the creation of a new administration that seeks to rationalise the previous administrative levels, avoiding duplication and simplifying interaction with citizens. Although it is too early to assess some of these changes, the reality is that Barcelona seems to be generating a breeding ground for future growth, understanding that the institutional factor, transparency, and accountability are key elements of resilience.

The novelty of many of these projects, processes, and institutions suggests the need for further analysis to check their actual impact not only on society but also on the efficiency of the city. Analysis of the impact of the new Open Government strategy is a good example of a topic for further research.

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