GROWTH AND POVERTY IN THE URBAN FRINGE

Decentralization, Dispersion, and Inequality in Greater Buenos Aires

by
Nora R Libertun de Duren

Master of Architecture in Urban Studies
Harvard University

Submitted to the MIT Department of Urban Studies and Planning
In partial fulfillment of the requirements for the degree of
Doctor in Urban and Regional Planning

June 2007

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ABSTRACT

This research presents the case of growth in Buenos Aires since the late 1970s, when the decentralization of urban planning powers in the Province of Buenos Aires began, until 2001, when an economic crisis submerged -even if transitorily- more than half of all metropolitan households below the poverty line. This thesis explores why social inequality within municipal boundaries increased after the municipalities acquired autonomous planning powers. It counts with three sections: Section I investigates how the decentralized planning practices of the municipalities of Greater Buenos Aires have impacted the growth of Buenos Aires. It explains the cluster of affluent gated communities in the poorest municipalities of the urban periphery as the outcome of the special permits that these municipalities gave to real estate developers. Section II explains how national development policies have contributed to the impoverishment of these municipalities. It depicts how these policies have generated a persistent flow of poor residents to Greater Buenos Aires at the same time that they have diminished the economic sufficiency of local governments. Section III explains why these municipalities did not resist these transformations.

This research has found that national industrialization policies determined much of the fate of Greater Buenos Aires. Because of the limitations that the preexisting geography of development imposes on local participants, decentralization cannot prevent social polarization when only the highest income sectors have the resources that can activate local economies. Nevertheless within these circumstances, municipal planning practices and local polities have determined the specific geography of social inequality. Thus, participatory institutions are necessary, but not sufficient to transcend social inequality. Social inequality in the metropolis will diminish only after a development project on the national scale is developed.

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BIOGRAPHICAL NOTE

Nora Libertun de Duren holds a Master of Architecture in Urban Design from Harvard University Graduate School of Design (2002), and an Architecture degree from the University of Buenos Aires (1997). Among other prizes, she has been awarded the Fulbright Fellowship, the Harvard Fortabat Fellowship, the MIT Homer Burnell Presidential Fellowship, and the University Of Buenos Aires School Of Architecture Gold Medal. She has teaching experience at the MIT Department of Urban Studies and Planning, at Harvard University Graduate School of Design, and at the University of Buenos Aires School of Architecture, and has professional work experience in designing urban and architectural projects for Buenos Aires, Mexico, New York, London, Vienna, Beijing, and Doha.

Her research on gated communities and decentralized urban planning has been published at the *International Journal of Urban and Regional Research*, at the *Housing Policy Debate*, and at an edited volume on decentralization by *Taylor and Francis*. She has presented some of her findings at a number of conferences, including the American Collegiate School of Planning 2005 annual conference, the 2005 "Urbanism and Urbanization' seminar at Barcelona, and the fourth World Bank Urban research symposium.

At the MIT she has been the editor in chief of *PROJECTIONS 6, the MIT Journal of Planning*; and a member of the "Just Jerusalem' steering committee. Currently, she works as an Adjunct Assistant Professor of Urban Planning at Columbia University in the City of New York.

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To Ariel, my husband, and Alan Aviv, our son.

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FOREWORD & ACKNOWLEDGEMENTS

Somewhere I read that someone who understands everything about her subject cannot write about it. One writes as much to discover as to explain. I am not sure how writing a dissertation compares to other writing endeavors, but this dissertation certainly was born of my desire to reconcile what we observe and the words we use to make sense of these observations, to understand how the worlds we build are linked to who we are. Of course, this dissertation is just a glimpse into that question, but whatever insight it has is due to the support and encouragement I received throughout my studies.

Diane E. Davis, my advisor at the MIT and the chair of my dissertation committee, has been an enthusiastic, intelligent, and creative mentor. From the first day I spoke with her, she has been a continued source of encouragement and inspiration. Her energy to tackle the difficult questions of the world is unparalleled and contagious, and I am certain that without her by my side, I would not have enjoyed my time at MIT as much as I did.

Larry Vale, the other MIT member of my doctoral committee, has played a major part in shaping my experience at school. I am grateful to him for his uncompromised commitment to social justice, as well as for his role in the creation of a structure at the Department of Urban Studies and Planning that supports academic excellence and academic collegiality in every way.

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Throughout this research, I counted on the generous economic support of the following institutions: The Homer A. Burnell MIT Presidential Fellowship, the Lloyd and Nadine Rodwin Fellowship, the MIT Department of Urban Studies and Planning, the MIT Center for International Studies, and the support of the American Collegiate Schools of Planning. I am also indebted to the people of Great Buenos Aires, the municipal officers, commuters, and residents who candidly shared their experiences with me and answered my many questions. I hope the following dissertation represents their needs well.

Finally, my greatest debt is to my family: My father, Carlos, who introduced me to the joy of learning; my mother, Lidia, who has given me the confidence to pursue my dreams; Ariel, my older brother, from whom I learnt the value of kindness and consistency; and my younger brother, Darío, from whom I learnt about questioning and subtle thinking. My husband, Ariel Duren, has helped me in more ways than I can list here. His loving, joyous, ingenious, and sensible ways have lightened my spirit every day. Alan Aviv Duren, our son, who was born on

March 21 of 2006, has given me more happiness and contentment than I could have ever imagined. I hope this research contributes to improve the world in which my son, and my son's generation, will grow.

LIST OF ABREVIATIONS AND ACRONYMS

ABL Tax: Municipal Tax for lighting, and cleaning public streets (Impuesto al Alumbrado, Barrido, y Limpieza)

BA: Buenos Aires (City of Buenos Aires and Greater Buenos Aires)

CBA: City of Buenos Aires (Ciudad de Buenos Aires)

GBA: Greater Buenos Aires (Gran Buenos Aires)

GC: Gated Communities (Barrios Cerrados, Country Clubs, Clubes de Campo, Club de Chacras)

GCBA: Government of the City of Buenos Aires (Gobierno de la Ciudad de Buenos Aires)

CGT: General Work Confederation (Confederación General del Trabajo)

HH: Households

INDEC: National Institute of Statististics and Censuses (Instituto Nacional de Estadísticas y Censos de la Republica Argentina)

ISI: Import Substitution Industrialization (Industrialización para la Substitución de Importaciones)

MeCon: Argentine Ministry of Economy (Ministerio de Economía Argentino)

MercoSur: Common Market of the South (Mercado Común del Sur)

NBI: Non Satisfied Basic Needs (Necesidades Básicas Insatisfechas)

PBA: Province of Buenos Aires (Provincia de Buenos Aires)

PJ: Peronist Party (Partido Justicialista)

PRN: Process of National Reorganization (Proceso de Reorganización Nacional)

UCR: Radical Party (Unión Cívica Radical)

UIA: Argentine Industrial Union (Union Industrial Argentina).

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INTRODUCTION

GROWTH AND POVERTY IN THE URBAN FRINGE

Decentralization, Dispersion, and Inequality in Greater Buenos Aires

One only needs to travel a few minutes on the upgraded northern highway, away from the Buenos Aires downtown, to notice the transformation of the city. Once one leaves behind the bustling, busy, dense urban fabric and takes the road to the suburbs, a different kind of landscape appears. Instead of multi-story multi-family buildings bordering the sidewalks, there are gated communities sitting next to the highway; instead of small deli-shops populating the streets, there are large supermarkets directly accessible from the road. Truly, this description could fit just about any contemporary American city. It makes sense that new developments would follow a transportation upgrade and that the farther one travels from the city, the cheaper the land and the less dense the built environment will be. In addition, if we consider that during the eighties and nineties numerous economic crises hit Argentina, it is no wonder that many residents favored life in gated communities, as living conditions in the city worsened and fear of crime intensified.

However, some things do not correspond to the classic story of suburbanization. To begin with, gated communities were not being built on empty lands but amidst industrial regions. Also, as crime was rising in the City of Buenos Aires, it was rising even more in the suburbs where these new gated communities were flourishing. Moreover, not only were these

communities appearing in close proximity to informal settlements and decaying industries, they were concentrated in the poorest suburban regions. Why were affluent gated communities clustering in the impoverished municipalities of Greater Buenos Aires?

We cannot answer this question without looking at the institutional dimensions of this overall shift to private development. The story of gated communities in poor suburbs is not only a story about suburbanization and private developers, it also is a story about the ways in which suburban municipalities coped with national economic crises and changing development priorities. It is not a coincidence that right after the decentralization of planning capacities, municipal governments of poor localities almost tripled the number of planning exceptions for private developers. Thus, ironically, social and spatial contrasts within and between municipal boundaries increased after these municipalities became more politically autonomous.

Here, I am trying to look beyond the spatial and political understandings of inequality in the city. That is, studies of decentralization evaluate the impact of this change by comparing the performance of decentralized units (i.e. municipalities) before and after they have been given autonomy. By doing so, they account for the relative changes in these units over time, but not for the transformations of the social contrasts inside these municipalities. Likewise, solely mapping the contrasts in the city does not explain how these correspond to institutional, rather than solely spatial, boundaries. Inasmuch as social realities within institutional territories are not even, social indicators at the level of the municipality might be concealing significant inequalities. The promotion of a just, prosperous city demands an understanding of the causal links between uneven urban development and institutional transformation. Therefore, it is

critical that we understand the connections and mismatched between social and institutional territories.

More important yet, the belief that allocating decision power to local governments promotes bottom-up forces and thus even development, as many developing agencies claim[1], is contestable in cases in which there are already important inequalities in place.[2] In the case of Buenos Aires, the rapid development of gated communities in the poorest municipalities following the decentralization of planning authority has not only deepened the development contrasts within these municipalities as gated communities flourish side by side with informal settlements; it has also called into question the role of municipal governments in promoting gated developments. Are poor municipalities sponsoring exclusive developments in their lands? And if that is the case, what circumstances led these local governments and suburban residents to foster an urban growth model based on gated enclaves?

In order to answer these questions, while considering both the interaction between spatial and institutional transformations, I looked for both the pull and the push forces of urban growth. On the push side, I recognize the role of changing national development policies. In that sense, local planning choices are constrained by previous and current national

---

[1] See the 2007 Supplement to Swedish International Development Cooperation Agency *"Fighting Poverty in an Urban World"*.

[2] Although relying on a very different methodology, the observation that decentralization might deepen inequalities when applied to an already unevenly developed metropolitan region coincides with recent studies on the impact of decentralization on Mexico. For more on this topic see Raich, Uri. 2006. *"Unequal development: decentralization and fiscal disparities in the Metropolitan Zone of the Valley of Mexico".* MIT Department of Urban Studies and Planning Doctoral thesis. (http://hdl.handle.net/1721.1/34407).

development models, whose spatial consequences outlive the ideologies –or the constituencies- that supported them. In particular, as Argentine government changed hands, its commitment to subsidizing the industrial development of the nation faded, the municipalities of the periphery of the City of Buenos Aires suffered the loss of national investments in their urban infrastructure. Thus, in this particular scenario, the end of national industrialization projects increased the dependency of suburban planners on private capital for the development of their land.

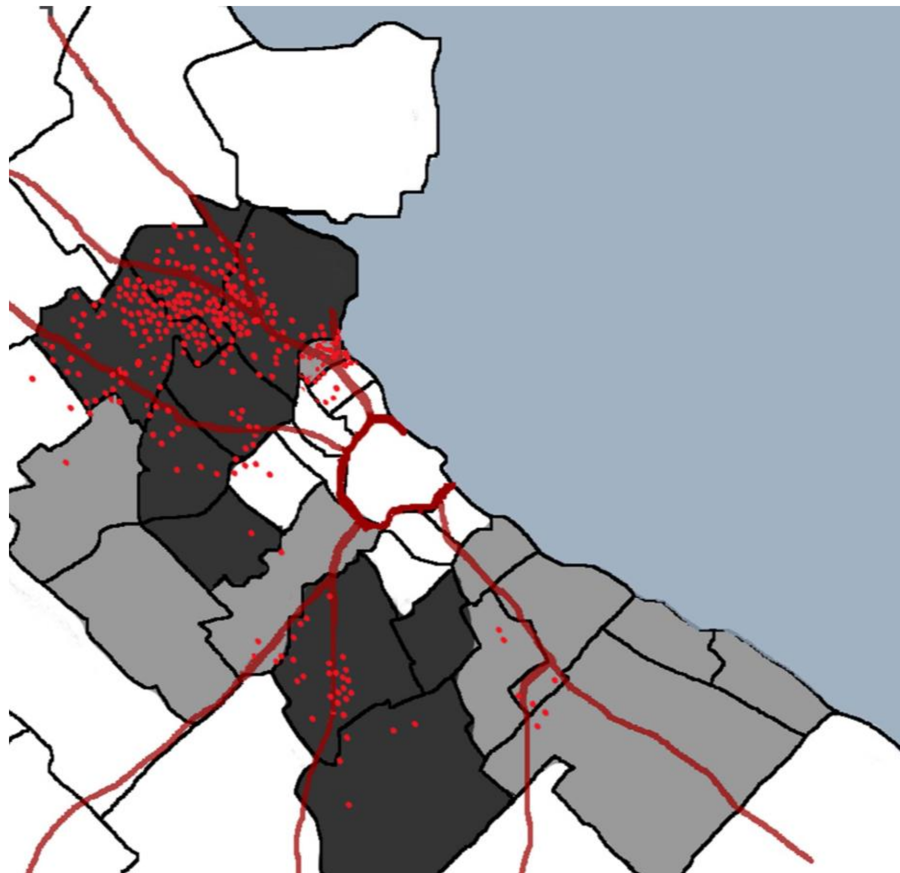
On the pull side, I focus on the municipal planning practices and on the characteristics of the population already living on Greater Buenos Aries. The diversity of interest within the suburban population was instrumental for the formation of a landscape of contrasts. New gated communities and slums are not only inaugurating an era of social disparity but they are also the outcome of the deep social contrasts already existing in these peripheries. The national industrialization project of the 1960s generated a convergence of interests among large entrepreneurs, petty industrialist owners, and poor migrant workers, who landed in Greater Buenos Aires. However, once this national project ended, large and small entrepreneurs diverged in their commitments to the metropolis. Given the splintering of this suburban society and the continuing immigration flow of poor residents to the outskirts of the city, it is not surprising that suburban middle income residents feared the stagnation of their localities and thus welcomed affluent gated communities[3].

---

[3] Also, given this context of deindustrialization and unemployment, it is even less surprising that the suburbanizing urbanites would choose to gate themselves.

In the following pages, I explore these issues further. I present a brief introduction to the case of Buenos Aires. Then, I sketch some of the main theories informing our thinking on urban expansion. Next, I present the structure of this dissertation. Finally, I highlight some of its main points.

MAP 1 Poor Households and Gated Communities in Buenos Aires In 2000



Dark Grey: NBI Households above 25%
Light Grey: NBI Households Between 10% and 25%
Red Dots: Gated Community Development
Red Line: Main Highway Black Line: Municipal Boundaries

Source**:** INDEC, 2001. *Censo Nacional de Población de la República Argentina*; *Clarín* Newspaper. Suplemento Casas Country. Edición Especial. 2002.

Spatial and Social Contrasts in Greater Buenos Aires

Why are the people living in the most dynamic, populous, and productive region of a nation also the poorest? Why, after years of being the center of public and private investments, is the urban periphery experiencing an increase in social contrasts?

Few countries present a pattern of territorial concentration as persistent and extreme as Argentina does (Keeling, 1997; Suarez, 1999). With more than a third of the country's 36 million residents, more than half of the national GDP (INDEC, 2004) and less than 2% of its land (307,571 square kilometers), Buenos Aires is by far the largest metropolis in Argentina. Although Argentine geographical development has been uneven since Hispanic times, Buenos Aires only became the economic node it is today after the industrialization of mid–20th century. Thanks to the combined effects of its trading port and transportation infrastructure (Scobie, 1964), abundant labor and consumption centers (Dorfman, 1983), and the favor of those political leaders who found their constituency in the masses of urban workers (D. Davis, 2004; Mora and Araujo, 1983), Buenos Aires accounts for a disproportionate share of the national industrial development (UIA, 2001). This trend has been evident since the national industrial census of the mid-20th century, according to which the metropolis (that is, the City of Buenos Aires, plus the surrounding municipalities of the Province of Buenos Aires) contained more than half of Argentina's industrial establishments and 65% of its labor (see Table 1). However, and in accordance with the transformation of many of the largest metropolises, by the 1980s it become clear that in Buenos Aires, service and commercial activities were growing faster than industrial activities (Kulfas, 2000).

TABLE 1
Distribution of Industrial Establishments and Industrial Labor in Argentina 1954-1974 (in %)

		CBA	PBA	Cordoba	Santa Fe	Rest of Argentina
1954	Establishments	26	31	11	10	22
	Labor	32	33	9	6	20
1964	Establishments	21	38	12	10	19
	Labor	26	40	10	8	16
1974	Establishments	20	37	12	11	20
	Labor	24	44	9	8	15
1994*	Establishments	11	43	10	13	23

Sources: Own extrapolation based on Ricardo Ferrucci. La Promoción Industrial en la Argentina. Buenos Aires: Eudeba, 1986; *INDEC, 1997. "Productos Industriales Argentinos". *En Encuesta Industrial Anual*. I. Buenos Aires:Republica Argentina.

While it is a customarily assumed that the growth of the tertiary sector signals a more advanced economy and that independent workers are better off than waged ones, in Greater Buenos Aires these changes have a different meaning. To begin with, both secondary and tertiary sectors contained a wide diversity of situations, from wealthy industrial owners to petty entrepreneurs. But what is more, neither people nor organizations were committed to these categories. As we shall see, after the end of the era of the developmentalist state, urban residents shifted back and forth between secondary and tertiary occupations. That is, not only were former industrial workers likely to be categorized as independent service workers while moving from manufacturing to construction jobs, but petty entrepreneurs became urban shop owners, small factory owners turned into importers of goods, and owners of large enterprises extended their holdings into financial activities. Therefore, it is difficult to read in the rise of tertiary activities, a progress in local living conditions.

Regarding its institutional framework, metropolitan Buenos Aires does not work as a

single political unit, but is divided between the City of Buenos Aires (CBA) and the municipalities comprising Greater Buenos Aires (GBA). The CBA enjoys full political autonomy, is the main connecting node to the new international economy, and its population tends to relate to "global patterns of consumption" (Coy and Pholer, 2002). The municipalities of the GBA are under the rule of the Province of Buenos Aires (PBA), have a deficient infrastructure, and an average poverty level that is double –if not triple – that of the CBA (Torres, 2001;). This fragmented institutional geography was strengthened by the government reforms of the early 1980s, when a series of Provincial decrees began the decentralization of planning capacities on the municipal level.

Eventually, Buenos Aires's centrality to the national economy curbed the sustainability of its own development. That is, each time the rest of the country became impoverished, a continuous flow of migrants moved to the metropolis. The urban vision of the 1950s distinguishes clearly between the urban core and its periphery. Industrial establishments and labor resided on the borders and fed the consumption needs of the more affluent urban core. By the 1960s, this model was showing signs of exhaustion, and more than 460,000 city dwellers – or about 5% of the whole metropolitan population – were living in shantytowns (Pirez, 1994). But it is in the urbanization policies of the late 1970s dictatorship government, that most scholars perceive a troubling discontinuity in the metropolitan course of development (Azpiazu and Khavisse, 2004; Bermudez, 1985; Di Tella and Dombusch, 1989; Garaffo et al, 1987; Kosacoff and Ramos, 2001; Kulfas and Schnorr, 2000; Schvarzer, 1987; Smith, W. C, 1989; Svampa, 2001). Qualitative and quantitative studies concur that it was during those years that the distribution of earnings in Argentine society, and in particular in Buenos Aires society,

began widening its gap between the top and bottom socio-economic quintiles (see Table 2).

TABLE 2
Variation in GINI coefficient in Argentina 1964-1998

Year	Argentina Gini Coefficient
1964	0.358
1974	0.357
1983	0.417
1990	0.439
1993	0.433
1998	0.456

Source: FIEL Study 1999. In Frederick Turn and Marita Carballo. "Argentine, Economic Disaster and the Rejection of the Political Class." *Comparative Sociology*. Vol. 4. No. 1-2. 2005

Briefly, this dictatorship regime reinterpreted this vision of the city according to its own discriminatory principles, and imposed it through police power. First, it halted national subsidies for suburban industries. Accordingly, hundreds of urban residents began to take unstable and underpaid jobs while many suburban structures became obsolete. In addition, believing that the city life of the urban core was only *"for those who deserved*" it (Oszlak, 1991), the regime relocated urban slums into the urban periphery. Ironically, two decades later, affluent city residents would move to these regions in search of a pleasant suburban life in a gated community. Although a couple of gated communities date back to the early 1930s, only in the 1990s did they become a popular housing choice among urban upper-middle class households. In the 1990s, when the industries of Greater Buenos Aires were declining, the number of gated communities in this region quadrupled. By the late 1990s there were more than 500 gated communities and their combined area was 1.6 times that of the city of Buenos Aires itself (Pirez, 2002).

Overall, while the national imbalance has remained constant, within the metropolis itself there have been remarkable population shifts. According to the 2001 decennial Census, as the suburban region added more than 700,000 new residents, the City of Buenos Aires, which has maintained the same boundaries since 1890, decreased its population by 9% or about 200,000 residents (see Table 3). Eventually, a novel geography of social inequality became apparent: fortified pockets of wealth superimposed on top of declining industrial infrastructure and scattered slums. Consequently, towards the end of the 20th century, the former concentric urban model was uprooted and replaced by a more extreme (yet subtler) geographical distribution of poverty and prosperity. Today it is common to find shantytowns and gated communities on opposite sides of the same wall.

TABLE 3
Population in CBA, GBA, PBA, and Argentina according to 1980, 1991, and 2001 Censuses.

	1980		1991		2001		Area
	Total Pop.	Poor*	Total Pop.	Poor*	Total Pop.	Poor*	(Sq Km)
CBA	2,797,719	231,872	2,871,519	232,203	2,725,488	212,489	200
GBA **	7,007,216	1,873,878	8,225,715	1,576,000	9,095,055	1,616,785	4,312
PBA	10,865,408	2597831	12,594,974	2121943	13,827,203	2,161,064	307,571
Argentina	27,432,998	7,603,332	32.245.467	6,427,257	35,927,409	6,343,589	3,761,274

*Poor: NBI Households. According to INDEC, to be classified as an NBI (Unsatisfied Basic Needs) a household has at least one of the following characteristics: a) More than three people per room; b) unsound building structure, c) no water-closet; d) at least one child aged between six and twelve who does not attend school; e) four or more people dependent on a single breadwinner who has no schooling beyond third grade.
**Municipalities included in GBA: Avellaneda, Berazategui, Esteban Echeverria, Ezeiza, Florencio Varela, Escobar, General San Martin, Hurlingham, Ituzaingo, Jose C Paz, La Matanza, Lanus, Lomas de Zamora, Malvinas Argentinas, Merlo, Moreno, Moron, Quilmes, San Fernardo, San Isidro, Pilar,Tigre, Tres de Febrero, Vicente Lopez

Source: INDEC, 2001. *Censo Nacional de Población de la Republica Argentina*.

Beyond Globalization: A Consideration of "Push" vs. "Pull" Theories

Because this spatial transformation was visible at the same time that the country was shifting from a state to a market-led economy, and because gated communities where perceived as imports from the United States, this new geography was attributed to globalization (Cicollela et al., 2002; Prevot-Schapira, 2000). However, it is not evident how globalization affects the correlation of social inequality to a particular urban distribution. On one hand, it is true that international money circuits were involved in some of these geographical changes. For example, the revitalization of the City of Buenos Aires old port area, Puerto Madero, owes much of its success to the availability of international capital (Cicollela, 1999). Likewise, a consortium of local and international companies funded and managed the expansion of the northern highway, a key enabler for the expansion of the metropolis (Abadia and Spiller, 1999). On the other hand, this increased participation in the international economy did not mean that the complex legacy of Peronism and anti-Peronism rules governing land acquisition, development, and planning in the Province of Buenos Aires were irrelevant in shaping the impact of large investments and population movement in the municipalities surrounding the City of Buenos Aires. Moreover, it is still unclear what role local residents and governments may have played in this outcome – a significant question as these transformations have run parallel to the democratization of the country.

The origins of inequality in the metropolis cannot be fully illuminated through a reference to globalization theories. The spatial outlay in which the 1990s metropolis expanded

explains much of the inequality that we see now. In Greater Buenos Aires, the combination of stagnating local industries and the absence of national investments on urban infrastructure facilitated the allocation of land for real estate developments. Thus, as the development of new land uses took place in previously undervalued jurisdictions, gated communities often were located in close proximity of a shantytown. Likewise, the actual geography of the metropolis is one of the causes for the persistence of social inequality. As new nodes of affluence appeared in the periphery of the City of Buenos Aires, new shantytowns developed in order to benefit from the jobs that these new gated communities demanded. This micro-pattern of social polarization is highly relevant in light of the political configuration of the region, which has been undergoing a series of decentralization reforms since the late 1970s, therefore increasing the weight of locals in planning matters.

In addition, considering the influence of some specific features of the periphery in the transformation of the metropolis, such as obsolete industrial buildings and lack of urban infrastructure, suburbanization and sprawl are not sufficient explanations of urban growth. That is, these theories disclose urban growth through studying the changes on the urban centers, for instance urban expansion cycles (McKenzie, 1925), land prices (Gans, 1967), class preferences (Alonso, 1976) and most recently, the consumption patterns of “suburbanizing elites” (Low, 2003; Torres, 2001; Webster et al, 2001; Prevot-Schapira, 2000; Cicollela, 1999; Blakely et al, 1995), all of which present the changes in the periphery as the corollary of those in the core. Moreover, since urban scholars constructed these theories after the characteristics of the population leaving the city, they depict a rather homogeneous perception of suburban societies.

Valid as they are, these perspectives can only tell half of the story, as they account only for the growth, and not for the preexisting condition and polarization, taking place in these localities. Especially in the case of Argentina, where the population living in Greater Buenos Aires was essential to the support of the Peronist model of industrialization, we should not overlook the role of the residents of these peripheral municipalities in allowing or fostering new land uses in GBA.

In sum, the previous theories revolving around the processes of globalization, suburbanization, and sprawl present the city through the vantage point of the urban core. Accordingly, they have focused on the 'pushing forces' behind metropolitan growth, that is, the conditions and needs of the city that demanded its expansion beyond its own boundaries. Still, understanding why social polarization at the intra-locality level characterized the growth of the suburbs during the 1990s demands an explanation of the 'pulling factors' of the periphery, which shaped the specifics urban growth. Moreover, assessing the role localities play in shaping urban expansion and why it can be linked to polarization is essential to act upon its causes. For example, whether increasing local autonomy helps to alleviate local inequalities (Stiglitz, 1999), or is an obstacle for their solution (Wood, 1958) is conditional upon the role these localities have in generating these differences. Also, the geographical distribution of polarization becomes further relevant within a decentralized democracy. Evidence from the U.S. shows a strong correlation between high income levels and active political participation (Mollenkopf, 1989; Alford and Friedland, 1975; Verba and Nie, 1972; Alford and Scoble, 1968). Therefore, the coincidence of decentralization with new land uses (i.e. gated communities) could become a cause for increased social exclusion, as affluent groups might disproportionately influence

policy designs.

Likewise, as we shall see later, the national institutions engineered many of the policies directly affecting the City of Buenos Aires, hence bypassing the metropolitan unity and furthering the differences between the development of the City of Buenos Aires and the municipalities of Greater Buenos Aires[1]. This portrait of the interaction between traditional national elites and newly decentralized suburban governments provides a nuanced explanation of urban growth that does not respond only to the urban core. In addition, this link between the nation and the suburbs encompasses historical questions of national development, most noticeably the Peronist and anti-Peronist confrontation, which continue to exert an influence on urban peripheries even as they transform due to the large economic and spatial changes of Argentina. Therefore, solely addressing income or local representation would not alleviate social polarization when it is rooted in historical, institutional[4] structures and pre-existing socioeconomic geography.

Lastly, this dissertation's emphasis on decentralization, municipal units, and economic dynamics agrees with the following words of Nicolas Poulantzas:

> *"In whichever way we approach the problem of the space, we become aware that space matrices vary with the mode of production and that they are*

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[4] In this view, the term 'institution' combines Max Weber's and Douglas North's perspectives. Following the latter, it defines them as ruled social practices capable of incremental changes, while still bounded to their previous configurations (North, 1990). An institution does not necessarily present the most optimum set of regulations for any of the participants (since it has a time lag in adapting to contextual changes), but it allows for social and economic development by stabilizing, or increasing, the predictability of social behavior. Therefore, this research emphasizes the historical continuity of the urban periphery's regulatory framework. Max Weber's perspective adds another dimension to the study of state –institutions, defining them as simultaneously bureaucratic systems (Weber, 1925), and fields of competition and coercion (Weber, 1896; Tilly, 1990). This double nature of 'institutions' results in the study of two variables in the generation of an uneven social development: structures and actors, or institutional structures and political actors. *Institutional structures* are the sum of norms and

themselves presupposed by the forms of historical-social approaches and consumption of space. However, in order to unravel the secrets of these matrices, it is not enough to recapitulate the historical sequence of the forms of appropriation of social space. From the growth of towns through communications, transport and military apparatuses and strategies, to the emergence of borders, limits and territory, we are dealing with so many mechanisms of organizing social space. Now, to attempt to track the history and transformations of these mechanisms always runs up against the same problem: the historical changes that they undergo are not variations on an intrinsic nature, for these mechanisms have no such nature."[5]

In the case of Buenos Aires, this means that the 1990s expansion of wealth along the northern highway that followed the integration of the City of Buenos Aires into an international market economy, did not override the 1960s contrasts between the urban core and the periphery that supported an inward-looking industrial development. Thus, we should distinguish between the historicity of the institutions that inform the use of space (e.g. the Peronist State or private real estate investments), and the space that the superimposition of past and present institutional practices creates. That is, contrasting land uses along the metropolis, such as old slums next to gated communities, and low-density residential neighborhoods next to industrial wastelands, reveal the unresolved contradictions of these two

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hierarchical relations that regulate the standard procedures of governance in a given area.

[5] Nicolas Poultantzas. In *State/Space. A Reader*. Ed. Neil Brenner, Bob Jessop, Martin Jones, and Gordon McLead. Blackwell Publishing, 2003.

modes of urban organization. The physical proximity of these distinct spaces not only produces social contrasts, but also promotes an uneven distribution of resources among locals that furthers these initial contrasts.

Structure of this Dissertation

While this research draws on history to understand current social inequality in Greater Buenos Aires, its structure of presentation does not simply take a chronological approach. Rather, each of the sections revolves around the actions of one of the institutions behind the pulling and pushing forces that created the current uneven landscape of urban periphery. Each of these institutions displayed its actions on a different scale. Therefore, there is a spatial correlation between the vantage point of each of the sections and the scale in which we portray urban growth. In addition, each section reveals a different part of the larger 'inequality and democracy' puzzle. Lastly, the interaction of these pieces casts light on the substantive role of institutional organizations in steering development.

The first of the three sections considers how decentralized local governments pulled for metropolitan growth in ways that contributed to the rise in social contrast within their boundaries. This section's approach does not suppose that local governments' practices were independent from national policies. Rather, it explores how decentralized municipal planners perform after the decadence of a national development project centered in Buenos Aires – the Argentine version of the import substitution industrialization. In this scenario, the municipal governments of the 1990s increasingly turned to private real estate investments to activate

their local economy. The larger the number of substandard households in the municipality[6], the more likely it was to depend on these new investments. Hence, as a new highway infrastructure allowed for the suburbanization of upper-middle class urban households, the poorest municipalities eased building permits in their localities, thus increasing social polarization within their jurisdictional boundaries. Likewise, given these social contrasts it is not surprising that the city grew to be a collection of gated enclaves. All of these events point out that even before new gated compounds (i.e. gated communities and shopping malls) mushroomed, all along the periphery, there were deep social differences within municipal societies. For instance, local impoverished entrepreneurs shared no communal spaces with the migrant poor who came to work in the City of Buenos Aires, but lived in these peripheral municipalities. Eventually, the segregation of suburban society fostered a local model of growth that furthered social differences.

The second section present the how national development policies triggered pushed for metropolitan suburbanization. Presenting the growth of Buenos Aires from the vantage point of the State, it links urban growth –or decay – back to the ideologies of the three national governments ruling Argentina from 1977, the year when the Province of Buenos Aires dictated its first urban planning code; until 1999, when Argentina entered its worst economic crisis ever. Accordingly, it presents how the policies of the anti-Peronist 'Proceso de Reorganización Nacional' dictatorship regime of 1976-1982, of the 'Union Cívica Radical' democratic government of 1983-1989, and of the two presidencies of the Peronist Menem spanning from

[6] Substandard households according to the Census that is, NBI households.

1989 until 1999, influenced Buenos Aires's growth. Briefly, it explains the double effect of national policies. Firstly, these policies changed the relevance of the municipalities of GBA in the national economy from being the industrial engine of the nation to being the repository of the failed national industrialization model of Peronism. Secondly, and as a consequence of the decay of the majority of Argentine industries, these municipalities then became the location of the impoverished waged workers and the poor rural immigrants. Hence, suburban populations accounted for the largest –yet poorest – mass of voters in the nation. As we shall see, this prompted the State to bypass the municipal governments of Greater Buenos Aires in the management of social aid to the poor. Hence, Greater Buenos Aires dependency on state aid began with industrial protection and ended with social aid for the local poor.

The third section complements the other two by focusing on the role of Greater Buenos Aires in pulling for metropolitan growth. It casts light on the transformation of suburban society that followed the end of the Argentine production model that centered industrial production in Greater Buenos Aires and consumption in the City of Buenos Aires. The spatial reorganization of the industry and labor that began during the dictatorship of the 1970s eased the progression of social inequality in the municipalities of the GBA during the democratic 1990s. Accordingly, this section, instead of focusing on the nation-suburb link, and the 'top-down' view of urban growth, outlines suburban transformations from the perspective of the metropolitan society. In order to continue with the narrative of the second section, this section still characterizes suburban society as defined by Argentine's national model of industrialization. Accordingly, the

trajectories of large and small industrial entrepreneurs, industrial workers and union leaders structure the narrative. Nonetheless, in order to capture the extent of suburban transformation by the 1990s, this section emphasizes that as suburban industries decayed; the validity of this classification became questionable. Further, it links these social transformations with the specific geography of the suburbs. Thus, this segment portrays the geography of stagnating industries and booming real estate investments in the suburbs as the corollary of the end of the working alliance among State, entrepreneurs, and labor in sustaining national industries in GBA, and the absence of adequate representation of the needs of the population of Greater Buenos Aires after the end of the protectionist industrialization policies.

By way of conclusion, the last section returns to the originating question of this research. Namely, why decentralized suburban governments and suburban residents fostered further uneven development within their locality? Regarding decentralization and inequality, it points out the unevenness of national development as one of the main factors prompting the decentralized management of the suburbs. In addition, it highlights the relevant role of societies' acceptance of inequality all along the city. Faced with economic decline, suburban middle-income households did not attempt to change the model of social exclusion, but embrace it as a way to distance themselves from the suburban poor. Significant for this outcome was the legacy of Peronist and anti-Peronist policies, as well as the institutional circuits of social aid, which have disempowered the suburban poor.

In essence, two causes of inequality are active in the suburbs: inherited poverty and a lack of a development project at the national scale. The built landscape perpetuated the inherited poverty, for instance, in the obsolete industrial buildings of the southern

municipalities of GBA and in the settlements without piped water of the northern municipalities of GBA. The latter is the result of a short-term vision of growth that avoided considering the social costs of inequality. Because of the limitations that the preexisting geography of development imposes on local participants, local governments cannot prevent social polarization when only the highest income sectors have the resources that can activate local economies. Nor can they stop the poor from migrating to the metropolis when they have no chance for growth in their own localities. Thus, local participation is not sufficient to transcend social inequality. Social inequality in the metropolis will diminish only after a development project on the national scale is developed.

SECTION I

MUNICIPAL PLANNING AND METROPOLITAN GROWTH

How Did Municipalities Shape Social Polarization in Greater Buenos Aires?

"Creating the institutions that will alter the benefit /cost ratios in favor of cooperation in impersonal exchange is a complex process, because it not only entails the creation of economic institutions, but requires that they be undergrided by appropriate political institutions."

Douglass North, "Economic Performance through Time." *The American Economic Review* 84, no. 3. (June 1994): 365.

"Everybody says how much this municipality is growing, and that is a mixed blessing. All the unemployed people of the region come here looking for jobs. They are looking to work in construction, gardening, as house cleaners, whatever. But we do not have infrastructure for that, and now we have new shantytowns all over: in Villa Rosa, in Derqui, in Alberti. There is little we can do; we are not going to stop gated communities from coming as long as they bring their own infrastructure. And we cannot provide housing or piped water for all these new shantytowns. And because of all that social inequality here is high."

Planning officer of one municipality of Greater Buenos Aires. Interview by author. August 25th, 2004.

Let's acknowledge from the outset that in order to understand social polarization in the metropolis, we should study the changes in the society that preceded the municipal planning practices of the 1990s. To be sure, the factors that led to the construction of more than 500 new gated communities in the poorest northern municipalities of Greater Buenos Aires in the last decade encompass more than the planning practices of local municipalities. In addition, a history of weak local governance and strong centralized political powers, unstable democratic regimes, and chronically indebted public institutions furthered diminished the resources that these peripheral municipalities could have used to affect the growth of the largest metropolis in the country, Buenos Aires. Yet, just after the Province of Buenos Aires decentralized urban planning capacities, the geography of poverty and wealth in Greater Buenos Aires presented dramatic changes. Unlike the classic concentric distribution of wealth, according to which the people living in the core of the city account for most of the wealth and infrastructure while the peripheral jurisdictions tend to lack both, a novel pattern of growth and poverty became evident. At the sides of the northern highway on some of the most impoverished municipalities of the periphery, exclusive gated communities, shopping malls, and office parks mushroomed. Did the way that municipal governments handled their new planning autonomy influence this outcome?

Whether or not the planning practices of these municipalities influenced the decision of developers to build on those lands, one thing is certain: The social contrasts within their boundaries created an unprecedented challenge. Not only was the gap between the affluent and the poor living in the metropolis enormous, but also, the new spatial configuration of social

polarization -with gated communities and shantytowns side by side-triggered a distinct social dynamic. In fact, some of the long-term consequences of these changes are yet to be seen, but even at these early stages, some distinct features are noticeable. While in some municipalities, informal settlements grew after upscale developments were established – thus increasing the number of both poor and wealthy people living within its boundaries – in other municipalities, the number of poor people has decreased ever since. What accounts for these differences at the municipal scale? To which extent were municipalities responsible for increasing the social polarization that was taking place within their jurisdictions?

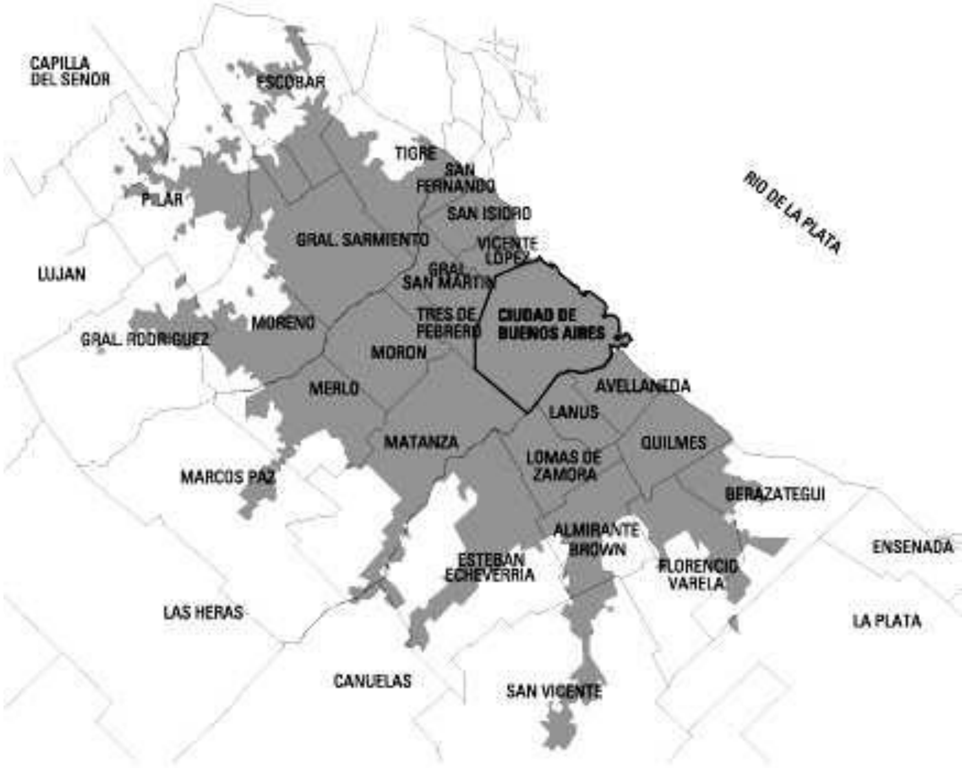
The following pages propose a way to link the piecemeal pattern of social contrast within the municipalities of Greater Buenos Aires with the population movements taking place at the metropolitan, national and international scales. At the center of this analysis, are the planning practices of the northern municipalities. By carefully studying how municipalities managed, and even fostered, these new investments within their jurisdictions, we will trace the pulling forces of urban growth. Moreover, as these municipal governments counted on the support of local residents, we acknowledge that more often than not, social polarization has been accepted – if not preferred – by these residents.

THE SPATIAL TRANSFORMATIONS OF BUENOS AIRES

Buenos Aires, which includes the City of Buenos Aires as well as the municipalities of the periphery, or Greater Buenos Aires, accounts for more than a third of Argentina's 36 million residents and less than 2% of its land (307,571 square kilometers). Although the country's

geographical development has been uneven since its Hispanic times, Buenos Aires only became the economic and population node it is today after the industrialization of 20th century (see Map 2). During the 1950s and 1960s, when the Peronist State became the main sponsor of national industries, Greater Buenos Aires became the primary location of economic migrants that the new industries attracted. The metropolis was ill-prepared to shelter all of these newcomers, and slums, informal housing, and substandard housing accommodations spread throughout the city (Torres, 2001). By the end of the 1970s, the dictatorship that took over the Peronist government had rejected the presence of poor workers in the nation's capital. Accordingly, it evicted residents of the slums and informal housing, and relocated more than 200,000 slum dwellers into the municipalities of Greater Buenos Aires (Ozlack, 1984). Ironically, two decades later, affluent city residents would move to these regions in search of a pleasant suburban life in a gated community. Because of these two consecutive migrations out of the city's core, the concentric model of urbanization that peaked in the 1960s faded by the end of the 20th century, and gave rise to a more subtle, and more extreme, geographical distribution of poverty and prosperity along the metropolis.

MAP 2 City Of Buenos Aires and Municipalities of Greater Buenos Aires



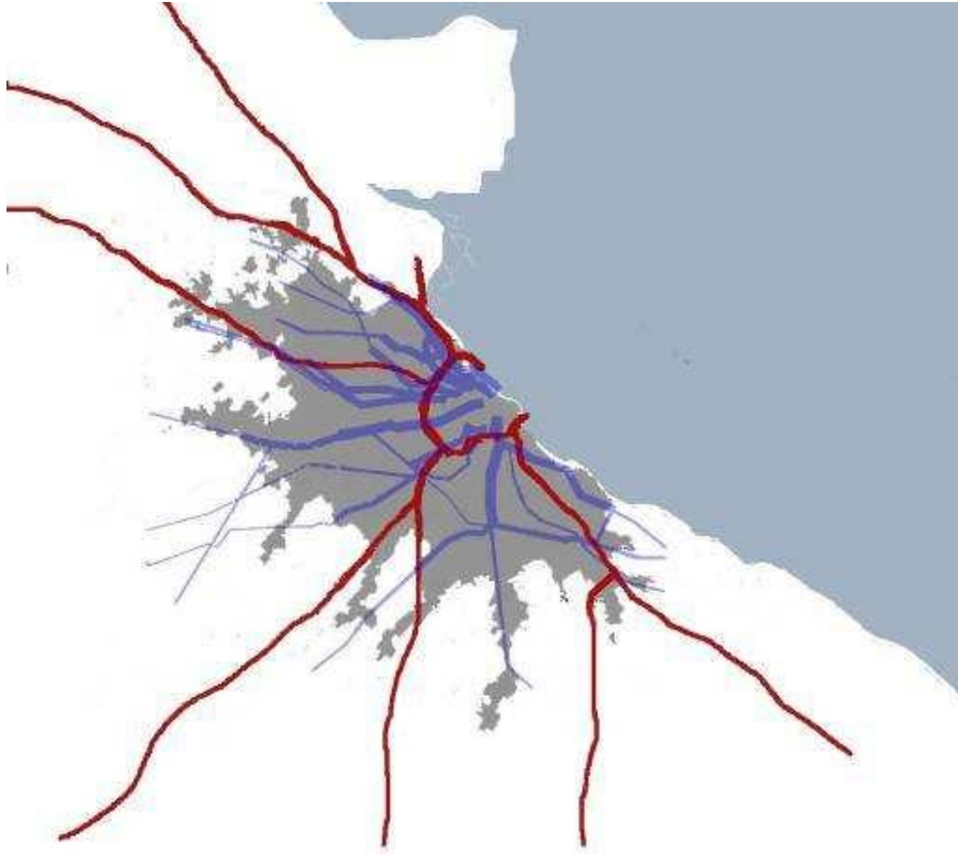
Grey Area: Urbanized Area

Source: Horacio Torres. "Cambios socio territoriales en Buenos Aires durante la década de 1990." *EURE* XXVII (2001): 80.

Assessing the role of local planning practices in the growth of the metropolis is reveals a great deal in the case of the City of Buenos Aires, the main locus of political and economical power in Argentina, where the practices of the surrounding local governments are often regarded as inconsequential. This is not surprising, as both the agro-export model of the 19th century, and the national industrialization of the mid-20th century favored the development of the urban core over that of the periphery. At the times when the export of agricultural and cattle products to European markets was the main economic activity of Argentina (Diaz Alejandro, 1970; Tella, 1989), local elites modeled the national capital on the architectural and urban forms of European cities, like Paris, and Madrid (Liernur and Silvestri, 1993). Likewise, the transportation network of Argentina concluded in the port of the City of Buenos Aires (see Map 3) where the urban downtown boasted impeccable fin-de-siècle architecture and the periphery remained largely undeveloped[7]. This core-periphery organization outlived the collapse of the international terms of trade that supported it. Moreover, the national industrialization project of the mid-twentieth century furthered the contrasts between the CBA and the GBA. In effect, the City of Buenos Aires remained the center of upscale housing and commerce, while most of the industrial land uses and waged workers settled in Greater Buenos Aires.

[7] Even today, the distribution of transportation infrastructure in the country follows this logic: Up-to-date highways centered in the City of Buenos Aires cross over peripheral jurisdictions that lack pavement in most of their local streets (Torres, 2001). This transportation network favored the flow in and out of the city, but made navigation within jurisdictional boundaries difficult.

MAP 3 Train tracks And Highway In Buenos Aires, 2000



Grey Area: Urbanized Area
Red Line: Main Highway
Blue Line: Traintracks (with thickness indicating frequency of service)

Sources: Horacio Torres. "Cambios socio territoriales en Buenos Aires durante la década de 1990." *EURE* XXVII (2001): 80; Argelia Combetto Bariffi. “La Gran Industria,”in *Atlas de Buenos Aires*, ed. Horacio Diffieri (Municipalidad de la Ciudad de Buenos Aires: Secretaria de Cultura, 1981).

So why should we insist on focusing on the role of peripheral municipalities in the development of the metropolis? The basic answer is that the urban layout of today can no longer be attributed to the City of Buenos Aires alone. While little has changed in the distribution of poor households in the metropolis, new enclaves of wealth are flourishing throughout the municipalities of Greater Buenos Aires. In the 1990s, the northern municipalities of GBA presented the most paradigmatic case of social polarization, as those land uses typically associated with globalization, i.e. MercoSur industries and gated communities, appeared next to informal housing settlements. But, as we shall soon see, these stark contrasts in local development were not just the consequence of the success of financial and service enterprises over urban manufacturing industries, but also of the specific planning policies that the local municipalities enacted. In effect, these geographical changes have run parallel to a shift in the allocation of responsibility over local development, from the national to the municipal government and from the public to the private sectors. The decentralization of land use management allowed some local municipalities to take advantage of the large-scale changes in the geography of the metropolitan population and investments, thus becoming one of the pulling forces of metropolitan growth.

Population Flows

Tracing and linking the changing locations of population and economic activities during the last decade reveals the extent of the transformation of the urban periphery. As in most large Latin American metropolises, maximum population growth took place at the boundaries of these extensive conurbations (Portes, 2005). On average, between 1991 and 2001, the

capital city and the ten suburbs next to it[8] lost about half a million people, or 5% of its population, while the farther urban municipalities[9] added more than 660,000, a population increase of 25% (see Table 4 and Map 4). However, this does not imply that depopulation of the City of Buenos Aires caused the growth of the suburbs, nor that the CBA lost economic primacy. Data on building permits granted by the CBA Municipality shows a steady increase of real estate activity during the 1990s with the majority of new buildings located in the neighborhoods where real estate values were higher (INDEC, 2001). Conversely, the GBA municipalities that experienced population growth also experienced an increase in the number of poor households (see Map 5). Therefore, there were simultaneous and distinct population movements along the metropolis. As we shall see, the engagement of these different populations in the city emerged out of the distinct scales –or networks-in which Buenos Aires participated.

[8] Avellaneda, Lanus, Lomas de Zamora, La Matanza, Morón, Tres de Febrero, Genera San Martín, Vicente López, San Isidro, and San Fernando.

[9] Almirante Brown, Berazategui, Escobar, Esteban Echeverría, Florencio Varela, General Sarmiento, Merlo, Moreno, Quilmes, Pilar, and Tigre.

TABLE 4

Variations in Total Population and Percentage of Poor Residents per GBA Municipality between 1980, 1991, and 2001

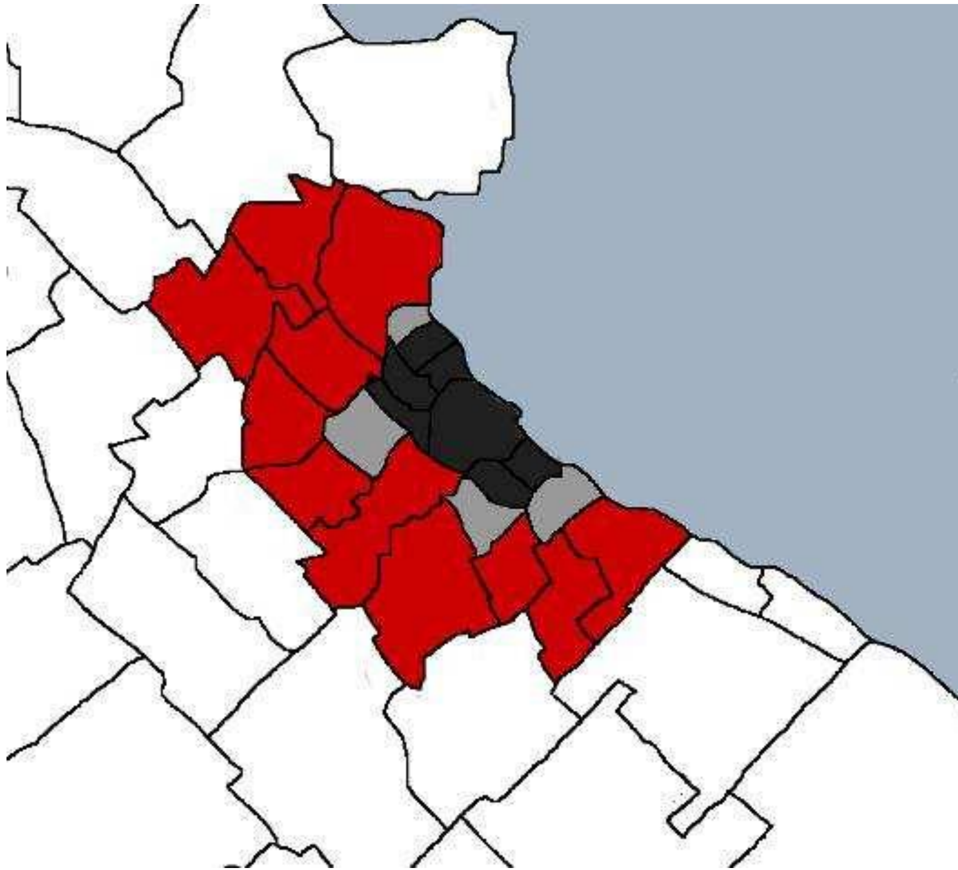
Municipal Population	1980 (% NBI)	1991 (% NBI)	2001 (% NBI)	Var. 91-80 (N(NBI)	Var. 01-91 (NBI)	Var. 01-80 (NBI)
Almirante Brown	329,216 (33)	447,805 (20)	512,517 (19)	36 (-16)	14 (11)	56 (-7)
Avellaneda	331,763 (17)	342,226 (14)	327,618 (11)	3 (-16)	-4 (-25)	-1 (-37)
Berazategui	198,930 (32)	244,405 (21)	287,207 (19)	23 (-17)	18 (7)	44 (-11)
Escobar	80,597 (40)	127,775 (27)	177,579 (23)	59 (6)	39 (21)	120 (28)
Esteban Echeverria	186,331 (36)	273,740 (25)	243,485 (20)	47 (2)	-11 (-27)	31 (-26)
Florencio Varela	173,029 (45)	254,514 (31)	346,223 (30)	46 (1)	36 (33)	100 (34)
General San Martin	381,336 (21)	404,072 (14)	400,718 (13)	6 (-27)	-1 (-10)	5 (-34)
General Sarmiento*	496,717 (36)	648,268 (24)	990,426 (21)	31 (-13)	53 (31)	99 (15)
La Matanza	945,669 (30)	1,117,319 (22)	,251,595 (20)	18 (-14)	12 (4)	32 (-11)
Lanus	465,179 (22)	466,393 (15)	451,067 (12)	0 (-34)	-3 (-22)	-3 (-48)
Lomas de Zamora	505,509 (28)	570,457 (19)	587,795 (17)	13 (-23)	3 (-7)	16 (-29)
Merlo	291,603 (37)	390,194 (24)	468,452 (23)	34 (-14)	20 (20)	61 (3)
Moreno	194,355 (43)	286,922 (26)	379,370 (26)	48 (-9)	32 (30)	95 (18)
Moron	591,471 (17)	637,307 (12)	305,687 (8)	8 (-22)	-52 (-70)	-48 (-77)
Pilar	83,418 (40)	129,680 (31)	231,139 (25)	55(18)	78 (45)	177 (71)
Quilmes	446,337 (29)	508,114 (21)	516,404 (18)	14 (18)	2 (-15)	16 (-29)
San Fernando	132,096 (29)	143,450 (23)	150,008 (16)	9 (-17)	5 (-27)	14 (-36)
San Isidro	290,750 (15)	297,392 (10)	289,889 (8)	2 (-13)	-3 (-20)	0 (-45)
Tigre	204,915 (33)	256,349 (23)	300,411 (20)	25 (-31)	17 (4)	47 (-11)
Tres de Febrero	344,178 (16)	348,343 (11)	334,889 (9)	1 (-14)	-4 (-22)	-3 (-46)
Vicente Lopez	288,307 (8)	287,154 (5)	272,072 (5)	0 (-31)	-5 (-4)	-6 (-46)
AVERAGE	331,510 (29)	389,613 (20)	263,751 (17)	23 (-16)	12 (-2)	41 (-53)

* In 1994 the Municipality of General Sarmiento was divided into Jose C Paz, Malvinas Argentinas, and San Miguel

NBI: Unsatisfied Basic Needs

Source: INDEC, 2002, *Estimaciones de la población por departamento*. Análisis Demográfico.

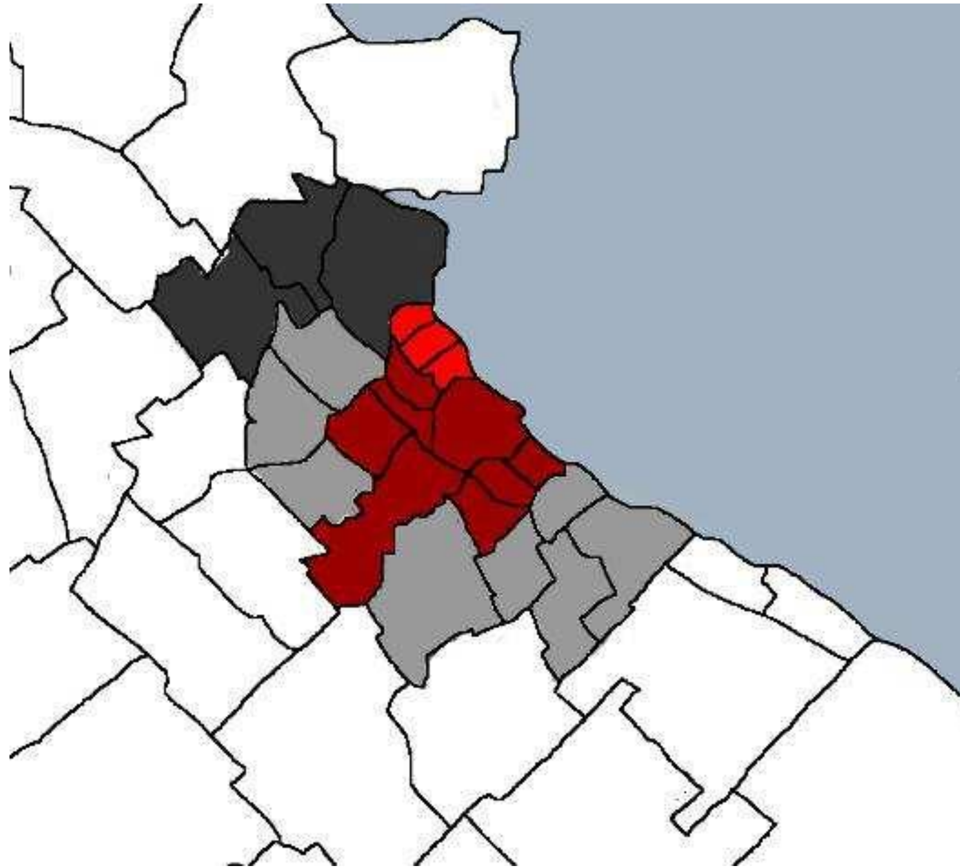
MAP 4 Variation Of Municipal Population 1980-2001



Red Areas: Population Growth between 1980 and 2001 higher than 25%.
Light Grey Areas: Population Growth between 1980 and 2001 higher than 5% and less than 25%.
Dark Grey Areas: Population Growth between 1980 and 2001 less than 5%.

Source: Own extrapolation based on INDEC, 2002, *Estimaciones de la población por departamento*. Análisis Demográfico.

MAP 5 Variation Of Households With Nbi In Municipal Population 1990-2001



Light Red Areas: NBI Population Loss between 1990 and 2001 more than 15%.
Dark Red Areas: NBI Population Loss between 1990 and 2001 between 0 and 15%.
Dark Grey Areas: NBI Population Growth between 1990 and 2001 higher than 15%.
Light Grey Areas: NBI Population Growth between 1990 and 2001 between 0 and 15%.

Source: Own extrapolation based on INDEC, 2002, *Estimaciones de la población por departamento*. Análisis Demográfico.

At the scale of the metropolis, the appearance of new real estate developments for the most affluent groups was most noticeable. In a movement that resembles the description of United States mid-century suburbs (Lang, LeFurgy, and Nelson, 2006); more than 20,000 residents left the City of Buenos Aires to reside in suburban gated communities (Thuillier, 2001). Their relocation coincided with the upgrade of the northern highway, as most of these residents became daily commuters to the city (Torres, 2001). However, unlike that of many US cities, the suburbanization in Buenos Aires of the higher income groups did not imply the abandonment of the urban core as a desirable residential location. Neither had it brought the displacement of poor residents already living in the municipalities to which new real estate investments were relocating, which were large and empty enough to accommodate the new and the old residents. It is noteworthy that this juxtaposition did not decrease the real estate value of the new residential complexes (Goytia, 2005), provided these were gated and privately policed. Accordingly, the territory in which affluent groups resided stretched through a potholed fabric that spanned from the urban core to the far suburban belt of the metropolis, about 50 kilometers from the center. This compound-like urbanism was correlated to real estate prices, which remained unchanged or increased in the traditional urban neighborhoods (i.e. Palermo, Recoleta, Belgrano), but had no significant spillover effects on the old neighborhoods next to new gated communities, still dependent on public transport. On the contrary, new gated communities became a magnet for poor residents who were eager to provide the construction and low paid service jobs that these new development demanded (i.e. gardeners, house cleaners, guards). In Pilar, for example, the municipality with about a third of all of Buenos Aires' gated communities, census data shows that between 1991 and 2001 people

living in poor conditions grew by 50%, adding more than 17,000 new substandard households to the jurisdictions (see Map 5).

In spite of its relevance, the northern expansion of the upper income groups was not the only demographic change in the metropolis. Because Buenos Aires is a key node of the national productive structure, variations in the national development have direct consequences on the urban geography. After the Argentine government halted the subsidies for relocating and developing industries in the suburbs, there was a renewed inflow of industries to the metropolis, and once more Greater Buenos Aires became the main recipient of industrial investments (Fritzche and Vio, 2000). In effect, once the subsidies halted, the advantage of being located in Greater Buenos Aires became evident: a better transportation network, abundant labor, and proximity to the airports and other industrial traders. Between 1984 and 1994, and in spite of losing about a quarter of its industrial jobs, the Province of Buenos Aires increased its share of industries. As a result, amidst the national deindustrialization trend of the 1990s, the metropolis consolidated its importance as an industrial center. This was not only the product of comparing the metropolitan economy with those of the decaying provincial economies, but also of new investments in the GBA. These new establishments were larger and more efficient than those located closer to the city were; hence, they produced more with fewer workers. Accordingly, even when less than one in three industrial jobs was located in the more distant municipalities, these municipalities accounted for 40% of the metropolis' industrial value (Estadística Bonaerense, 1999). That is, growing localities also presented significant employment losses. Even so, as local economies became even more depressed, new residents came from the provinces looking for jobs in the city, once more continuing the

urbanization without the growth trend that began in the 1970s.

Finally, the establishment of the MercoSur and the strength of the Argentine peso vis-àvis the currency of the neighboring countries fostered an inflow of immigrant workers. As could be expected, the majority of the newcomers located next to the main employment centers, hence close to the City of Buenos Aires. This was not a new trend, as immigration to Buenos Aires had existed for decades; during the 1990s, however, the city consolidated its role as a net recipient of South American immigration (as opposed to being a net recipient of European immigration). Actually, during the last years of the 1990s, the number of Bolivians, Brazilians, Chileans, Paraguayans, and Uruguayans migrating to the city increased by 40% (INDEC, 2004; see Table 5). The majority relocated in the municipalities of Greater Buenos Aires, where access to land was somewhat easier and there were consolidated immigrant communities, such as Bolivians in the Escobar municipality and Paraguayans in the Jose C Paz municipality. These localities were along the northern highway linking to the MercoSur markets, and therefore easier to access for northern immigrants. Ironically, this was the region with the largest inflow of gated communities' residents due, in part, to this same highway.

TABLE 5
IMMIGRANTS FROM BOLIVIA, BRAZIL, CHILE, PARAGUAY, AND URUGUAY IN BUENOS AIRES 1970-2003

	1970-1979	1980-1989	1990-2003
City of Buenos Aires	88,871 (75%)	69,265 (66%)	77,942 (64%)
Greater Buenos Aires *	28,913 (25%)	36,160 (34%)	43,169 (36%)
Total	117,784 (100%)	105,425(100%)	121,111(100%)

Reference: * Greater Buenos Aires includes these 26 municipalities:
Avellaneda, Berazategui, Esteban Echeverria, Ezeiza, Florencio Varela, Escobar, General San Martin, Hurlingham, Ituzaingo, Jose C Paz, La Matanza, Lanus, Lomas de Zamora, Malvinas Argentinas, Merlo, Moreno, Moron, Quilmes, San Fernando, San Isidro, Pilar, Tigre, Tres de Febrero, Vicente Lopez

Source: INDEC, 2004. *Censo Nacional Económico 2001*.

These three scales of movement – namely, the metropolitan from the core to the suburbs, the national from the provinces to the national capital, and the international from neighboring countries to the urban fringe – were present in the suburbs in which both poverty and affluence grew during the 1990s. Therefore, municipalities interacted with all three levels. However, since the institutional circuit did not recognize the metropolis as a legal unit, municipalities lacked the legal tools to do so (Pirez, 2002). In addition, the Province of Buenos Aires was reluctant to lose its grip over the suburban municipalities in favor of a metropolitan autonomy, and even less so in the 1990s when the national government gave the provincial government more than 650 millions dollars in funding for social aid programs targeted to the urban poor (LaNacion, 1998). Also, on a larger scale, municipalities had little capacity to regulate the flow of migrants into their territory – the outcome of the historical regional imbalance which has given way to a transportation infrastructure centered in Buenos Aires and controlled by the state (Manzanal and Rofman, 1989).

Investments Flows

In addition to these population flows, the metropolitan space also had shifts in the location of both poor and affluent residents. Late studies on the urban sociology of the most advanced economies had consistently shown a growth of population at the top and bottom classes at the expense of those in the middle (Fainstein, 2001; Marcuse and Van Kempen, 2000; Castells, 1996; Sassen, 1994). This is also true in Buenos Aires, where both the top and the bottom quintiles showed more dynamism than the middle, both in quantity of people and in their place in the metropolitan geography. As we have seen, the territoriality of the affluent residents of the City of Buenos Aires expanded along the northern municipalities of Greater Buenos Aires. In addition, poor households increased in number in these GBA municipalities, as well as those in the south, where the highest numbers of housing projects and the worst socio-economic indicators of the city were located (Pirez, 1999).

The slow but steady impoverishment of middle-income households was also evident in their static spatial patterns. The presence of the poorest and wealthiest people expanded and scattered throughout the metropolis, while those jurisdictions with medium real estate prices remained on the periphery of these movements. Since the 1990s, municipalities typically associated with middle-income households have maintained or slightly decreased their population[10]. This was consistent with the lack of the construction activity in these localities (Estadística Bonaerense, 1999), as well as with the sluggishness of the real estate market (sees Map 5). Even if these municipalities experienced only slight losses in their contribution to the

[10] Avellaneda, Lanus, Vicente Lopez, Tres de Febrero, San Martin, and Quilmas.

metropolis' industrial value, and they retained or even enlarged their share of industrial employment, their economy had shown a steady decay since the 1990s (see Table 6, Map 6, and Map 7). And yet, it was to the municipalities where the real estate market was most active that poor immigrants flew, and thus stagnated regions tended to have less social contrast as well.

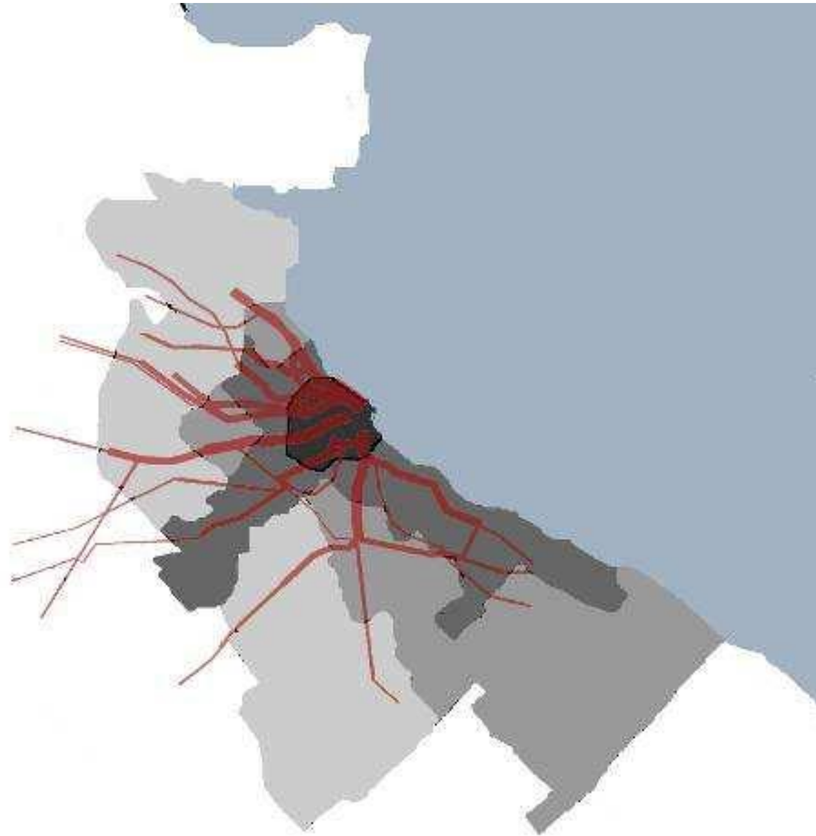
TABLE 6
NUMBER OF JOBS IN MANUFACTURING PER GBA MUNICIPALITY, 1984-1994

	1991 NBI (%)	1984 (% of total)	1994 (% of total)	Variation (%)
Almirante Brown	20	5,514 (1)	5,450 (2)	-1
Avellaneda	14	36,386 (8)	23,486 (7)	-35
Berazategui	21	10,426 (2)	8,191 (2)	-21
Escobar	27	6028 (1)	4,410 (1)	-27
Esteban Echeverria	25	9,833 (2)	8,191 (2)	-17
Florencio Varela	31	7,188 (2)	6,006 (2)	-16
General San Martin	14	54,897 (12)	42,474 (13)	-23
General Sarmiento*	24	9,386 (2)	10,526 (3)	12
La Matanza	22	5,8847 (13)	42,020 (13)	-29
Lanus	15	37,303 (8)	23,094 (7)	-38
Lomas de Zamora	19	18,572 (4)	13,526 (4)	-27
Merlo	24	6,766 (2)	6,013 (2)	-11
Moreno	26	4,773 (1)	3,708 (1)	-22
Moron	12	26,066 (6)	18,034 (5)	-31
Pilar	31	8,320 (2)	6,300 (2)	-24
Quilmes	21	25,465 (6)	15,538 (5)	-39
San Fernando	23	8,322 (2)	6,300 (2)	-24
San Isidro	10	20,419 (5)	13,025 (4)	-36
Tigre**	23	23,382 (5)	20,342 (6)	-13
Tres de Febrero	11	32,687 (7)	28,071 (8)	-14
Vicente Lopez	5	38,443 (9)	27,332 (8)	-29
AVERAGE	20			-22

References:
*Jose C Paz, Malvinas Argentinas, and San Miguel.

Source: Estadistica Bonaerense. Dirección Provincial de Estadística Bonaerense. Tomo 2. (Buenos Aires: La Plata, 1999).

MAP 6 Industrial Concentration In 1980



Darkest Grey: Industrial Concentration higher than 15% of BA industry
Dark Grey: Industrial Concentration between 6% and 15% of BA industry
Light Grey: Industrial Concentration between 2% and 6% of BA industry
Lightest Grey: Industrial Concentration between less than 2% of BA industry
Red Line: Train tracks (with thickness indicating frequency of service)

Sources: Source: Estadística Bonaerense. Dirección Provincial de Estadística Bonaerense. Tomo 2. (Buenos Aires: La Plata, 1999). ; Argelia Combetto Bariffi. "La Gran Industria," in *Atlas de Buenos Aires*, ed. Horacio Diffieri (Municipalidad de la Ciudad de Buenos Aires: Secretaria de Cultura, 1981).

MAP 7 Industrial Concentration In 1990

Darkest Grey: Industrial Concentration higher than 15% of BA industry
Dark Grey: Industrial Concentration between 6% and 15% of BA industry
Light Grey: Industrial Concentration between 2% and 6% of BA industry
Lightest Grey: Industrial Concentration between less than 2% of BA industry
Red Line: Main Highways Light Red Line: Train tracks (with thickness indicating frequency of service)

Sources: Estadística Bonaerense. Dirección Provincial de Estadística Bonaerense. Tomo 2. (Buenos Aires: La Plata, 1999). ; Argelia Combetto Bariffi. "La Gran Industria," in *Atlas de Buenos Aires*, ed. Horacio Diffieri (Municipalidad de la Ciudad de Buenos Aires: Secretaria de Cultura, 1981).

At the same pace as that of the decline in industrial wages (Azpiazu, 2004), prosperity in the city followed real estate activities rather than industrial employment. Most dynamic regions of the metropolis became magnets for both growth and poverty: those jurisdictions boasting the most active real estate markets have also shown increases in the number of poor households. Conversely, middle-income jurisdictions declined at the same time that the social differences within them were ameliorating (see Table 7 and Map 8). Hence, this progress in equality has been mostly the consequence of loosing the economic dynamism that had diminished the attraction of the poor migrant to this location. The poorest residents, who have severe limitations on mobility, settle as close as possible to employment opportunities. In the early days of industrialization, this rationale caused them to cluster along the train tracks going towards the city (Germani, 1980); today, however, it leads them to consumption centers.

By the end of the 20th century, Buenos Aires had consolidated a new socio-economic landscape. The decline of urban industries did not diminish the relevance of the metropolis in the country's economic activity, and as other areas of the nation remained undeveloped, the metropolis became an even stronger population magnet. Yet, unlike during the heyday of industrialization, internal migration was not the only source of suburban expansion: migrants from neighboring countries and from the City of Buenos Aires were also populating Greater Buenos Aires. Three distinct phenomenons have drawn these three distinct population shifts; namely, the imbalance of national development, the strength of Argentine economy in the region; and the suburbanization of metropolitan affluence. Using these to classify municipalities according to changes in socio-economic indicators during the last decades, the municipalities with most striking social contrasts were those that exhibited all of these flows, thus

demonstrating the limitations of municipal planning, as these trends were not originated in the suburbs. Yet, these trends were not operating on empty land, but on one with specific needs and autonomous planning power. How did the municipalities of Greater Buenos Aires participate in this urban expansion? Or, in other words, which were the pulling factors of suburbanization?

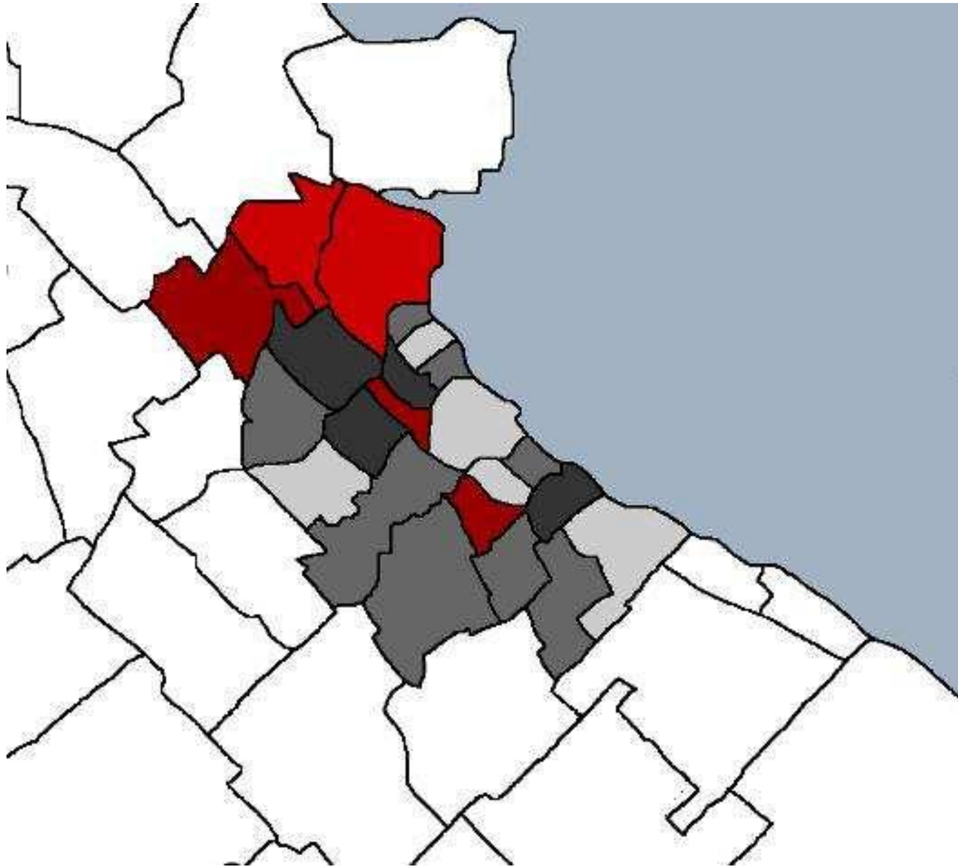
TABLE 7
NUMBER OF CONSTRUCTION PERMITS PER GBA MUNICIPALITY, 1990-1997

	1991 NBI (%)	1990	1997	Variation (%)
Almirante Brown	20	327	635	94
Avellaneda	14	199	399	101
Berazategui	21	533	859	61
Escobar	27	250	1629	552
Esteban Echeverria	25	314	1085	246
Florencio Varela	31	157	423	169
General San Martin	14	602	966	60
General Sarmiento*	24	966	1747	81
La Matanza	22	537	1634	204
Lanus	15	529	969	83
Lomas de Zamora	19	614	1401	128
Merlo	24	254	905	256
Moreno	26	229	579	153
Moron	12	1474	901	-39
Pilar	31	193	421	118
Quilmes	21	376	904	140
San Fernando	23	59	117	98
San Isidro	10	872	1421	63
Tigre**	23	210	479	128
Tres de Febrero	11	517	499	-3
Vicente Lopez	5	483	763	58
AVERAGE	20	536	946	124

Reference:
*Jose C Paz, Malvinas Argentinas, and San Miguel
**Data for 1994 taken from 1995

Source: Estadística Bonaerense. Dirección Provincial de Estadística Bonaerense. Tomo 2. (Buenos Aires: La Plata, 1999).

MAP 8 Variation in Construction Permits In GBA Municipalities in the 1990



Darkest Grey: Decline in Construction permits 1990-1997 by 50% or more.
Dark Grey: Decline in Construction permits 1990-1997 between 5 and 49%.
Light Grey: Variation in Construction permits 1990-1997 between -5 and 5%.
Darkest Red: Variation in Construction permits 1990-1997 between 6 and 50%.
Lightest Red: Variation in Construction permits 1990-1997 by 50% or more.

Source: Estadística Bonaerense. Dirección Provincial de Estadística Bonaerense. Tomo 2. (Buenos Aires: La Plata, 1999).

Decentralization, Polarization, and Privatization of Urban Growth

The weakness of the suburban government is evident in its limited economic autonomy. Paradoxically, further legal autonomy did not bring economic independence but it worsened municipal dependency on money transferences from the provincial government. Moreover, since the provision of services falls to municipal governments, these governments have escalating levels of debt. They do not have enough resources to fulfill the needs of their residents. On average, municipal jurisdictions' annual budget is about 25% less than their actual expenditures, and per capita expenditure is almost five times lower than in the City of Buenos Aires. (Pirez, 1994). As one can expect, the situation is worst in those municipalities with the highest percentage of poor households. But, not so predictably, municipal budgets have shown little correlation with the dynamism of the local economy. Because of the way fiscal circuits work in the Province of Buenos Aires, municipal governments only receive between 10% and 15% of collected real estate taxes (Sanguinetti and Tomassi; 2000). But for the 'development right fee' and the possibility of collecting payment for urban services such as street cleaning and lighting (the 'alumbrado, barrido, y limpieza,' or ABD tax), municipalities did not see much of the fiscal benefit from the new projects. Therefore, there is a disconnection between local economic activities and municipal wealth.

In more than one way the scarcity of municipal resources fostered the widening social polarization of the periphery. Although statistical indicators of income polarization in urban centers have been worsening since the 1960s, it was between 1991 and 2002 that these

indicators mark a noteworthy income gap[11] (Filgueira and Filgueira, 2002). In the municipalities of Greater Buenos Aires, the income of the wealthiest quintile of the population grew faster than that of any other segment[12] (INDEC, 2004). However, with the Province of Buenos Aires controlling both the bulk of local real estate taxes and the monies for social aid in the urban periphery, municipal governments lacked the institutional tools to apply meaningful distribution policies. It was in this context that the decentralization of planning capacities contributed to increased social contrasts within these municipalities.

Once again we should trace the structure of Argentine institutions back to the days of the anti-Peronist dictatorship regime of the late 1970s. It was then that decentralized municipal planning first was regulated. Provisions for social participation were absent and the goal of the reform was to ameliorate central expenditures, rather than improving local revenue. Twenty years later, when 'decentralizing the state' became one of the mottos of international development funding agencies (Williamson, 1990; Cavallo and Cottani, 1997; Williamson, 1999; Naim, 2000), decentralization policies were constructed on top of the legal scaffolding that the dictatorship left behind. In spite of their top-down approach, and in contrast with the social turmoil that surrounded the state privatization, there was almost no contestation over decentralization. The extreme unevenness of Argentine geographical development assured a wide support for any reform that suggested diffusing the power of the capital city into other

[11] In comparison with the 1991-1994 urban employment growth rates of the following countries: Argentina (0.2%); Chile (0.7%); Costa Rica (0.9%); Colombia (1%); Brazil (0.4%); Peru (0.4%) and Mexico (1.6%), Argentina had the steepest rise in informal employment, the lowest growth in urban employment and was the only country that worsened its GINI coefficients in the 1960-1995 period (Filgueira and Filgueira).

[12] By 2001, the wealthiest quintile accounted for 52.5% of all income. (INDEC, 2004)

regional entities (Keeling, 1997).

But the non-conflictive nature of decentralization policies was largely deceiving. Beyond the impact that the specifics of a policy's implementation have on its success (Smoke, 2001; Bird and Smart, 2002; Bird and Vaillancourt, 1997), the social and economic conditions of the society in which it takes place shape its content and consequences. By conferring further autonomy and access to financial resources to the provincial government and to municipal governments without established mechanisms to strengthen local instances of public participation, it has promoted a close circuit of power in which central and local government exchange favors without an adequate system of checks and balances. The decentralization of planning capacities that began in 1977 did not affect the essence of the fiscal circuits. In other words, during the 1980s and 1990s, the Province of Buenos Aires continued collecting taxes centrally (Cetrangolo and Jimenez, 2004) and distributing these monies among municipal governments[13] according to population and initial contribution (Sanguinetti et al, 2000)[14]. However, it distributed the benefits of the "Fondo de Reparación Histórica del Conurbano Bonaerense,' the millionaire social aid program, at will. Eventually, the combination of limited economic autonomy along with decentralized land use decisions incited municipalities to rely

[13] Municipalities spend half of their budget on their operational expenditures (i.e. wages), a proportion that is about twice of what the provincial government spends on the same item (Cetrangolo and Jimenez, 2004).

[14] "*Ese centralismo fue succionando desde las migraciones interiores hasta los contenidos económicos pasando por un verdadero arrasamiento cultural del interior y llevando a la constante deformación de la vida nacional. Esa tendencia debe ser revertida a través de una sincera lealtad para con las distintas regiones del país. Las provincias volverán a asumir su histórico papel fundador de la nacionalidad, despolarizando el desarrollo hasta convertirlo en razonablemente homogéneo, de acuerdo a las necesidades y características de cada zona geográfica de la República pero siempre en forma tal que no existan más beneficiados por los avances de la civilización en una zona y olvidados del destino en la otra.*" Raul Alfonsín. Discurso Inaugural Congreso, 1983.

on their planning codes to lure investors, as these changes did not depend on central government control and would yield the immediate benefits of new development fees.

To understand the practice of municipal planning in Greater Buenos Aires we should examine the geographic development of the metropolis in the context of this institutional framework. The extreme unevenness of resources between the peripheral municipalities of the GBA and the central CBA has significant consequences for the municipal management of land uses. Even after the original economic causes of the core-periphery model were superseded, traces of its physical form perpetuated much of the originating dynamics. When the MercoSur highway put far northern municipalities of the GBA within less than an hour from the CBA core, the municipalities of this region that were less engaged in the national industrialization project of the 1960s were the most receptive to the new growth dynamics of the 1990s. Paradoxically, the policy of open economy increased their dependency on the wealth coming from the CBA. After national industrialization policies faded, these GBA municipalities became proactive in capturing urban investors, thus new investments come on top of an inherited, yet expanding, poverty. Eventually, these municipalities, which suffered from disinvestment up until the 1980s, but grew rapidly in the 1990s, presented the highest social contrast in Buenos Aires, if not the nation[15].

This contrast refers not only to the income gap between the top and bottom quintiles of the population, but also to the spatial outlay of the new growth, which was characterized by

[15] When the national government launched a project to upgrade the northern highway, the only opposition came from municipalities next to the city. See Pirez, 1994.

gated communities, enclosed consumption centers, and inaccessible shantytowns. Private investors seized the real estate opportunity of cheap land close to the highway, and internalized the cost of weak municipal governments through privately policed boundaries. In less than ten years, municipalities within sixty and thirty kilometers of the City of Buenos Aires experienced a population increase of more than 25%, with most growth taking place among the top and bottom quintiles in gated communities and informal housing arrangements. The scale of the growth of gated communities is impressive; during the 1990s, 44% of all private investments in the region went towards the development of gated communities (Coy and Pholer, 2002) and the number of suburban gated communities along the upgraded highway that were within 45 minutes of downtown CBA more than tripled (see Table 8). By the year 2000, there were about 500 new gated communities and their combined area was 1.6 times that of the City of Buenos Aires itself (Pirez, 2002). Yet, even within these circumstances, not all municipalities developed the same growth strategies, nor did polarization evolve in the same way. What role did municipal governments play in the combination of new wealth with inherited poverty and expanding slums?

TABLE 8
POPULATION, POOR HOUSEHOLDS, AND GATED COMMUNITIES IN NORTHERN GBA, 1981-2001

MUNICIPALITY		1981	1991	2001
CAMPANA	PHH	3142 (21%)	2,995 (16%)	3,170 (14%)
Area: 982 sq km	HH	14,819	18,498	22,773
	GC	3	3	7
E-CRUZ	PHH	652 (18%)	630 (13%)	882 (13%)
Area: 662 sq km	HH	3,580	4,775	6,796
	GC	5	5	17
ESCOBAR	PHH	6514 (33%)	6,789 (22%)	8,818 (19%)
Area: 277 sq km	HH	19,681	30,893	45,347
	GC	19	19	43
JOSE C PAZ	PHH	*	*	12,928 (23%)
Area: 51 sq km	HH	*	*	56,007
	GC	*	*	2
MALVINAS	PHH	*	*	14,413 (20%)
Area: 63 sq km	HH	*	*	72,956
	GC	*	*	7
PILAR	PHH	6,692 (33%)	7,806 (25%)	12,154 (21%)
Area: 352 sq km	HH	20,340	31,259	58,313
	GC	20	30	115
SAN FERNANDO	PHH	8,489 (25%)	7,676 (20%)	5,69 2 (14%)
Area: 23 sq km	HH	34,509	38,668	42,059
	GC	1	3	15
SAN ISIDRO	PHH	9,130 (12%)	7,370 (9%)	6,190 (7%)
Area: 48 sq km	HH	76,721	82,960	88,054
	GC	2	2	29
SAN MIGUEL	PHH	*	*	9,902 (15%)
Area: 82 sq km	HH	*	*	65,694
	GC	*	*	14
TIGRE	PHH	14,292 (28%)	14,828 (23%)	14,018 (18%)
Area: 360 sq km	HH	50,502	64,370	79,807
	GC	4	4	60

PHH: Number of households in precarious conditions (source: National Census)
HH: Total number of households (source: National Census)
GC: Gated community developments (source: real estate listings)
* Data unavailable, as the municipality was created in 1994.

Sources: INDEC, 2001. *Censo Nacional de Población de la Republica Argentina*; Suplemento Casas Country. *Clarín Newspaper*, Edición Especial, 2002.

THE PULL OF THE PERIPHERAL MUNICIPALITIES

During the 1980s and 1990s, northern municipalities short on local funds (Colman, 1987)lost the illusion of embracing development through industrialization, and, left with a vast non-serviced territory, they saw in the private development of gated communities a unique opportunity. When developers approached these municipalities, they found them willing to use their recently acquired land-use powers to facilitate the approval process of these developments. On top of the economic rationale, municipal governments embraced the developments as a way to deter (or displace) the growth of local poverty. Locals were eager to see gated communities being built on lands where informal neighborhoods were most likely to spread – that is, those lands lacking urban infrastructure that would have demanded high levels of municipal investments and political power for their upgrading.

But the local movement toward gated communities had its social roots in the 1970s. When the military dictatorship relocated the urban poor from the City of Buenos Aires to the municipalities of Greater Buenos Aires, local residents who regarded themselves as members of the 'middle-class' felt affronted. Disgusted at their exclusion from the new fashionable developments, these suburban residents regardless allied their interests with the suburbanizing urban upper-income households rather than with the local poor. In the eyes of the impoverished middle-income suburban residents, gated communities represented both an economic push –even if short term – as well as a removal of the stigma of being a poor suburb. As one officer at one of these North municipalities confessed,

"Local neighborhoods are all middle class, and for years we tried to

evict those shantytowns and were accused of being fascists. So even if gated-communities are a bad thing, for us they were a solution. Actually, they were the only solution. If we had not allowed for gated-communities to come, today we would be as bad as Mataderos [one of the poor southern jurisdictions] *or even worse. Before, it was a shame to say that you lived here; and now, because so many gated communities have come, it sounds fine"*[16].

By the year 2000, not only were gated communities overwhelmingly located in the northern suburbs that had presented lower levels of industrial development in the 1970s, but even within them this region they were tightly clustered in the municipalities that presented the highest percentage of poor households in the previous decades (this hold true even when considering available area, commuting times, and access to upgraded highway facilities). While these jurisdictions accounted for only 35% of the northern area, they accommodated 65% of all the area dedicated to gated communities. Moreover, with each decentralization reform increasing the autonomy of municipal jurisdictions, celebrated as a way for increasing local participation and democracy, the number of special permits for allowing gated communities raised (see Table 9 and Figure 1).

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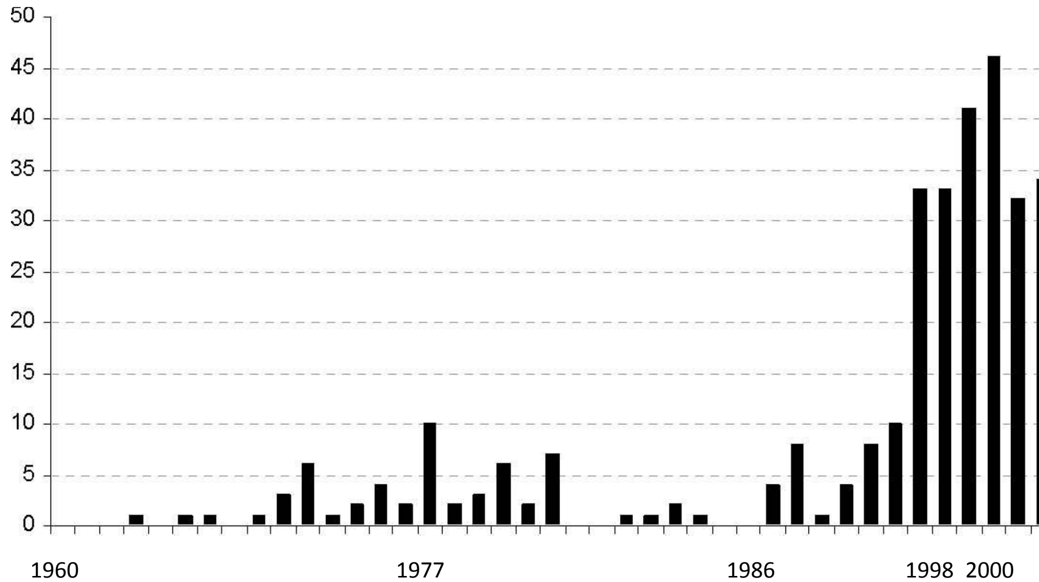
[16] Municipal officer from one of the northern municipalities with a higher-than-average percentage of poor residents and a high number of gated –communities. Interview by author on August 24th, 2004, in Tigre, Province of Buenos Aires. .

TABLE 9
LEGAL FRAMEWORK OF URBAN PLANNING DECENTRALIZATION AFFECTING THE DEVELOPMENT OF GC IN THE PROVINCE OF BUENOS AIRES

Year	Law or Regulation	Ruling Institution	Content
1949	Law 13512 of Horizontal Property	National Governments	Regulations about residential multifamily buildings
1963	Decree 2489	PBA	Regulations about residential multifamily buildings
1977	Law 8912 of Territorial Order and Land Use	PBA	•Land Use regulation •Stated that municipalities should plan their territory land use •First mention of "gated community"
1986	Decree 9404 of "Country Clubs"	Buenos Aires Province	•Offered legal alternative to decree 2489/63 in terms of registry of ownership of GC properties
1997	Resolution 74	PBA Secretary of Land and Urbanism	•Defined "gated communities". •Legal requirement and procedures for approving GC developments.
1998	Decree 27 on Gated Communities	PBA	•Legal permits requirements.
2002	Disposition 6011	PBA Catastral Office	•Land Use regulation and fiscal valuation of the land of gated communities
2002	Decree 1727 Administrative decentralization of Gated Communities	PBA	•Stated that municipalities are responsible for the approval of gated communities•(Override 1998 decree procedure)

FIG. 1 GC Developed Per Year In The Northern Municipalities Of The GBA



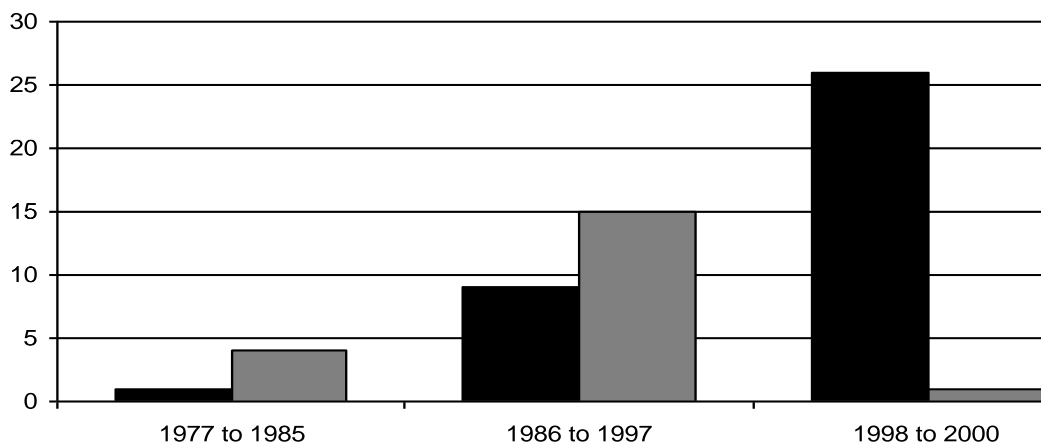
Sources: Author's extrapolation based on Suplemento Casas Country. *Clarín Newspaper*. Edición Especial, 2002; real estate listings.

The appearance of a new dynamic of suburban growth became correlated with the formation of a distinct type of polity, and hence with another form of social inequality. After the dictatorship's urban slum-removal program, the differences between the urban core and the periphery expanded. While the urban core was ready for an economy in which real estate, finance, and banking were the fastest growing sectors, the industrial suburbs --populated by an obsolete industrial fabric --suffered deeper impoverishment. In a sense, the social cost of deindustrialization fell to the urban fringe, where the poor of the city had been relocated and the immigrants from neighboring countries or poorer provinces settled. As the newcomers relocated to municipal lands lacking basic infrastructure, i.e. piped water and street lighting, they increased the census count of poor households.

Also, it was in this context that municipalities essentially used their planning powers as a

tool for social engineering. Although decentralization did not increase the economic self-sufficiency of municipal governments, it allowed them substantially more autonomy in land-use management. While wealthier municipalities used this power to enforce tighter controls so as to preserve the value of existing assets, the less affluent ones relied on their capacity to modify planning codes to lure real estate developers. Those municipalities that lacked urban services in most of their territory saw gated communities as a fast and inexpensive way of increasing local economic activities in less productive lands. Consequently, after decentralization of planning capacities, the development of gated communities clustered in less affluent municipalities, hence deepening the social polarization within these jurisdictions. A comparison of the ten municipalities within a 45-minute commuting time from the City of Buenos Aires shows that the higher the percentage of poor households in the municipality, the more likely it was to grant exceptions in favor of developers' special zoning requirements (see Figure 2).

FIG. 2 ZONING CHANGES TO ACCOMMODATE GC, PER MUNICIPALITY, PER DECENTRALIZATION PERIOD



Dark Grey: Changes in Pilar, Tigre, Escobar (Municipalities with NBI higher than average)
Light Grey: Changes in Vicente Lopez, San Isidro, San Fernando, Jose C Paz, Malvinas Argentinas, San Miguel
Sources: Author's extrapolation based on Province of Buenos Aires Cadastre records

These peripheral municipalities, which until the 1990s were outside of the metropolis, did not have a continuous infrastructure or urban grid but only patches of development. Their spatial organization followed the Spanish 'Ley de Indias', which began with an orthogonal grid containing a well-developed core from which urban growth was expected to radiate. When the government of the Province of Buenos Aires articulated this logic into formal zoning codes, planners – both in the City of Buenos Aires and in each of the municipalities of the Province of Buenos Aires – took for granted that less habitable uses for land, such as sites for industry and large transportation infrastructure, should be located as far as possible from urban centers. However, while urbanization in the City of Buenos Aires grew until it reached – or surpassed – its jurisdictional boundaries, many of the municipalities of Greater Buenos Aires stagnated. Therefore, their spatial organization remained fragmented into three areas: two or three small towns with a concentration of nearly all urban services, such as paved streets, lighting, gas, sewerage, and running water; a peripheral large-scale road that might be bordered by some industrial buildings; and a vast, undeveloped middle characterized by relatively large estate holders and informal housing squatters. This vast area proved to be the ideal location for the inflow of gated communities: cheap, unexploited, large plots that were easily accessible by highway and either under-populated or without a powerful local constituency to lay claim to them (see Figures 3, 4, 5, and 6).

FIG. 3 Center Of Town In Escobar Municipality, 2004

Scenes of social contrast are not limited to the boundaries of GC, but are also present in the small towns of the periphery

FIG. 4 Industrial Building In Escobar, 2004

The decay of the national industry impacted on the quality of urban space.

FIG. 5 Informal Settlement In Pilar, 2005

The infrastructure of the informal settlements is uneven. Some of these have paved roads; some of them have access to electricity. Rarely do they count with sewerage or running water.

FIG. 6 Gated Community In Pilar, 2005

A wall materializes and signals the boundaries of GC

Municipal Planning and Gated Communities

Most of the gated communities in Greater Buenos Aires are within a 45-minute car ride from the capital city, where most potential residents of that gated communities are likely to work. However, the location of the gated communities cannot be explained simply by their proximity to the city. Out of the more than 500 gated communities in the province, about 75% are in the ten municipalities of the northern and northeastern regions[17] and of those, 70% are distributed among three municipalities: Pilar, Tigre, and Escobar. This concentration pattern holds true even after adjusting for municipal area and considering only those municipalities with direct connection to the highway. These three municipalities, which in the 1980, 1990, and 2001 censuses had the highest proportion of poor households in the region, account for about 65% of all land encompassed by gated communities, though they extended over only 35% of the total area of all ten municipalities in the region.

If the demand for gated communities was one of the main causes of metropolitan growth, the local land use policies of each municipality were the determining factors of its actual geography. After the state provided major pieces of infrastructure and the province decentralized its planning codes, it was up to each municipality to steer the course of its own land use development. The development of gated communities was regulated at the same time planning was decentralized, hence placing the interest of metropolitan elites at the core of regional planning. Time-wise, the formalization of the changes to the planning codes happened *after* new gated communities had materialized. Thus, the regulation did not create the initial

[17] The ten municipalities are: Campana, Escobar, Exaltación de la Cruz, José C Paz, Malvinas Argentinas, Pilar, San

impulse, but made explicit the official position in favor of the development of gated communities. The provision of a legal structure facilitated the further growth of this preexisting trend. There is a correlation between planning decentralization and the relative variation in the number of new gated communities funded per year. Consistently, a revision of the planning documents followed each sharp rise in the number of gated communities. In turn, the new legal framework augmented land availability, minimized area and location requirements, and increased municipal autonomy. Also characteristic of this pattern, the number of gated communities developed in the region increased in the months following each of these reforms.

After 1977, the year when the Province of Buenos Aires enacted the municipal planning law, with the exception of the three largest crises in the country's recent history (the war of 1982, the hyperinflation of 1989, and the default of 2002), the increase in the number of gated communities ran parallel with the economy until the beginning of the 1990s, when the number of gated communities grew rapidly even though the economy was not doing as well. Before the last decade, the greater the economic crisis, the fewer the number of gated communities developed. Conversely, during the 1990s, the growth rate of gated communities became increasingly detached from the country's deteriorating economic condition. Even when the unemployment rate rose above 13%, the area comprised of gated communities and the total number of households was still growing. One can hypothesize that the rise in unemployment generated an overall rise in crime, or at least an increased fear of it, hence the increased desire to live in safer areas, such as those gated communities claim to be. Only when the

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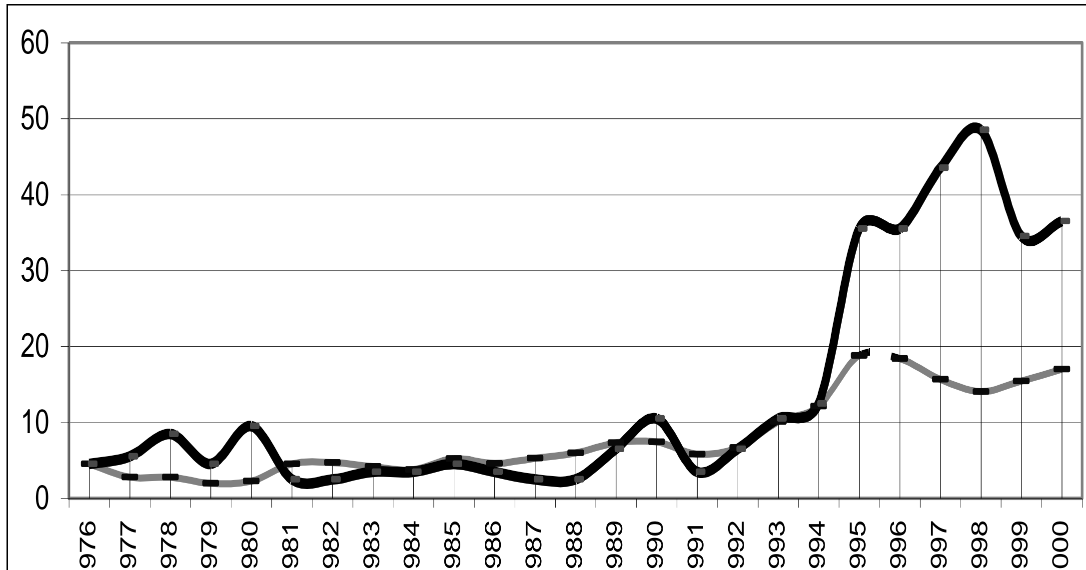
Fernando, San Isidro, San Miguel, and Tigre.

transportation infrastructure was in place was this demand satisfied.

FIG. 7 DEVELOPMENT RATE OF GATED COMMUNITIES AND UNEMPLOYMENT IN GBA



Dotted line: GC Development rate in the GBA
Black Line: Unemployment rate in the GBA

It is likely that the upgrading of the highway connecting the City of Buenos Aires and these northern municipalities was a decisive factor in the spread of gated communities in this region. The first transportation infrastructure upgrade in 1993 coincided with the beginning of the increase in gated communities and the second one in 1996 preceded the 1998 construction peak (see Graph 1). As expected, the construction of the new highway increased population numbers in the whole region (see Table 10 and Fig. 8). Yet, the most dramatic impact was the growth of gated communities, the number of which nearly doubled in less than five years. Once the new artery was functioning, these municipalities were within a 45-minutes car ride from the city, thus allowing these developments to be sold not only as weekend escapes, but also as

permanent residences. A new type of gated community flourished, this time targeted at the urban middle-income household, who were receptive to the amenities gated communities claimed to provide.

TABLE 10
VARIATION IN POPULATION 1991-2001 IN %, CORRELATED WITH HIGHWAY UPGRADE

		1991-1980	2001-1991***
First ring* (Municipalities within approx. 20 km from the CBA		4	-1
	North	3	-3
	West	5	3
	South	5	-2
Second ring** (Municipalities within approx. 40 km and 20 km from the CBA; Their access was significantly improved after hwy upgrade)		22	27
	North	20	26
	West	27	23
	South	20	32

*First ring is composed of the following municipalities:
In the north: Vicente Lopez, San Isidro, and San Martin.
In the west: Hurlingham, Ituzaingo, Moron, La Matanza, and Tres de Febrero.
In the south: Avellaneda, Lanus, and Lomas de Zamora.

** Second ring is composed of the following municipalities:
In the north: San Fernando, Tigre, Escobar, San Miguel, Jose C. Paz, Malvinas Argentinas, and Pilar.
In the west: Merlo, Moreno, and Lujan.
In the south: Almirante Brown, Berazategui, Esteban Echeverria, Presidente Peron, Florencio Varela, and Ezeiza.

*** In 1993-1996 the northern highway, Panamericana, was upgraded.
In 1999, the upgrade of the western highway, Acceso Oeste, began.
In 1993-1996, the southern highway, Acceso La Plata, was upgraded.

Source: Author's extrapolation based on INDEC Census National series 1980, 1991, and 2001.

FIG. 8 Areal View Of The Northern Highway

These new developments were much more affordable, with their price per square meter as much as four times cheaper than that of consolidated developments. They were also developed with fewer facilities. If the existence of a golf course had been the selling point of the development previously, it was now the assurance of a 24/7 private police service and affordable monthly fees. Another difference in these newer gated communities was their size. In the 1977 planning law, ten hectares was the minimum area required by the code. About 90% of all development funded at that time was larger than the minimum, and by 1990, this number had dropped slightly to 85%. It was only after 1993 – when the highway upgrade began – that small gated communities became common. By 1998, when the minimum area requisite was legally dropped, 40% of gated communities developed in the region were already smaller than 10 hectares. Both factors, the smaller number of amenities and the reduced size of these new

developments minimized the initial investment required to launch them in the market, making their commercialization faster and cheaper. In all subsequent amendments to the planning code, municipalities have acquired further rights over the designation and monitoring of their land uses. With regard to the development of gated communities, the code gradually dropped formal requirements, such as the ten-hectare minimum area requirement (1998) and the requirement to leave at least seven kilometers between any two developments (1986). Eventually, a provincial decree required an informational public forum to be held ten days before the granting of the municipal permit. However, the decree clearly stated that the municipal government or developers had no binding obligations to attend these meetings.

The 2001 census also indicates that the new gated communities were used as permanent residences. By that time, the City of Buenos Aires had lost 8% of its population (196,631 people) since 1991. About two thirds of the total population loss was from wealthier neighborhoods. Outside of the CBA, in the northern and northeastern municipalities of the GBA, population increased. Pilar – a municipality in which about 40% of the region's gated communities is located – added 130,000 new residents, doubling its population in less than a decade. Although more affordable than before, the cost of buying (or building) a property inside a gated community was significantly higher than in the non-gated areas of these same municipalities. Taking into account that the population already residing there had a significantly lower income than the population in the capital city, it is unlikely that residents of neighboring localities were the people moving into these new properties.

By 1998, when the work on the highway had been completed, municipalities along this corridor accounted for more than 70% of all suburban gated communities. However, even

within this region, the new gated communities were not evenly distributed, but disproportionately clustered in the three municipalities with a higher-than-average percentage of poor households. This distribution pattern cannot be explained as a direct consequence of municipal size, as the other municipalities also had tracts of undeveloped land and gated communities can be created by gating existing developments. In addition, though land prices in these three localities were slightly lower than in neighboring municipalities during the 1980s, their land value registered record-high increases after the highway upgrade, jumping from $50 per square meter to between $70 and $100 in less than year. In some municipalities, such as Pilar, land became even more expensive than in neighboring localities (LaNacion, 1997). Therefore, real estate prices do not suffice as an explanation either, as clusters of gated communities had grown steadily regardless of the price of land.

Luring Developers

Dependency does not imply passivity, and peripheral municipalities did play an active role in shaping the geography of suburbanization. Following the decentralization of planning controls, poor municipalities enforced these controls weakly, allowing private developers to solicit the re-categorization of land use in order to accommodate their projects. Because these municipalities had a high percentage of poor households and lands lacking services, they had very little economic autonomy[18], and hence they were more likely to be less selective in the type of investment they favored. This is evident in the correlation between a municipality's

[18] See chart of municipal expenses/municipal budget and NBI.

history of industrial development and gated communities. Those municipalities that had urban services and a concentration of industrial establishments in the 1970s had few gated communities developed. Conversely, those municipalities that were behind in the industrialization in the 1970s had the highest concentration of gated communities in the 1990s (see Table 11 and Map 9).

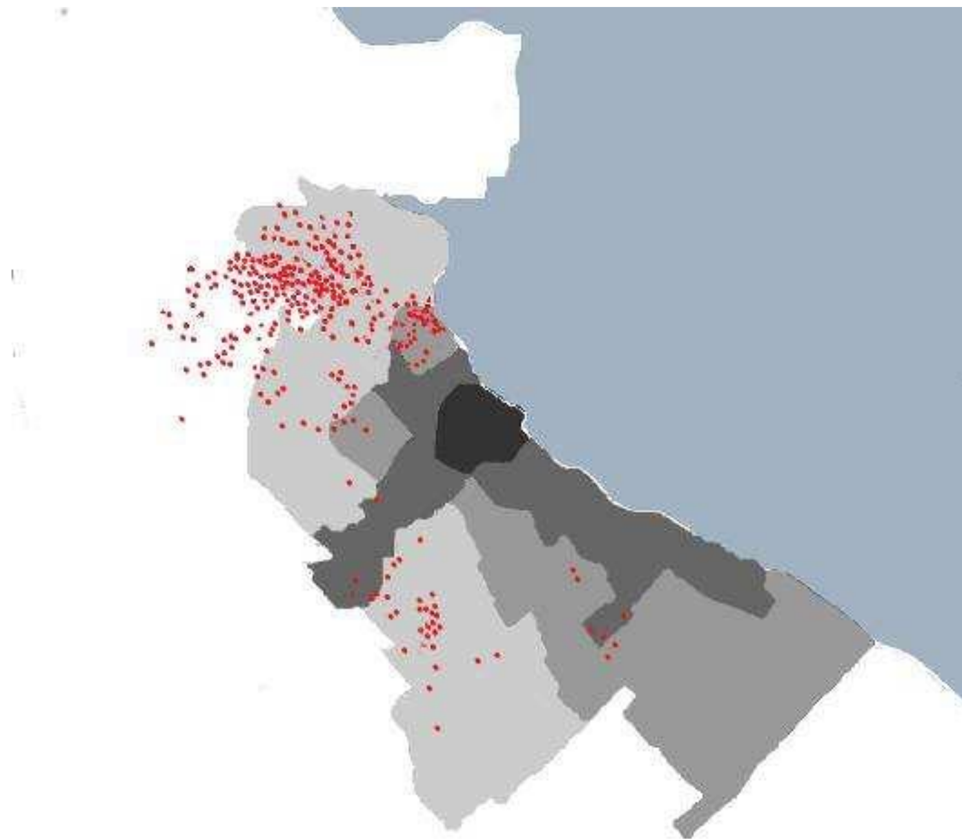
TABLE 11
INDUSTRIAL CONCENTRATION IN 1970 AND GC CONCENTRATION IN 2000 IN THE GBA

	Industrial Concentration in 1970				
	Most				Least
Most					Pilar
			Tigre	Escobar	E. Echeverria Ezeiza**
GC Concentration in 2000		San Isidro	Moreno	San Miguel Malvinas Arg.	
		Lanus Quilmes	Alm. Brown Merlo	Jose C Paz S. Fernando	
Least	Vte Lopez Gral S.Martin La Matanza Avellaneda L de Zamora	Morón Tres de Feb.			

*Jose C Paz, Malvinas Argentinas, and San Miguel
**Formerly Florencio Varela

Sources: INDEC, 2001. *Censo Nacional de Población de la Republica Argentina*; Suplemento Casas Country. *Clarín Newspaper.* Edición Especial, 2002.; Source: Estadistica Bonaerense. Direccion Provincial de Estadistica Bonaerense. Tomo 2. (Buenos Aires: La Plata, 1999).

MAP 9 Industrial Concentration In 1970 And GC Concentration In 2000 In The GBA



Darkest Grey: Industrial Concentration higher than 15% of BA industry in 1970.
Dark Grey: Industrial Concentration between 6% and 15% of BA industry in 1970.
Light Grey: Industrial Concentration between 2% and 6% of BA industry in 1970.
Lightest Grey: Industrial Concentration between less than 2% of BA industry in 1970.
Red Dots: Gated Community development in 2000.

Sources: INDEC, 2001. *Censo Nacional de Población de la Republica Argentina*; Suplemento Casas Country. *Clarín Newspaper.* Edición Especial, 2002.; Source: Estadística Bonaerense. Dirección Provincial de Estadística Bonaerense. Tomo 2. (Buenos Aires: La Plata, 1999).

According to sources in these jurisdictions, gated communities are perceived as a chance to increase local income (by bringing permit fees and new jobs) without having to invest in infrastructure (which is provided by the developer), and with a minimal short-term cost of changing municipal regulations. A series of interviews with municipal officers from five municipalities – San Isidro, San Fernando, Escobar, Tigre and Pilar – all of which are within a 45-minute commute of the CBA via a toll-highway, further explain the way these jurisdictions dealt with the expansion of the metropolis. They are all part of the Province of Buenos Aires and share the same legal basis for their planning practices. They represent three levels of socio-economic composition in the region. San Isidro has the lowest percentage of poor households (9% in 1991 census), San Fernando is average (20%), and Pilar has the highest percentage (25%). To research further the planning practices of low-income municipalities, I also conducted interviews with officials from Escobar and Tigre, two other municipalities with a higher-than-average percentage of poor households (22% and 23%, respectively).

In richer municipalities, planning officers felt empowered to maintain the existing regulations for three main reasons. First, their land was almost fully serviced, which made the development of new gated communities less appealing because these communities could diminish the municipality's fiscal base if they cut themselves off from existing municipal services. Second, they had a large enough number of taxpayers to cover their current expenses, which made them less vulnerable to external pressures. Third, and connected to the last point, current property-owners perceived compliance with existing land-zoning as a way of protecting their own investments and were thus likely to oppose any regulatory changes that favor

opportunistic behaviors. As one of the heads of the cadastre offices said:

> *"We treat gated communities as any other investment. Why should we give them any special advantage? They have to fit in the law that we have. Here, we care a lot about our community and the neighbors will not accept anyone ruining the quality of our homes. We, at the municipality, will not approve any investment that challenges our codes if the local residents do not approve it. Any change will require a formal meeting with them."*[19]

Overall, this statement seems to agree with the development trend of this municipality, where most houses are part of the public urban fabric. Officers working at poor municipalities, however, perceive gated communities as job-creators with the added benefit of being self-sufficient. In addition, most locals are either indifferent or in need of the jobs these new developments might bring. As one of the planners at one of the poorest municipalities confessed:

> *"We are the 'anti-planners,' we always come after. If someone has a parcel and wants to invest there, he just comes here and asks us to change the zoning code. If it is a big investment and he wants everything quick, he might offer to pave some blocks for the mayor. We all know that we could not afford that with our budget. Therefore, we change the code and everybody is happy, there are more construction jobs, ten more blocks are paved, and he has done his business. But in the end we are going nowhere.*

[19] San Isidro Planning Office, August 25, 2004.

There is no plan and we have no project."[20]

Planners' perceptions that investors dictate zoning decisions correspond with the trends shown by municipal planning reforms. Chronologically, the number of changes in land-use regulations that favored gated communities were directly related to their development rate; the more new gated communities that were developed, the more municipal ordinances were changed. Furthermore, in the poorest municipalities – which contained 70% of all gated communities, but only accounted for one-third of the ten municipalities' total area – the frequency of these zoning amendments increased dramatically after each decentralization measure. Taking the main reforms in the Province of Buenos Aires's planning codes as keystones (1977, 1986, and 1999); we can compare three stages of decentralization. In the first stage, 20% of re-zoning changes took place in the three poorest municipalities of the region; in the second, the proportion was 37%; and from the last decree until 2000, 95% of those zoning changes were located in this area.

Staging Inequality

According to the Argentine Census Office, about a fifth of all people living in these municipalities had some irregularity in their housing condition. That is, they had at least one of the following characteristics: a) More than three people per room; b) unsound building structure; c) no water-closet; d) at least one child aged between 6 and 12 who did not attend school; e) four or more people dependant on a single breadwinner who has no schooling

[20] A director at the Municipal Planning Department. Interview by author.

beyond third grade (INDEC, 2001). The high number of informal households in these municipalities suggests a fracture between formal institutions and actual social practices. Yet, the success that municipal governments have had election after election testifies that they receive significant local support for their actions. Newcomers account for a small percentage of local population, foreigners do not vote and many residents of gated communities have not changed their legal address and still vote in the City of Buenos Aires (Svampa, 2001). Since voting in municipal elections is compulsory, municipal governments could not have kept their power without the support of older residents. Election results show that voters are more loyal to municipal governments than to any other form of political representation. While changes in the support of elected congressmen are frequent, about 75% of the thirty municipal governments[21] in the urban fringe have been reelected in all elections since 1983. But why then, did local residents approve governments that fostered – or at least did not oppose – the inflow of exclusionary developments built for the suburbanizing elites the City of Buenos Aires into their municipality (Torres, 2001)?

A quick look at the economic characteristics of the population living in the northern periphery shows that, even before the rapid population growth of the last twenty years, there was a wide diversity of economic conditions. Different material needs led to diverse aspirations; however, this does not imply that individual preferences cannot converge into collective

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[21] Almirante Brown, Avellaneda, Berazategui, Escobar, Esteban Eheverria, Ezeiza (created in 1994), Florencio Varela, General Rodriguez, General San Martin, General Sarmiento (dissolved in 1994), Huringham, Ituzaingo, Jose C Paz (created in 1994), La Matanza, Lanus, Lomas de Zamora Lujan, Malvinas Argentinas (created in 1994), Marcos Paz, Merlo, Moreno, Moron, Pilar, Presidente Peron, Quilmes, San Fernando, San Isidro, San Miguel (created in 1994), San Vicente, Tigre, Tres de Febrero, Vicente Lopez.

choices. Thus, local residents looked beyond the municipal government policies and there was an acceptance of a privatized mode of urbanization. A short-term pragmatism gave each economic stratum something to gain in the execution of the private development. Year after year, surveys of population concerns show that unemployment and crime safety were at the top of the list. The poorer the household was, the higher it valued job security; conversely, the wealthier the household was, the more it prioritized crime as a concern (Clemente, 2001)[22]. In this scenario, municipal governments of impoverished localities saw in gated communities a socially accepted development strategy.

There was simple rationale behind the poorer households' acceptance of gated development: their need for jobs. From their perspective, exclusionary developments could become an improvement –at least in the short term– in the daily life of the poorest. Similar to the view of many low-income residents, one woman working as a cleaner inside a gated community said:

> *"I used to take the bus for one hour to get to the city to clean one apartment. Now I do the same job without having to do the travel. I do not earn more money now, it is still not enough; but at least I do not have to pay the bus ticket and waste so much time."*[23]

In addition, many of the informal houses near gated communities received in-kind benefits from the gated communities, such as free building materials, street lighting and paving,

[22] Honorable Senado de la Nación Argentina-Banco de la Provincia de Buenos Aires, 2000. "Encuesta del informe sobre el desarrollo um en la Provincia de Buenos Aires". Quoted in Clemente, Adriana. 2000. "Descentralización y gestión de capacidades para la gestión de gobierno democrática". IIED America Latina. Noviembre. Buenos Aires. 2

donations to local daycares, and even increased neighborhood safety. As another local resident who still commutes from the GBA to work in the CBA said:

> *"I always take the bus here, in front of the entrance to this private neighborhood. There they have guards; I feel that I am safer now. I mean, you never know, but at least there is better lighting."*[24]

This dynamic seems to be typical of gated communities in Latin America, as the gated communities further the propinquity of rich and poor[25]. However, more puzzling than people residing or working in gated communities supporting this type of urbanization was middle-income households' espousal of these private investments. Even if their proportion was shrinking, the vast majority of suburban households lived neither in shantytowns nor in gated communities. Unlike the affluent urbanites who enjoyed or profited from gated communities and the low-skilled workers employed at these developments, mid-income households received no evident benefits from the inflow of gated communities. Their taxes were not diminished, and after the initial impact of the new highway, their land prices did not register any significant value increases (Goytia, 2005), and if anything, they have suffered increasing crime rates in their surroundings (LaNacion, 2005, 1998).

But mid-income suburban dwellers seem to have found in gated communities a way to reconstruct a positive image of their own locality. Nouveau riche affluence – even if foreign –

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[23] Female resident of Escobar municipality, 42 years. Interview by author, November 2005.

[24] Male resident of Pilar municipality, 33 years old. Interview by author, November 2005

[25] Improvements to the living conditions of poor residents living next to these developments have been also detected in Santiago de Chile (Salcedo and Torres, 2004).

was a way to revert the stigma of poverty that was imposed on suburbanites in the late 1970s, when society began its path towards its current economic and social fragmentation. As we have seen elsewhere, the military government in office removed all shantytowns from the CBA and dispersed them throughout the municipalities of the GBA (Bermudez, 1985). During the dictatorial regime, local mayors could have done little to stop this and later, in the early years of democracy, any attempt to remove a shantytown was taken as an example of fascism. Decentralization and market-driven planning allowed municipal governments to have direct links with developers, who were very efficient in changing the public image of the locality. Phrases like the following began to cast the social polarization of the region as a token of its positive transformation:

> *"The beggar, the fisher, and the millionaire live now on the same block. There are small settlements and migrant workers in the same region as the mansion of, for example, the [wealthy] Constantini family.[26]"*

Tigre municipality, the only municipality governed by a vicinal, self-defined 'middle class' party was the most open advocate of gated communities. In the words of one local resident active in the Tigre party:

> *"We have these shantytowns that made us look like a slum. For years, you could not say that you lived in Tigre. You would rather say that you live in San Fernando* [the neighboring municipality]. *But now, there are so many*

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[26] *LA NACIÓN* "Ribera Norte. Anatomía del Bajo." 6 July 2003.

gated communities that people don't think that you are poor if you live here."[27]

Furthermore, local residents' notion of belonging to a middle class was strengthened by the difference of the newcomers:

"To tell the truth, we do not like gated communities, they gate themselves as if they were living in the wilderness. But let it be. We are all middle class here, and we have our neighborhood life that we cherish. If gated communities can help us maintain it, let it be. Who knows, maybe in the future they will decide to demolish their walls and join us."[28]

Unlike the majority of municipalities, Tigre's government was a vicinal party who claimed that it had no interest other than the municipality's wellbeing. It aligned itself with the small entrepreneur, shop owner, or local professional who had a material and emotional attachment to the long-term wellbeing of the municipality and – after the changes in the national industrialization policies – had lost its faith in the national government. As one local resident explained:

"What shall we do? Wait until the President decides to provide water and jobs for the shantytowns? We have to take this [problem] in our hands, and if that means giving these lands to private developers, I think it is OK. We have no other option. Either this or we end up as the other municipalities, with no jobs

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[27] Interview by author. Tigre, November 2005.
[28] Interview by Tigre, November 2005.

and no investments."[29]

The capacity of localities to generate a long–term development plan has relevant consequences for the dynamics of social polarization. In Tigre, the 5% reduction of poor households from 14,828 in 1991 to 14,018 in 2001 was due to a two-pronged strategy of first facilitating the development of gated communities where slums were more likely to grow (i.e. large pieces of land lacking infrastructure), and then using gated communities as a way of bringing infrastructure and economic activity to the whole municipality. Conversely, in Pilar, the municipality which accounts for almost a third of all gated communities in the suburbs, the growth of poor households from 7,806 to 12,154 between 1991 and 2001 is connected to the inflow of poor residents after the rise of gated communities. The municipality had no plan for dealing with the growth of the jurisdiction in an integrated way. When the provincial government launched a project for affordable housing in the municipalities of Greater Buenos Aires, the municipality could not implement it because it had no public lands available, as it had allowed the private sector to develop all of them.

[29] Interview by author. Tigre, August, 2005.

MUNICIPAL PLANNING PRACTICES

A comparison of the planning practices among municipalities located within the "easy commute zone," shows that municipalities with fewer resources were more likely to modify urban codes so as to allow for the development of gated communities. Since the 1980s, 70% of all new developments were located in the municipalities with higher-than-average percentages of poor households. In these peripheral, metropolitan areas, the building and maintenance of gated communities became a way to increase local employment. After the optimization and relocation of large industrial establishments and the decline of smaller firms shrank the demand for low-skilled industrial labor, gated communities became one of the most dynamic investments of the region (Coy and Pholer, 2002).

The decentralization of land use management enabled municipal governments to use their zoning codes as a way to encourage the development of gated communities. However, in spite of presenting similar needs and possibilities, municipal governments adjusted these developments to fit the different visions of their local constituencies and each of them managed differently the inflow of gated communities. After more than ten years of rapid suburbanization, not all municipalities had experienced the same rise in gated communities, nor had they affected local society in the same way. In Pilar the number of poor and affluent gated households increased, while in Escobar poor households augmented and its share of gated communities diminished, and in Tigre there was a rapid rise in the number of gated households though its number of poor households decreased. Time wise, these changes coincided with the implementation of those decrees that increased planning autonomy of these

municipalities. Although these three municipalities seem quite similar in terms of area, infrastructure, resources, population, development history, and overall institutional structure, they present three very different approaches to the development of gated communities: 1) an *ad-hoc* passive and legalistic planning system, in which codes are changed after developers make decisions; 2) an *à-la-carte* model which takes a case-by-case approach; and 3) an *alliance* mode, which regulates beforehand how to include these developments.

Planning Ad Hoc in Escobar

Escobar uses the first model of municipal planning, *ad-hoc*. The municipality consults with a local cadastre office, which also regulates land usage, but it has no personnel allocated for developing any planning. A few years ago, Escobar sub-contracted a thorough study and proposed municipal plan from a private consultant, but due to changes in leadership, it has never been published or implemented and now lies dormant in the municipal archives. At present, the railroad and highway, which are Escobar's only connections to other localities, structure the development of this municipality. With an area of 277 square kilometres, it has no more than four small towns. The rest of its land is occupied either by industrial establishments, which are usually surrounded by workers' informal housing settlements, or by private estates (see Fig 8).

During the 1980s, many of these owners saw an economic opportunity to subdivide their land and convert it into gated communities. In order to do so, they had to solicit a change of land use from the municipality, who would then evaluate the case. The municipal approval procedure has at least five stages (none of which include public consultation) and requires at

least 23 official documents to begin. In general, the process lasts about two years, provided there is no change in the governing party. As planners said, there is no plan guiding the growth of the jurisdiction, just adherence to the existing regulations and the avoidance of locating industries too close to urban centers. In this *ad-hoc* model of planning, codes are changed retroactively, so developers build what they wish, but the law –at least as a formality—are still somehow preserved. The process is bureaucratic and lengthy. For those who already own land in the jurisdiction, developing a gated community is still a good option, but for those who can choose their location, other jurisdictions seem to be more attractive. In this case, planners perceive themselves as a bureaucratic organism with little power to impose conditions on large developers, or even offer locals incentives to promote a different course of development. As one of the planners said:

> *"People say they don't like gated communities, but that is all. Once, we put a lot of effort into organizing a public audience about whether or not to have a new shopping centre and a gated community. No one showed up, so now, when developers ask us for something, we just do it. As long as it keeps the basic forms, we just approve it."*[30]

Furthermore, their sense of powerlessness does not stem from failed public audiences. Rather, it is based on a belief that local economy depends on those investments and therefore planning officers cannot impose any controls on them. Another municipal officer explained this

[30] Interview by the author with local planner. August 24th. 2004

viewpoint:

> *"What can we do? It is all about the money. The Province does not give us enough money; people here do not have money. We have more expertise but we cannot impose our criteria. As I see it, today we are better than tomorrow. At this pace, we will have a million problems of infrastructure in the future, and we know it. But this is not something to worry about now. Now, we want a little more paving here, and people want their little job there."*[31]

This municipality's submissive approach has meant that it was not able to attract new developments, nor was it able to improve the economic conditions of its poor households. From 1991 to 2001, population grew by 40% and poor households by 20%. Yet, their development rate does not seem to have any level of autonomy, as their phases of growth and decline seem to follow those of the City of Buenos Aires's investors. However – and indicative of the limitations of this approach – in , recent years the interest of real estate investors has shifted from this location to Pilar and Tigre, where local municipalities are proactively seeking and attaining new investments

[31] Interview conducted by author. Escobar, August 24th 2004.

FIG. 9 Escobar Municipality in 2006

A town, a GC, a couple of industrial establishments, and an informal settlement sit next to each other in Escobar.

Planning À La Carte in Pilar

The second model is called *planning à-la-carte* because of its case-by-case approach to pleasing the needs of each interested developer. Pilar, whose spatial structure is very similar to that of Escobar, is the municipality with the highest concentration of both gated communities and poor households. Slightly larger than Escobar (352,000 hectares), it has been the chosen location for most of the new investments during the last few years. Although the same party has governed Pilar for the last twenty years, each of the mayors in office has accused their predecessors of corruption and granting building permits illegally. Although Pilar has been

successful in securing new investments, it does not seem able to expand its budget. This is due in part to the inefficiency of the fiscal system that governs the province of Buenos Aires, requiring the collection be performed by provincial authorities who then grant the municipality a share of the taxes (Goytia, 2005). It is also due to the lack of transparency that this model fosters. As per one of the former mayors who was later forced out:

> "*While it is true that the building of the Bingo* [a gambling centre] *was a corruption scandal during the previous administration, today, under our government, they are paving fifty blocks of* [the town of] *Del Viso at their own expense*. [Why?] *Because they came to talk to me and I told them that any investment in Pilar has the moral obligation of giving something back to the community. Of course, we did not ask them for a bribe, but we did ask them to collaborate with the people. They put 130,000 USD without giving a single coin to the municipal government. We just supervised the works. In the same sense, Pilar del Este* [a new gated community] *is paving 1.5 kilometers on a street that used to be in terrible shape. That is the mother idea: If the municipality cannot, let the private sector give us a hand."*[32]

Beyond the specifics of this case, this interview portrays the public sector's relationship with investors to be an exchange of reciprocal favors that are not governed by formal regulations and in which residents have no say, since they are presented as the outcome of the good will of developers and local politicians. The lack of clear procedures is also an incentive for

corruption. One of Pilar's former mayors said:

> *"We organized a one-week seminar, where more than 300 people (architects, real estate developers, and local residents) attended, and we decided that we have to have a new, more transparent and comprehensive zoning code. This is basic, because that was always the source of corruption for all jurisdictions. Because our current code is so outdated, everything is subject to negotiation."*[33]

Still, little has been done to change this situation. When asked about criteria for local land uses, local planners' answers were either too general or unable to identify any specific principles. When asked about formal procedures, such as length of time for changing land uses, planners said each case was different. When questioned about how they have dealt with development so far, a planning officer answered:

> *"Growth is a messy thing. In less than twenty years, we passed from 80 to more than 230 thousand people. Some messiness will take place. It is impossible to manage such an impressive amount of new development in a neat way, and we were doing everything case by case. But now we are beginning to change things, and we are moving forward with new development guidelines."*[34]

Finally, when questioned about why they have managed to secure the majority of the

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[32] Excerpt from an interview with Sergio Bivort. "No quiero que Pilar sea una ciudad dormitorio." *La Nación*. June 11, 2000.

[33] No quiero que Pilar sea una ciudad dormitorio." *La Nación*. June 11, 2000.

[34] Interview by author. Pilar, August 25th, 2004.

regions' new developments, a chief municipal officer by-passed an opportunity to praise his administration and said:

> *"We do not know about that. It all depends on the value of the construction, in the value of the dollar, in the new highway. And that people want to live in these developments because they are afraid of crime in the city. Why do they come here? Who knows? Because we have empty land, maybe because we have some good supermarkets and some older gated communities."*[35]

One problem resulting from this myopic approach to growth is that neither material, nor institutional infrastructure, are well-prepared to respond to the demands of this larger population. According to municipal planners, the municipality has no way of serving population growth with appropriate infrastructure. As of November 2005, 80% of local residents still lacked piped water and sewerage. Only gated communities and the four original towns of the municipality—Derqui, the town of Pilar, Del Viso, and Alberti—had adequate urban services (i.e. water, sewerage, gas, electricity, and paving). Even worse, there was no layout for water and sewerage, and investment in these services has been halted since 1996. In addition, as the population doubles, crime rates increase faster than in any other municipality, yet the number of police officers remains steady. More dramatic yet, as gated communities have actually raised the demand for low skilled jobs, Pilar has become a magnet for low-skilled workers. As there is no provision for this and basic services are still lacking, informal housing is on the rise. Over the

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[35] Interview by author. Pilar, November 18th 2005.

course of the 1990s, new shantytowns have formed in inadequate, sometimes floodable, plots of land.

These events are even more striking when we take into account that Pilar had the largest share of direct investment in the Province of Buenos Aires in the decade between 1991 to 2001 (Sica, 2001). In addition to the impressive growth of gated communities (more than a hundred in less than twenty years), it has also been successful in creating new industrial establishments, to which it grants special tax benefits in exchange for the employment of local residents. However, because there is no enforcement of this prevision, and because local firms argue that they cannot find the skills they need among Pilar's residents, many of these jobs went to non-locals (Goytia, 2005). Even if Pilar managed to slightly increase its share of the suburban industrial value from 8% to 10%, it had lost about a quarter of its industrial labour force.

Today, Pilar's growth is as impressive as it is chaotic. It boasts one of the largest industrial parks of the MercoSur (Sica, 2001), the largest concentration of gated communities in Argentina, and a population that doubled in less than decade. On the other hand, it has no comprehensive plan for development, no provision for upgrading slums, and a growing number of households living in substandard conditions. In a sense, its pockets of wealth have not been the consequence of institutional strength, but the opposite. Its spatial changes responded to piecemeal arrangements with investors and did not correspond to a development of local government institutions, nor to a municipal plan on how to harness local growth as an opportunity for a more even distribution of development (see Figure 10). Today, this municipality presents one of the most extreme cases of social polarization, as both poor and

affluent newcomers live in a municipality that has not defined a vision for its future. As one of the planners commented:

> *"Everybody says how much this municipality is growing, and that is a mixed blessing. All the unemployed people of the region come here looking for jobs. They are looking to work in construction, gardening, as house cleaners, whatever. But we do not have infrastructure for that, and now we have new shantytowns all over: in Villa Rosa, in Derqui, in Alberti. There is little we can do; we are not going to stop gated communities from coming as long as they bring their own infrastructure. And we cannot provide housing or piped water for all these new shantytowns. And because of all that social inequality here is high."*[36]

[36] Interview by author. Pilar, August 25th, 2004.

FIG. 10 Pilar Municipality in 2006

GC, empty lots, informal settlements and some industrial establishments spread all over Pilar.

Alliance Planning in Tigre

The third, and perhaps most unusual, example is Tigre, which employs the *alliance* approach. Unlike ad-hoc or à-la-carte planning, the alliance approach purposefully and openly designed a flexible document as an incentive to gated communities. One of the particulars of this jurisdiction is that it is bordered by the Tigre River, which gives it a beautiful landscape, but which also means that about half of its 360,000 hectares require an expensive structure to prevent buildings from sinking into the muddy soil. Because of this, Tigre hardly received any investments in these areas, which laced basic services such as piped water and sewerage and

where most shantytowns were located.

Another characteristic of the Tigre municipality is that the same mayor, who comes from a local municipal party, has been in office since 1987.[1] The results of the 2005 elections indicated the local support that this mayor still enjoys: while in the Tigre Municipality the national governing party won the majority of the votes for the Provincial Congress, the mayor captured almost 45% of the votes for the municipal positions. During the early 1990s, the mayor tried to evict shantytowns but failed due to political resistance and the economic difficulties of the project. Because many of these informal settlements had been in place for more than twenty years, and because they were located on floodable and under-serviced lands, which did not attract the private sector, there was no economic prospect for these properties. In these conditions, the local government came to believe that these investments offered the only viable option to bring infrastructure to unused lands. Accordingly, it became proactive in procuring these investments. As accountant Ricardo Ubieto,[37] the mayor of Tigre described:

> *"We invested a lot of public monies to attract people* [to Tigre], *a lot of money to enhance our image so real estate developers would improve the commercialization of their developments here. It is easier to attract people in that way, and we were concerned about that, because we needed all the unused land be converted into useful land."*[38]

In 1995, the upgrading of the highway drastically changed the commercial advantages of

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[37] Ricardo Ubieto was also the mayor from 1979 to 1983

[38] Ricardo Ubieto. Interview by *Eidico Magazine*. *Eidico*, 2005.

the region, suddenly making it attractive to real estate developers. Tigre's mayor saw in this an opportunity to change the development course of his municipality, and launched an aggressive plan to capture these new investors. In order to attract real estate investment in the municipality, the mayor's office reformulated the planning code and re-zoned all vacant land as "special use" (which allowed the municipality to consider *any* proposed use). As he said:

> *"We wanted to stop with the burden of bureaucratic permits. It opened the door for corruption and delayed investments. It is not simply that we changed this or that law and we had a project. We live here and we want this place to be good today and tomorrow"*[39]

In addition, it dictated a set of basic requirements to be fulfilled by anyone who wanted to develop a gated community: a minimum area of seven hectares, the provision of infrastructure (water, sewerage, electricity and roads) to sustain the density proposed, and a street grid aligned with the municipal plan (see Figure 11). Significantly, it put the municipal planning office under the direct authority of the local Ministry of Economy. After the municipality implemented these reforms, developers had no need to ask for any special permits and the whole approval process was greatly accelerated. In that regard, the reform was successful, because in less than five years, the percentage of new gated communities in the region that were developed by Tigre went from 5% to 20%.

[39] Member of Mayor's office In Tigre Municipality Interview by author. August 25, 2004.

FIG. 11 Tigre Municipality in 2006

In Tigre, a more consistent planning practice has derived in a more organized –even if uneven-land use pattern

Finally, yet importantly, the municipality aggressively promoted itself and its new policy. This discourse appealed to developers, as well as to local residents. Accordingly, the municipal planning officers proclaimed:

> *"We do not manage with exceptions, but with egalitarian procedures applicable to all. This offers security to people, as regards their investments in the industrial or urbanization segment. Nowadays there are private neighborhoods flourishing all over. We almost have no room for the location of industries. We have made an effort to provide clear and precise norms –through judicial security– so that those who invest in the district will not find unpleasant surprises*

in the future. All this has made investing in Tigre very easy, and contributed to large amounts of capital coming to the area. This has been supported with the recovery of land not able to be urbanized without capital investment."[40]

Additionally, these developments were presented as a positive way of improving local economy for the local residents:

"The most important thing is generating employment, and we are very satisfied with that. Many new developments solved the problems of older neighborhoods. We feel pleased when we see lines of workers waiting to get into a gated community [where they work]. *Construction is moving the economy. And also services. Today, there are* [gated] *developments, which employ between 600 and 1000 workers. This is very important, because those jobs were not there before.* […] *In addition, gated communities have to generate their own commercial centers, because they are built on previously vacant land."*[1]

CONCLUSION

Embracing Polarization

The particulars of these three cases reveal that peripheral municipalities have been key

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[40] Ricardo J. Ubieto *In Tigre* (1997). Publication by Tigre Municipality. Page 116. "Entrevista al Intendente de Tigre Sr. Ricardo Ubieto." *Eidico-villa nueva*. May, 2006. Note that the publisher of this magazine is a gated community developer, which signals the closeness between the public and private sectors in the generation of these investments.

players in shaping social polarization in their jurisdictions. The rapid spread of gated communities in poor jurisdictions of Greater Buenos Aires cannot be explained only through the pushing forces of the city's core,' i.e. the suburbanizing elites of the City of Buenos Aires, and Argentine economic policies. Fundamentally, as social inequality is evident at smaller scales, local government management is even more consequential to the evolution of this inequality. How each municipal government identified its own constituency and development strategy defined how it interacted with the demand for suburban gated communities. In turn, this perception had consequences for the social and economic dynamics of their locality. While the number of poor households in Escobar grew about 30% (from 6,789 to 8,818) from 1991 to 2001, it increased by 55% (from 7,806 to 12,154) in Pilar, and it diminished 5% (from 14,828 to 14,018) in Tigre.

But to what extent do municipal planning procedures reflect residents' wishes? According to census data on social polarization in the 1990s on Greater Buenos Aires, the income of the wealthiest grew at the expense of the middle, and not of the bottom, quintile (INDEC, 2004). Certainly, the stagnation of middle-income households was one of the factors easing social polarization in the suburbs. The expanding needs of the City of Buenos Aires elites converged with the funding needs of the municipalities of Greater Buenos Aires. After the national government stopped protecting the industrial ring surrounding the city, the unemployment in the urban periphery increased, and suburban residents had fewer institutions to represent their claims in the national scenario. At this point, the middle-income households of the periphery—the most invested in the fate of their municipality and the least mobile of all the actors of the urban geography – supported municipal planning practices that relied on the

private sector to improve local conditions.

The changes in the industrialization policies made obsolete the mid-20th century strategies for suburban economic prosperity, while the changes in political organization increased municipalities' control over the uses of suburban land. While the already heavily industrialized southern and western suburbs cannot help having the majority of their land tied to the small establishments, the less industrialized northern municipalities actively promoted alternative urbanization patterns. On one hand, capitalizing on its strategic location vis-à-vis MercoSur markets, fewer, but larger, industrial establishments located along the northern road connecting the City of Buenos Aires with the Brazilian City of Săo Paulo; on the other, aiming for increased employment for local residents and development fees for the municipality without municipal investments, the municipality made available land for the development of gated communities. By changing land uses and negotiating with real estate developers, both in private and through a visible exchange of favors, municipal governments were active players in the polarized suburban growth of the late 20th century. Even more germane, democratic governments implemented these policies with the accord of the local residents. This was due in part to the lack of either state subsidies or alternative investment projects in these lands lacking basic infrastructure, i.e. water, sewerage, paving and electricity. This was also due to the lack of a vision of a municipality as a single polity. This is also evident in the different urban grids of the municipalities within the metropolis, and those on the periphery. Town residents were accustomed to a jurisdiction of fragments, as slum settlements –just as affluent gated enclaves – were also not integrated into the town grid (see Figure 12).

However, these extreme social contrasts should not be confused with a lack of social

exchanges among different groups. On the contrary, polarized societies do not lack interaction between their extremes, but promote a social dynamic dependent on the furthering of these differences (Castells and Mollenkopf, 1991). Within this dynamic, the existence of mid-income population adds another wrinkle to the social interaction of polarized societies. While poor residents welcomed gated communities as sources of employment, mid-income households appreciated an inflow of affluent residents that would somehow allow them to prevent the further stagnation of the municipality. Therefore, in this case, the bottom-up social forces that followed the democratization and decentralization of the metropolis can hardly be associated with revolutionary movements. All across the different income levels, there was a pragmatic acceptance of social polarization.

FIG. 12 Northern GBA in 2006

The differences on local planning practices have left their landmark at the scale of the whole metropolis.

Suburbs with economic contrasts and enclosed spaces, such as the new gated communities and shantytowns, materialize *after* an existing fracture among those already living in the suburbs. In the eyes of the middle-income households of the urban periphery, developments of gated communities raised the status of their locality: instead of being the home of those who cannot afford to live in the City of Buenos Aires, it became the place to which urban families chose to relocate. Taking into account the history of poor and middle-income households in the Province of Buenos Aires, it should come as no surprise how little inclination the middle-income residents of the GBA had to view their municipality as a single community. Because many of the local poor came from another province, a neighborhood country, or one of the City of Buenos Aires's slums that the dictatorship regime had displaced in the late 1970s, suburban middle-income residents regarded local poor as foreigners. Moreover, as economic decay was affecting a larger proportion of the GBA middle-income residents, they were anxious to distinguish themselves from the local poor and the image of poverty that had haunted Greater Buenos Aires since the mid-20th century, when the massive internal migration to the metropolis began.

At the beginning of this chapter, I wondered if there was a correlation between planning autonomy and increased social polarization. After researching the development patterns of the periphery in general and the management of gated communities in particular, I conclude that municipal practices have been active in the polarization of the suburbs. The question why the city has not grown in a more equitable way following its democratization and decentralization rests on two untrue assumptions. First, that given the option, local residents would prefer even to uneven development. In the case of the municipalities of Greater Buenos Aires all economic

levels embraced social polarization when they perceived it as a way to improve their own material and symbolic status, regardless of what it implied about their relative position in the larger society. The second untrue assumption was that political units are, or tend to be, social units. In other words, because they share the same territory, political institutions, and converge in their support of the same local government, political units would move towards further social integration. To the contrary, their support of new gated communities developed into a compound-like urbanism that does not foster the kind of spontaneous social interaction associated with the resilient fabric of community life (Sennett, 1971).

Now, placing these municipal practices within the larger context of the metropolis, it is evident that population movements towards the suburbs were unfolding at scales far larger than those of the municipality. In addition, historical limitations on the municipal autonomy vis-à-vis the national and the provincial governments allowed them little influence on some fundamental planning decisions. The relocation of slums in the 1970s, the changes in the national industrialization policies throughout the 1980s and the 1990s, and the persistent identification of national elites with those of the City of Buenos Aires curtailed the autonomy of peripheral governments. As we shall see next, the municipal planning practices of the democratic 1990s were still conditioned by the unfolding of the national development project of the dictatorship regime of the 1970s.

SECTION II

INTERTWINING NATIONAL AND URBAN POLICIES

How Did Changes in National Development Policies Transform Greater Buenos Aires?

'Each social class makes rules that are in its own interest, a democracy democratic laws, a tyranny tyrannical ones and so on; and in taking these laws they define as 'right' for their subjects what is the interest of themselves, the rulers, and if anyone breaks their laws he is punished as a 'wrong doer'. That is what I mean when I say that 'right' is the same in all states, namely the interest of the established ruling class'.

Plato, *The Republic*. Quoted by David Harvey. 1992. "Social Justice, Postmodernism, and the City."*International Journal of Urban and Regional Research* 16-4, 588-601

"Not anyone can live in the City of Buenos Aires. An effective effort should be made to improve the health and hygienic conditions. In fact, living in Buenos Aires is not for everybody, but only for those who deserve it, for those who accept the regulations of a pleasant and efficient community life. We have to have a better city for the better people"

Guillermo del Cioppo, Minister of Housing of the City of Buenos Aires, 1980.

This section links urban prosperity –and decay – back to the national development policies of the three governments ruling Argentina from 1977, the year when the Province of Buenos Aires got its first urban planning code, until 1999, when Argentina entered its worst economic crisis ever. Accordingly, it presents how the policies of the anti-Peronist 'Proceso de Reorganización Nacional" (PRN) dictatorship regime (1976-1983), the Union Cívica Radical (UCR) democratic government (1983-1989), and the two presidencies of the Peronist Carlos Menem (1989-1999) shaped Greater Buenos Aires. How did the sharp discontinuities in their policies impact the metropolis?

To be fair, many of the problems that are evident in the development policies – or the lack thereof – the late twentieth century were the outcome of the embedded contradictions of the national development of the mid-century. As early as 1940s, some local leaders were pointing out such contradictions in Argentine development:

> *"What are these contradictions? The principal contradictions are these: The contradiction of the development of capitalist modes of production and the semi-feudal modes of ownership and social relation in the rural sector. The contradiction of the strong development of the Argentine light industry –fabric, chemicals, metals, and shoes --and the lack of a national heavy industry that can provide it with machinery. […]The contradiction of the need for national industry and agriculture to expand to other national and international markets and the limitations created by the existing monopolies on transportation and basic industries. The contradiction of the great cities such as Buenos Aires, Rosario, and*

Mendoza, where the quality of life and consumption are high, and the rest of the population whose quality of life is disproportionately low"[41]

Aligned with this early diagnosis, the economic crisis that followed the deindustrialization of Argentina in the late 20th century caused three paradoxical situations in Greater Buenos Aires. First, as the effects of economic decline were felt all over the country, the periphery of Buenos Aires had to absorb a higher number of economic immigrants at a time when most of its industrial establishments were stagnating. Similarly, the more the population of these municipalities grew, the more relevant they became to the national politics even if it diminished their economic relevance. Lastly, the higher the percentage of poor people in a municipality, the more likely it was to offer land to private, upscale developers.

As a result, the population inflow increased the political relevance of Greater Buenos Aires even though it might have been harmful for its economic development. About a fourth of all Argentine voters were living in these peripheral municipalities, thus making these districts central for national elections[42]. Accordingly, national governments of all parties were keen on directly managing social aid for the poor of Greater Buenos Aires. Thus, the relevance of the peripheral jurisdiction of the GBA in the national elections harmed the actual political and economic autonomy of their municipal governments. As we have seen in the preceding section, the lack of national investment in the municipal infrastructure led many decentralized municipalities to look for those private investments that might want to invest in land lacking

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[41] Victorio Codovilla, 1943. Quoted in Godio, 2000, p.866.

[42] In the Argentine electoral system, voting is both "a right and and a civic obligation," making it compulsory for all citizens, from the age of 18.

basic services. This practice furthered social polarization in Greater Buenos Aires, as the poorer municipalities ended up with the highest concentration of gated communities in the GBA.

Looking at the national policies for the causes of the current patterns of social polarization in the metropolis is not intended to underestimate the influence of transnational flows in current societies (Sassen, 1991; Castells, 1996). Nor does it deny that a vast number of Latin American cities are characterized by increasing urban inequality (Portes and Bryan, 2005), which suggests that these causes may extend beyond national history, or that national histories may be converging. Rather, this study intends to understand the specific ways in which urban and national institutions intertwined. This approach aims to assess the role of national institutions in promoting urban inequality and, specifically, to ask why democratic practices have not curbed social polarization in the metropolis. The hypothesis presented here is that formal democracy, as essential as it is in re-shaping institutional dynamics, does not suffice to modify institutional practices that are entrenched in social structures and spatial configurations. At the very least, we should not assume that reforms are instantly diffused into pre-existing institutional practices or that such reforms would immediately overcome overarching spatial constraints, such as national infrastructure outlays. Moreover, the urban fabric perpetuates previous institutional forms even after the original impulse behind them has extinguished. Thus, as we shall see next, the "urban reengineering" of former dictatorships was one of the major obstacles in realizing a truly democratic urban governance.

My emphasis on the relevance of spatial outlays in shaping society is not to question Alexander Gerschenkron's (1962) appreciation for the synergy between institutional transformation and local social forces, which led us to believe that any tension between social,

spatial, and institutional forms should soon be subdued. Nor is it to disregard Douglass North's (1990) cautionary words on the internal continuity of institutional dynamics, suggesting that institutional changes are also of a cumulative, gradual nature. Rather, this approach focuses on the role geographically-based social history plays in limiting institutional performances.

The following pages explore each of the national governments of Argentina from 1977 until 1999 in chronological order: the PRN dictator regime, the UCR government of Dr. Raul Alfonsín, and the two Peronist presidencies of Dr. Carlos Menem. Each of these depicts the industrial, social, and institutional circuits that affected the development of the municipalities of Greater Buenos Aires. Finally, there is a conclusion with a comprehensive assessment of these transformations.

THE 1977-1983 DICTATORSHIP REGIME

As with all regimes, the military coup that took over office from Mrs. Isabel Perón, the widow of the General Juan Domingo Perón, affected the metropolis in both intended and unintended ways. Aiming to reform the national socio-economic structure, it was no surprise that the military regime centered its action on the capital city. Buenos Aires ––which, by the mid-seventies, accounted for about a third of Argentina's population, half of its industries, and more than two thirds of its production ––was the obvious hub from which the self-named 'Process of National Reorganization,' or PRN, was to launch a program of national impact. Accordingly, in the eyes of the government, the reform of the city was an essential step in the realization of a new model nation, thus affecting the urban structure both purposefully and as a by-product of reconfiguring the national economy.

Likewise, the defiance of the new regime was most threatening when located in Buenos Aires. In that sense, at least two aims of the PRN led by General Jorge R. Videla (1987-81) had a direct effect on metropolitan growth. One was the increased participation of the national economy in international markets, which ended the majority of the state's industrial subsidies and opened local markets to foreign products (see Table 12). The second was the elimination of any resistance that these economic changes might elicit from the population. As Buenos Aires was the largest site of production and consumption, the majority of governmental development policies directly impacted the urban growth. But to the dictatorship regime, the metropolis was also relevant symbolically, as since at least the 1930s, urban life had often been presented as the nation's ideal (Davis, 2004).

TABLE 12
NATIONAL SUBSIDIES BY INDUSTRY GROUPS, 1969

Industry Group	Effective Subsidy to Value Added
Primary Production Total	-8
Agriculture, Forestry, Fishing	-11
Mining and Energy	26
Manufacturing Total	77
Processed Food	16
Beverage and Tobacco	69
Construction Materials	25
Intermediate Goods I	98
Intermediate Goods II	90
Non-durable Consumer Goods	42
Durable Consumer Goods	110
Machinery	105
Transport Equipment	147
ALL INDUSTRIES TOTAL	41

Source: Daniel Schydlowsky. "Argentine Commercial Policy 1969: Structure and Consequences." In *The Political Economy of Argentina*. Ed.Guido Di Tella and Robert Dornbusch. (London: The Macmillan Press Ltd. 1989).

National Development Policies and the Urban Industries

Argentine industry was born and raised in Buenos Aires in the early decades of the 20th century, when the development of the train ––—which met the exportation needs of local agro – swiftly crushed the incipient industrial initiatives of the northern and western provinces (Scobie, 1964). Buenos Aires accounted for the bulk of industrial development due to the combined effects of the following factors: 1) the control of Argentina's main trading port, along with the more extended transport infrastructure; 2) abundant labor, brought first by international and then by internal migration; 3) large centers of consumption (Dorfman, 1983); and 4) the favor of those political leaders whose constituency was the mass of urban workers (Davis, 2004; Mora y Araujo, 1983). By 1947, when the first national industrial census was published, the metropolis contained more than half of Argentina's industrial establishments and almost 70% of its labor. In 1976, when General Videla's coup took over, these figures had barely changed, although the number of workers in the metropolis continued to grow while its establishments added up to a slightly smaller fraction of Argentina's industrial buildings.

> *"The situation that exploded in Argentina in the first trimester of 1976 can be explained by the economic policy followed in our country during the previous thirty years. … The increasing state-engineering of the economic life not only reduced the action-field of the private enterprise, but it also led to a centralization of the national government at the expense of the provincial capacity of decision. …The State, by its nature, does not base its decision in the search for the highest economic result for each operation. The larger the part of*

the economy under the influence of the State's characteristics, the smaller the field for the private enterprise and competition, and the smaller the economic growth will be. Recognition of these facts led the economic program to foster – during these last five years – a privatization process on one hand and state decentralization on the other."[43]

With these words – of which the advocacy for privatization and decentralization uncannily resembles those of the so-called 'Washington Consensus' (Williamson, 1990, 2000; Naim, 1999), the head of the Ministry of Economy, Jose Martinez de Hoz (1976-81), outlined his evaluation of Argentina's development during Perón's years. In the belief that the economic policies of the developmentalist state wasted funds on industries in which Argentina lacked natural advantages and that unions' pressure blocked the growth of the economy, subsidies were re-targeted, unions dissolved, and salaries frozen. The dictatorship regime believed that if social unrest was kept at bay, the play of free-market forces would lead Argentina to reach its 'full potential." This ended, once and for all, the endemic devaluation of local currency and the rising levels of inflation that had afflicted the country since the mid-50s, if not the late 1930s, when the agrarian economic model showed its first signs of exhaustion. Besides internal political and technical conflicts over the management of resources, the international scenario was no longer favorable to the Argentine economic model (Diaz Alejandro, 1970). As typically accompanies such overarching reforms, the de facto government perceived itself as morally and intellectually superior, and assumed that all previous failures, even those that attempted

[43] Jose Martinez de Hoz, Argentine Minister of Economy, 1981

similar policies, were due to the incapacity of its implementers, rather than the inadequacy of the model itself. Also, control of social protest and social surveillance became central to economic reform due to the perception that a malfunction of society caused the shortcomings of the economic model

Briefly, the main pillars of the new economic program were: 1) a controlled exchange rate, which aimed to reduce inflationary processes; 2) the privatization and decentralization of state enterprises; 3) the reduction and retargeting of the state's industrial subsidies; 4) cutbacks on labor costs; 5) the support of private investments regardless of an investor's nationality; and 6) the termination of tariffs on international transactions (Azpiazu, 2004). A number of contradictions marred the implementation of these policies. For instance, stopping industrial subsidies without the provision of compensation measures furthered the state's expenditure, as the government had to take over large, bankrupted industries (Galiani et al, 2005; Gonzalez andFraga, 1991; Ugalde, 1984). In addition, the control of currency exchange rates raised financial speculation, black-market activities, and inflation (Sjaastad, 1989; Modigliani, 1989). Nevertheless, these policies did succeed in favoring those economic groups included among its supporters. While industrial employment declined sharply and thousands of establishments closed their doors, a few large corporations profitably expanded their businesses (Kulfas and Schorr, 2000).

Shrinking state intervention while fostering larger private industrial investments and limiting the rights of unions had significant consequences for the metropolitan geography. As General Videla's government associated the success of economic reform with the suppression of dissenting groups, the new economic model and the repressive measures were integral in

the residential areas of the city as well. Under this regime, the state regarded the small, private industries that multiplied all over the city as a result of inefficient, protectionist policies, and, moreover, as potential nodes of subversive labor. Therefore, industrial suburbs suffered the double impact of a macroeconomic project favoring industrial concentration, as well as the state's animosity against the physical concentration of workers. Because urban labor was the traditional stronghold of left-wing, Peronist movements, the anti-Peronist dictatorship regime mandated the dispersion of the industry out of the overpopulated urban realm.

However, it was the combination of economic and industrial policies that determined the economic decline of the municipalities that had the largest number of industries. These small industrial establishments, which grew in Greater Buenos Aires, as well as in some core neighborhoods, usually had a low rate of production and all of their goods fed the consumption needs of the urban dwellers. Once the national government eased the restrictions on imported industrial products, foreign products flooded urban markets, and local firms could not find alternative markets for their products. Moreover, there was no banking system in place providing credit to smaller firms that looked to upgrade their production. Since these economic activities were at the heart of the local economy of the southern and western municipalities, these localities suffered overall disinvestment and the subsequent migration of the most affluent households. Conversely, larger industrial compounds had access to preferential government credits (Azpiazu, 1984) and were able to cater to the consumption of other markets as well focus their production on those products that did not face strong international competition (see Table 13).

TABLE 13
VARIATION IN EMPLOYMENT AND PRODUCTION IN INDUSTRIES OF DISPERSED AND CONCENTRATED OWNERSHIP 1975-1980 (1975=100%)

	Dispersed Ownership Industries*		Concentrated Ownership Industries **	
	Production	Employment	Production	Employment
1975	100	100	100	100
1976	93	96	97	98
1977	93	89	109	94
1978	89	82	96	85
1979	95	79	110	85
1980	90	75	106	73
Variation	-10	-25	6	-27

*Dispersed Ownership Industries: Food, beverage and tobacco; Textile, clothing, and leather; Wood and furniture; Paper and printing; Glass and non-ferrous metals
** Concentrated Ownership Industries: Chemicals, rubber, and plastics; Basic metals; Machinery

Source: Author's extrapolation based on William C. Smith. *Authoritarianism and the Crisis of Argentine Political Economy.* (California: Stanford University Press, 1989).

In addition, a policy of industrial incentives rewarded those industries able to relocate outside of the metropolitan area (Ferruci, 1986; see Table 14). Clearly, this policy rewarded large capital investments, as those were the only ones that could afford the cost of moving and of providing the extra infrastructure that living outside of the urban sphere demanded (i.e. higher transportation and infrastructure costs). While smaller enterprises could hardly pay for the cost of relocation, the largest industries moved their operations just outside the boundaries of the city, where they could enjoy favorable tax incentives. The differences between small and large establishments thus became patent, which led to the decline of the suburbs in which the later were located. Unable to compete with the imported products that now inundated local markets and lacking the technology or credit to upgrade their own production, many of the

small establishments that populated the suburbs were trapped in a subsistence economy and the industrial fabric that crowded GBA became obsolete. Entire jurisdictions on the west and south of city ––like those tied to textiles (General San Martin and Moron), food processing (Merlo and Moreno), furniture (La Matanza), and light machinery (Avellaneda) – began their path towards what is still referred to as the "the industrial cemetery of Buenos Aires." Concurrently, Greater Buenos Aires – rather than the City of Buenos Aires – began to show the deeper implications of a novel model of wealth accumulation and social dynamic.

TABLE 14
Allocation of National Industrial Subsidies per Industrial Centers

	Buenos Aires	Santa Fe & Cordoba	Rest of Argentina
1958-Law 14780	60	21	19
1963- Decree 5339	71	19	10
1964- Decree 3113	22	27	51
1973- Law 20560	10	17	74
1977-Law 21608	20	5	74

Source: Ricardo Ferrucci,. *La Promoción Industrial en la Argentina*. (Buenos Aires: Eudeba, 1986).

State Repression and Urban Form

If the financial aspect of the new PRN economic plan was its biased credit decisions, its social project was deeply tied to its industrial incentive policies. Customarily, any national economic reform was based on the belief that it was not a good strategy to have roughly 80% of all establishments clustered in less than a tenth of the country's territory (in the City of Buenos Aires, in the Provinces of Buenos Aires, Córdoba and Santa Fe). In Dr. Arturo Frondizi's developmentalist government (1958-62), national industrial policy already aimed for the

diffusion of manufacturing activities beyond the traditional urban centers (Ferrucci, 1986). However, it was only when the concentration of urban workers began to be perceived as a menace to the government's agenda that the dispersion of industry became a priority. Certainly, 'The Cordobazo,' a violent uprising led by industrial workers that took place in 1969 in the city of Cordoba, the second largest industrial concentration of the country, was still fresh in the memory of the regime. As described by one witness of those events:

> *"From the start I noticed a difference in the students' protest and the workers ' protest . . . we lived in the downtown neighborhoods, the downtown was ours, to destroy it was to destroy our own. The worker, on the other hand, had merely occupied the downtown neighborhoods, it wasn't his, so he didn't hesitate; if he had to set fire or destroy, he would do it, since it was occupied territory. That wasn't the case for us."*[44]

In 1977, the dictatorship signed Law #21,608, which prohibited the establishment of new industries in the City of Buenos Aires, as well as denied industrial incentives to establishments located within sixty kilometers of any large city (i.e. the City of Buenos Aires, the City of Córdoba, and Rosario). Significantly, in 1979, the appointed mayor of the CBA, Osvaldo Cacciatore, launched a plan to relocate industrial establishments away from the metropolis, well beyond the major national industrial urban ring. The regulation mandated the eviction of fifteen types of industrial establishments from City of Buenos Aires, as well as from the eleven

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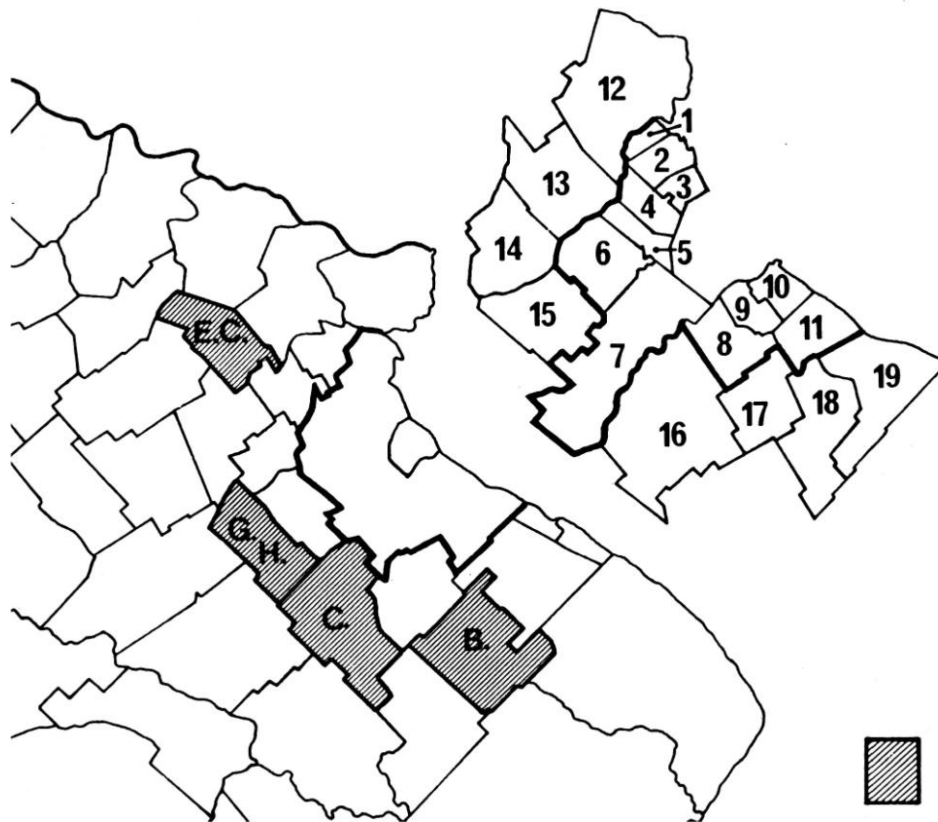
[44] Luis Rubio, university engineering student. Interview. Cordoba, May 22, 1990. Quoted in Brennan and Gordillo, 1994.

municipalities bordering it, within the next ten years (sees Map 10). Although this ordinance was advocated under an environmental criterion, its parameters were related to the number of workers per establishment and designed to prevent the concentration of workers in the city (Schvarzer, 1987).

MAP 10 National Government Project For Relocating Industries In Greater Buenos Aires 1981



Numbered Municipalities: Municipalities from which industries were to be relocated
Grey Municipalities: Proposed locations for the removed industries.

Source: Horacio Diffieri, ed. *Atlas de Buenos Aires*. (Municipalidad de la Ciudad de Buenos Aires: Secretaria de Cultura, 1981).

Subtly, but effectively, the economic and social goals of the dictatorship developed a specific urban form. If European fascism used architecture as a tool to construct and reify "the national ideal" (Notaro, 2002; Ladd, 1997), the Argentine dictatorship relied on urbanism to create and enforce its vision of "*the right society*." In order to execute this vision, they had to deal with the fact that about 7% of urban inhabitants were slum dwellers for whom they had no place in their urban plan. As Guillermo Cioppo, the then Minister of Housing of the City of Buenos Aires, said in 1980:

> *"Not anyone can live in the City of Buenos Aires. An effective effort should be made to improve the health and hygienic conditions. In fact, living in Buenos Aires is not for everybody, but only for those who deserves it, for those who accepts the regulations of a pleasant and efficient community life. We have to have a better city for the better people"*

In agreement with this notion of the exclusivity of the capital city, the municipal government, which was headed by an appointee of the national government, launched a series of legal reforms. These new regulations aimed to transform the City of Buenos Aires from a disorganized and menacing industrial hub, where less affluent workers and slum-dwellers crowded in the low neighborhoods (Germani, 1980), into a site where a *"hygienic, pleasant community life"* would prosper. In this vision of the city, three views converged. The first one was that of a macro-economic project that the Ministry of the Economy and the large industrialists, who were unlikely to locate within the metropolis, supported. The second was that of the national government and the anti-Peronist groups, who wanted to disband the urban working crowds from whom Perón had gathered much of his popular support. Lastly,

there was the government of the City of Buenos Aires and the local affluent residents, who were eager to get rid of the slums that diminished the real estate value of much of the land. In contrast, the alignment of interests was to be much more complex in the city's suburbs, which suffered the effects of deindustrialization, received the displaced urban poor, and lacked the political access to the national government necessary to successfully advance their local concerns.

Both national and municipal government officials looked upon the poor in the city as a dangerous and undeserving crowd. When the FIFA committee selected the City of Buenos Aires as one of the venues for the 1978 FIFA World Cup, the regime saw this occasion as an opportunity to broadcast the right image of Argentina to the world. Accordingly, the government launched a massive slum removal program that would prevent foreign crowds from seeing any sign of poverty in the city (Ozlack, 1984). The strategy was to create new urban infrastructure, such as highways, parks, and entertainment centers, on land on which informal houses had settled (Domselaar, 1981). Although the national government relocated a small fraction of these slum-dwellers to government housing projects (i.e. Lugano I and II, and the Villa Soldati apartments), it expelled the majority from the city. Thus, the regime forced foreigners to return to their countries of origin (mostly Paraguay and Bolivia), and moved nationals back to their native provinces or, in the case of the great majority, accommodated them in urbanizations dispersed throughout the more rural urban fringe (Bermudez, 1985). By the end of the regime, the geography of poverty in the metropolis had been radically modified, with the displacement of more than 100,000 slum residents out of the city core and into suburban municipalities (Pirez, 1994). Thus, slums in the suburbs swelled while the conditions

of households in the city improved (see Table 15).

TABLE 15
POPULATION LIVING IN SLUMS IN BUENOS AIRES 1975-2005

	City of Buenos Aires*	Great Buenos Aires**
1960	34,430	78,430
1970	101,000	
1976	213,823	
1978	103,839	
1979	41,234	
1980	37,040	290,920
1983	12,593	
1991	50,945	868,495
2001	110,387	
2005	120,000	

Municipalities in Great Buenos Aires: Avellaneda, Berazategui, Estean Echeverria, Ezeiza, Florencio Varela, General San Martin, Hurlingham, Ituzaingo, Jose C Paz, La Matanza, Lanus, Lomas de Zamora, Malvinas Argentinas, Merlo, Moreno, Moron, Quilmes, San Fernando, San Isidro, Tigre, Tres de Febrero, Vicente Lopez.

Source:
INDEC, 2005. Incidencia de la Pobreza y la Indigencia en 28 Aglomerados Urbanos. Buenos Aires; *Centro del Derecho a la Vivienda y Contra los Desalojos. 2004. "Desafíos para la Promoción del Derecho a la Vivienda en Argentina". Programa de las Ameritas. Ginebra, Switzerland.
**Pirez, Pedro. 1994. *Buenos Aires Metropolitana. Politica y Gestion de Ciudad.* Centro Editor de America Latina. Buenos Aires. Page 22. Data for 1960 is taken from 1956, and for year 1980 from 1981.

Institutional Reforms and Urban Planning

At the level of the metropolis, the institutional structure perpetuated the regime's bias against the social project of the Peronism. As the same regime managed all levels of government and a division of powers was virtually non-existent, it was not uncommon for the provincial government to increase the legal requirements for residential land acquisition while simultaneously expelling poor residents into the Province of Buenos Aires. Concurrently, while the CBA ended rent control programs, the government of the PBA prohibited the subdivision of land for housing when it lacked urban services (Herzer and Pirez, 1988). Furthermore, in 1979

the national government mandated that the responsibility for the provision of these urban services should fall on municipal jurisdictions. However, these local governments were hardly capable of financing any land improvement (Ley de Municipalización de Servicios 9347). Consequently, housing built on land lacking infrastructure, which was voided as housing land, multiplied.

It was also in 1977 that the first formal land use planning code of the Province of Buenos Aires was legislated (Urban Code 8912/77). Notoriously, amidst an absolute suspension of constitutional rights and repression of civic participation, this code called for principles of municipal self-governance and decentralization (Badia, 2004). However, the delegation of powers was limited to the designation of land usage, (residential, commercial, industrial or rural) and, as would be expected in this context, contained no provision for an increase in residents' participation. Also, as the provision of "affordable housing" disappeared, "gated communities" were, for the first time, explicitly addressed in the urban code.

This top-down approach to the reform of the state left a lasting impact on decentralization reforms. Legislated almost twenty years before the "Washington Consensus,' put decentralization in the international policy tool box (Naim, 2000), this model of decentralized management was already shaping municipal urban governance. Even after thirty years of democratic regime, the legislation that the dictatorship regime of 1977 enacted still constitutes the master document for urban planning in the PBA. This law gave municipal authorities two capabilities that would prove to be fundamental in forming spatial patterns of suburban development, both at that time and even more so in the late 1990s: the designation of land uses and the approval of new private developments. Without exception, the municipal

government was to designate all land, either rural or urban, to reflect the character of its current usage. When land was undeveloped, the government was to designate it according to its desired future use. The code also established minimum and maximum population densities for three main categories: rural settlements, urban settlements, and gated communities. The population in rural areas ranged from five to thirty people per hectare, compared to 150 to 1000 people in urban areas, depending on the level of infrastructure available. In the case of gated communities, instead of referring to population variables to regulate density, the law referred to the number of houses: seven to eight per hectare, with an absolute minimum of ten hectares per gated community development. In terms of location, they were restricted to rural areas.

Once more, the unevenness of metropolitan social and geographical development behind this legislation was evident. Clearly, the development of gated communities received a disproportionate amount of attention in this foundational planning document. While the 1977 law explains gated communities with great care and detail, neither industrial and commercial buildings, nor affordable housing units receive such careful thought. In a provincial regulation affecting the territory of over 120 municipalities, in which gated communities affect less than a tenth of their total area, there is an entire chapter dedicated exclusively to the specific regulations of the development of these communities. Even in terms of population, this attention seems unjustified; residents of gated communities represent less than a hundredth of the province’s population, and at the time that the law was passed, most of these residents were only weekend visitors who did not vote or participate in local politics. This disproportionate dedication reveals the government’s prioritization of the expansion of the City

of Buenos Aires's affluence over the needs of the peripheral municipalities (Keeling, 1997).

This biased concern may be due to a number of factors. First, in alignment with the industrialization policies of the national government, the provincial government shifted the focus of its land usage from industries to private housing. As this document did not result from a participatory project, and not even provincial mayors contributed to its creation, its text did not refer to their needs. The dictatorship that reorganized the legal systems of the nation, the PRN, allowed no room for local mayors' participation, which were appointed by the State and not elected through local votes. Secondly, even if gated communities were insignificant in terms of overall numbers, they represented a unique phenomenon with regard to their growth rate and new use in the metropolis. Firstly, in 1970, long before the dictatorship took over, there were approximately twenty gated communities in the region and five years later, this number had doubled. Secondly, the location of the gated communities near the main connection arteries to the capital city made them highly visible. Finally, the population that inhabited gated communities — as well as many of the previous landowners — belonged to the City of Buenos Aires's economic elite, a fact that increased the attention paid to their presence. The contrast in the region was striking: developers took a large lot of under-serviced land adjacent to low-income houses, subdivided it, enclosed it with a short wall or wire fence, put a guard at its entrance, and suddenly luxurious houses were being built inside. The appearance of the gated communities demonstrated the obsolescence of the previous planning regulations and the facilities made possible by the new regulations (Libertun de Duren, 2007).

By the end of the 1970s, the tendency of gated communities to cluster in the municipalities that had higher-than-average percentages of poor households consolidated.

About two-thirds of the region's new gated communities located in the two municipalities with the highest percentage of poverty where, according to the national census data of 1980, one out of every three households was living in precarious conditions. The irony was that the central government designed the decentralization of planning capacities as a way to alleviate the national budget, far from the democratic character decentralization reforms acquired later. Additionally, this economic rationale created a social and land use project that affected metropolitan growth. As the government identified with the interests of the elite population of the City of Buenos Aires, it favored the expansion of city elites into the suburbs. However, even if successful, the long-term impact of this regulation was not what the dictatorship regime had imagined for the city. Originally, the majority of gated communities were used as weekend homes. Thus, this document served the elites' vision of the suburbs as the providers of all kinds of services to the affluent residents of the CBA. Yet, in the 1990s, as gated communities became a widespread option for the relocation of upper middle-income households of the City of Buenos Aires, the suburbs became increasingly disconnected from the urban core. As we shall see later, the dictatorship's design of the decentralization of land uses successfully made land available to meet the needs of the affluent residents of the City of Buenos Aires. By promoting housing instead of industries, the PRN triggered the 'pull' forces of the municipality that contributed to the suburbanization of the people of the City of Buenos Aires, thus transforming the face of suburban polity (Libertun de Duren, 2006).

THE 1983-1989 UCR PARTY GOVERNMENT

The return of formal democracy to Argentina constitutes one of the most significant transformations of its institutional structure. After twenty years without an election, and more than forty without a democratically elected president finishing his term, democracy was a true revolution in the life of the country. Yet, as the 1980s and 1990s presented a stagnant economy and an even more uneven distribution of resources, one must wonder how the political and economic participation related – even more so if one considers that the government policies of the first years of democracy were more often than not focused on undoing those of the former dictatorship. If the dictatorship regime hardly ever distinguished its economic from its political goals, the democratic government had to deal with almost opposing goals on these two fronts. While the economic reform that the state sought to impose aimed for a wide, participatory society, it threatened the economic sustainability of the majority of Argentine households. In a sense, this paradox was typical of all the governments that followed Peron's strategy of distributing national monies for social aid as a way to enlarge his constituency (Mora y Araujo, 1989). In any case, there existed a contradiction between making necessary changes in economic policies and pleasing the majority of the voters trapped the UCR governments.

In brief, after the national government took the lead in the industrialization of Argentina, a constant confrontation of two antagonistic projects for the nation characterized its political scene. One wanted to protect industry, to tightly regulate labor markets, and depended on an inefficient level of the state's expenditure. This project agreed with the needs of small local industrialists, some large industrial owners, and most of the industrial unions. The

other model, which was beneficial to the interests of a few large industrial owners and the agro exporting industries, sought deregulated tariffs and labor markets, a fluid exchange with international investors, and implied high levels of social exclusion. Moreover, between the 1970s dictatorship and the 1990s, the democratic regime was marked by the struggle between the national groups that supported each of these options. The epicenter of this confrontation, which spread throughout the nation, was the metropolis, where the great part of the labor, industrial establishments, and economic elites resided. In Buenos Aires, the confrontation of these two national projects was apparent in the divergent interests of the City of Buenos Aires, which could profit from the financial activities that would follow a growth of exportation activities, and of the industrial Greater Buenos Aires, which was the residence of most of the small and medium industries depending on state protection. This geographical distinction was even greater after the implementation of the 1977-1983 dictatorship's industrial policies, which led to the consolidation of larger industrial compounds outside of the metropolis, while it allowed for the decay of the smaller urban industries of Greater Buenos Aires. As we shall in the next section, the further integration of the national economy into international trade increased this spatial tension, as the majority of the industries of Buenos Aires still depended on local consumption.

Between Democratic Will and Economic Rationale

Many of these tensions that appeared in the metropolitan space after the development policies of the late 1970s were evident only in the subsequent democratic years. After the initial joys of democracy, the problematic heritage of the previous regimes became evident. In

December of 1983, Raul Alfonsín, a center-leftist of the UCR Party, began his presidency with wide political support and troubling economic conditions. While the international community celebrated a presidency won with the majority of national votes, the country still had to deal with rampant inflation (above 150% annually), declining GDP (-5%), closed credit markets, debt services in excess of export earnings, and a population whose wages' purchasing power had declined by a fourth since 1975 (World Bank, 1985). Clearly, the economic problems that precipitated the end of the dictatorship rule were still unsolved (see Table 16).

TABLE 16
HISTORICAL PERSPECTIVE ON GROWTH AND INFLATION (AVERAGE ANNUAL % CHANGE)

	1950-9	1960-9	1970-9	1980-83	1984-92*
Real GDP Growth	3.1	3.8	2.7	-2.1	1.6
Inflation	27	22.5	135	178	

* William C. Smith and Carlos Acuna. "Future Politico-Economic Scenarios for Latin America." In *Democracy, Markets, and Structural Reform in Latin America. Argentina, Bolivia, Brazil, Chile, and Mexico.* Eds.William Smith, Carlos Acuna, and Eduardo Gamarra, (New Brunswick: Transaction Publishers, 1994).

Source: Rudiger Dornbusch. "Argentine after Martinez de Hoz." In *The Political Economy of Argentina*. Ed. Guido Di Tella and Robert Dornbusch. (London: The Macmillan Press Ltd., 1989).

If these problems appeared during the 1976-1983 period, they would have become the source of specific political claims during the early years of the democracy. The owners of small industries, the entrepreneurs who provided state enterprises, the waged workers, and the former industrial workers would voice their opposition to halting the State's protection of local industries. Thus, almost from its inception, the democratic government faced a paradox: either shrink the expenditures of an unsustainable and indebted state in agreement with the

recommendations of the international agencies and the desires of local exporting elites or please the majority of voters and continue running state enterprises and protecting local industries. Moreover, in the context of the economic crisis, more and more of the political discourse revolved around the immediate distribution of wealth rather than around which policies would increase national resources. In Buenos Aires, (to which most of GBA grew parallel in terms of the national industrialization and the rising earning power of the waged households), the transition to a different state model would affect the vital sources of the local economy, which eventually changed the configuration of the whole metropolis and its polity (see Table 17 and Table 18).

TABLE 17
EVOLUTION OF ARGENTINE INDUSTRY 1950-1983

Decade	National GDP growth*	Participation of Industrial Activities in GDP (%)**	Employment in Industry as % of Total Employment*
1950-1959	3	25	25
1960-1969	4	28	20
1970-1979	3	27	20
1980-1983	-2	23	19

Sources: * Guido DiTella and Robert Dornbusch."Introduction: The Political Economy of Argentina 1946-83." In *The Political Economy of Argentina*. Eds. Guido Di Tella and Robert Dornbusch, (London:The Macmillan Prqqess Ltd., 1986). ** Bernardo Kosakoff. "The Development of Argentine Industry" and "Business Strategies under Stabilization and Trade Openness in the 1990s." In *Corporate Strategies Under Structural Adjustment in Argentina. Responses by Industrial Firms to a New Set of Uncertainties.* Ed. Bernardo Kossacoff (Saint Anthony's College, Oxford: McMillan Press, 2000).

TABLE 18
DISTRIBUTION OF ESTABLISHMENTS AND LABOR IN ARGENTINA 1954-1994

		CBA	PBA	Cordoba	Santa Fe	Rest of Argentina
1954	Establishments	26	31	11	10	22
	Labor	32	33	9	6	20
1964	Establishments	21	38	12	10	19
	Labor	26	40	10	8	16
1974	Establishments	20	37	12	11	20
	Labor	24	44	9	8	15
1994*	Establishments	11	43	10	13	23

Source: Author's extrapolation based on Ricardo Ferrucci. *La Promoción Industrial en la Argentina*. (Buenos Aires: Eudeba, 1986). *INDEC, 1997. "Productos Industriales Argentinos."*En Encuesta Industrial Anual*. Vol. I. (Buenos Aires: Republica Argentina, 1997).

In essence, the basic economic structure of the country was at odds with the demands posed by a democracy integrated into the world economy. As observed by a scholar of Argentine economy,

> *"Argentina's problem is very much her 'semi-industrial' status; the country is neither efficiently industrial like Brazil or the Asian NIC, nor does she exploit effectively the extraordinary opportunities of agriculture in the way Australia has done. The strength of her agricultural export base has meant that Argentina was 'independently wealthy;' she was thus able to squander resources on an inefficient industry, an even more inefficient public sector, and an unforgivably inefficient military."*[45]

That is, because the national industry mostly targeted to the local market, only the

[45] Rudiger Dornbusch. "Argentina after Martinez de Hoz." In *The Political Economy of Argentina*, p. 288

agricultural elites had the ability to participate in the international markets. For that reason, running the expensive state structure –on which most of the industries depended ––required taxing the gains of agricultural exports. Furthermore, as the country increased its debts to international lenders and access to international credit became more difficult to obtain, the internal pressures emerging from this management grew larger. While the national government had to deal with a debt six times larger than Argentina's annual export earnings (World Bank, 1985; Ferrer, 2004), international credit became scarce and interest rates swelled (Hanlon, 2000). To make things worse, this liability resulted in few local benefits, as much of these obligations were the product of nationalizing private sector debts acquired during the former regime (Peralta Ramos, 1996).

During his presidential campaign, Dr. Raul Alfonsín, emphasized the value of the democratic regime, and was eager to distinguish himself from the military dictatorship practice of imposing economic policies through social repression. For that reason, he began his mandate by proposing a participatory, conciliatory process in which all sectors would be included. Adding to the contrast, his economic program was keen on direct state intervention on economic matters, on restricting foreign investments, and on revitalizing local industries through strengthening internal consumption. Yet, he also sought to streamline the over-expanded Argentine state. As he stated in his inaugural, presidential discourse:

> *"Private property fulfills an important role in the development of the nations, but the state cannot be the private property of the economically powerful. The oligarchies always tend to think that the owners of the enterprises or of the money are the owners of the state. We saw that more than once during*

the last years. Others think that the state should be the owner of all enterprises. We believe the state should be independent: neither belonging to the wealthy, nor the sole owner of the mechanisms of production."

These policies agreed with the desires of the majority, and gave him the vote of most of Greater Buenos Aires's households, who typically supported the Peronist candidate. However, once in office, he could not live up to this agenda, thus harming his government's credibility and weakening his capacity to negotiate with the different sectors. In spite of needing the support of the waged workers, the national government could not maintain –let alone upgrade – the current structure of state enterprises and employment without increasing the already over-expanded national budget, and going against the advice of international lenders. Beyond these pressures, the national government had to deal with the contradictory requests of two antagonistic sectors within the country. State employees, union leaders, and smaller industrial establishments depending on urban consumption requested that the state protect local industry and labor markets because in their eyes:

> *"High interest rates are lowering the level of production and of wages…so in the end the only ones who are suffering these policies are the producers and the workers".*[46]

Conversely, larger industrial producers, exporting agro, and the financial sector pushed to deregulate tariffs and liberalize prices, so that the government would:

> *"…effectively reduce state expenditures, open up the economy, decontrol*

[46] Words from the head of the Union Industrial Argentina, Roberto Faveleic. Quoted in Acuña, 1995,p. 129

variables, and eliminate the system of reimbursements, payments, incentives, and tax exemptions established for the benefit of certain industrial sectors –the burden to be supported by the whole country-and balance accounts by this route. […] *The Argentinean people may as well know that there are those who benefit from high rates of protection, with subsidies of all kinds –that there are corporations that live on official expenditures"*[47]

On one hand, the new president had inherited a heavily indebted country that could no longer afford to pay its debt at the expense of its own productive capacity (EI, 1984). On the other, he did not have the political capital to impose the cuts in state expenditure needed to stop the mounting international debt (Peralta Ramos, 1996; Lewis, 1990). Eventually, the impossibility of fulfilling both demands at the same time ended the government's popularity, both inside and outside of the country. After a few months of tranquility, such as those following the launching of the "Plan Austral" in February 1985 (Acuña, 1995), the inflation rate grew in excess of 400% annually. As expected, this high level of uncertainty was deleterious to long-term investment and welcomed financial speculation (Cavallo, 1989). The new economic program, which aimed to cut the state's deficit by shrinking state payroll and privatizing state companies, faced the fierce opposition of the unions, while inflation harmed the purchasing power of the waged workers (Dornsbush, 1991). The urban periphery, which had been growing at the rate of national industrialization, began to show the signs of a failed national project. Nonetheless, the population of the urban periphery grew regardless of the decline in industry

[47] Excerpt from the President of the Rural Society's annual address, in Peralta Ramos, 1996, p. 106

and labor wages. Moreover, as the development of urban services was now decentralized, municipal land stagnated due to the lack of infrastructure. The percentage of substandard households grew, as informal housing developed on municipal lands lacking piped water or sewerage. Not surprisingly, Greater Buenos Aires was soon to reject the national government, and the UCR party lost all provincial elections following the victory of the 1983 presidential campaign.

The New Urban Poverty

By 1983, when the dictatorship regime ended, the municipalities of Greater Buenos Aires had a myriad of decaying small industries and more than 200,000 slum dwellers that the PRN displaced from the City of Buenos Aires. In addition, since the PBA decentralization laws of 1977, these municipalities were responsible for the provision and administration of public urban services. As a consequence, when democratic procedures returned, these municipal governments found themselves with a large list of responsibilities and concerns, but very few resources (Pirez, 1999). Moreover, they could not afford to put in place the missing infrastructure that would allow for the improvements of substandard households and the better use of land. But, as the economic conditions in other Argentine provinces were also problematic, none of these factors deterred the flow of migrants from other provinces that came to Buenos Aires in search of employment. Most of these people located on the cheapest land available: the un-serviced lands of the municipalities of Greater Buenos Aires.

In this way, the impoverishment of Argentina had a double impact on the periphery of the City of Buenos Aires. First, it hampered the economic sustainability of the small and

medium enterprises located there. Second, it strengthened the inflow of economic migrants to the metropolis. Overall, the combination of these two led to a vicious cycle of disinvestments. Small industrialists, municipalities, and newcomers did not have the resources –or commitment—to pursue the long-term projects needed to upgrade the infrastructure of these municipalities (i.e.: water, electricity, and sewerage pipes), thus population growth increasingly settled in subserviced lands.

Not only were the economics of Greater Buenos Aires were troubling, also the political scenario was extremely complex for dealing with the growth of poor households. Given the notorious violations to human rights during the years of the PRN dictatorship, which included the violent eviction of the slum dwellers of the City of Buenos Aires, in the 1980s, no democratic government was to attempt the relocation of informal housing settlements, even less so when, after the decentralization laws of 1977, the responsibility over the provision of the services fell to the municipal governments of the Province of Buenos Aires. (Sbatella, 2001). Under these circumstances, it is not surprising that Greater Buenos Aires accounted for the largest concentration of poor residents of Argentina, and by the end of the 1980s, about half of all its households lacked access to piped water and sewerage (INDEC, 2001).

It was at this point that the people living in the municipalities of GBA experienced a novel kind of impoverishment. Unlike previous occasions, not only immigration, but also local residents' poverty was behind the mounting number of poor households in the metropolis (INDEC, 2001). GBA, which had traditionally been the home of the migrant workforce who toiled in the city, but could not afford to live there, now faced the decline of the resident waged worker. Moreover, the sudden changes in the national currency value were favorable to those

who had financial assets, and especially disadvantageous for those dependant on monthly salaries. Thus, between 1980 and 1989, the income of the poorest tenth of the urban population declined by 15%, while that of the wealthiest tenth rose by 14% (Gasparini, 2000).

Lastly, in addition to the difficulties of taking care of an impoverished population, the increasing inequality within the metropolitan population was challenging the governance of the urban periphery. Although much of the population was suffering the consequences of national deindustrialization, and currency instability, some groups could take advantage of these changes. The decline of productive activities ran parallel to rising financial speculation and inflation, which skewed the distribution of resources within the population even more (Azpiazu, 2004; Di Tella, 1989). The overall instability of the national economy contributed to a widening the social gap –both in terms of people and geography – in the country in general and in Buenos Aires in particular. While the peripheral municipalities suffered the effects of disinvestment, financial and banking activities flourished in the City of Buenos Aires.

In spite of its economic decline, the population of Greater Buenos Aires remained central to the power balance of Argentina. Taking into account Argentina's demographic distribution, it was evident that no democratically elected government could afford to disregard the support of the majority of urban dwellers (Walter, 1984). Therefore, even though it was not conducive to a long-term diffusion of development (as it targeted the causes for the uneven distribution of population and resources, and as poverty was notorious in other regions of the country such as the northwestern provinces), it made political sense for the national state to privilege the funding of the welfare of the population of the GBA. The connection between national politics and the fate of Greater Buenos Aires came to the forefront of all national

politics. For example, it was typical that candidates for national presidency launched their campaign in Greater Buenos Aires. Also, the Peronist Governor of the Province of Buenos Aires declared that:

> *"The Peronism of the Province of Buenos Aires is invincible because it works everyday to solve the problems of the poorest. […] Those who say that there is a confrontation between the National and the Provincial mandates are wrong."*[48]

In effect, as noted by early studies of underdevelopment in Latin America (Castells, 1977, Di Tella, 1962), the disproportion between a rapidly growing urban population and a declining industrial force was becoming one of the defining features of these societies (see Table 19). Increasingly, a higher percentage of the population depended directly on the metropolitan economy, even when this was being de-industrialized. During the 1970-80 period, the urban population swelled while industrial employment declined, and unemployment increased. Therefore, neither the government, nor the people were able to wait for the results of an economic reform that might re-activate –even if it were possible ––the productive engine of the formerly industrial city. In that scenario, government policies increasingly focused on interim actions that could lessen the impact of unemployment, rather than on creating the foundation for alternative models of development.

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[48] *La Nación*, Oct 13, 1996

TABLE 19
DISTRIBUTION OF WAGED WORKERS 1949-1980

Waged Workers	1949	1960	1970	1980
% Rural	22	14	11	9
% Urban	78	86	89	91
Urban Waged Workers				
% Manufacturing industry	34	36	30	28
% Construction	6	8	10	10
% Communication and Transportation	10	11	8	6
% Commerce, Finance, and Services	50	45	52	56
Total Number of Urban Waged Workers	4,600,000	5,689,000	6,671,000	7,147,000

Sources: Julio Godio,. *Historia del Movimiento Obrero Argentino 1870-2000*. (Buenos Aires: Ediciones El Corregidor, 2000).

In any case, the national government's attempts to satisfy such disparate agendas—simultaneously claiming state austerity, while running an expansive state structure – resulted in rapidly deteriorating conditions of the urban periphery. The tension between the immediate demands of the impoverished workforce and the need for policies that promoted long-term growth took a heavy toll on the national project. For instance, in order to alleviate unemployment, the national government hired more bureaucratic personnel at the same time as it aimed to cut national deficit. However, this tactic was no solution for the economic decline of the suburbs. Taken as a whole, the shift towards quick-fix policies and financial speculation was particularly harmful for the economy of the urban periphery. In a scenario looking for short-term economic gains, the industrial establishments that populated the suburbs tended to suffer disinvestments. In addition, local people depending on wages were worse off in this rapidly changing economic scenario. More germane yet, no government level promoted the

much-needed investment in urban infrastructure to prevent the spread of housing without services.

Despite the mounting social demands and the presidency's need for the votes of the province's residents, it could not reactivate the industrial structure or the wage values of the heyday of Peronism. The macroeconomic conditions in which Argentina was immersed gravitated negatively against the economic project that originated many of the industries of Greater Buenos Aires. Unlike Perón, who enjoyed a wealthy state budget thanks to the favorable terms of international trade, international conditions were adverse during the administration of the UCR government in the 1980s. Moreover, the market demands of the City of Buenos Aires were not sufficient to sustain national industries. The fusion of these two factors furthered the decay of the industrial establishments of the urban fringe. In addition, the UCR government had to face the escalating pressures of the largest national unions, the majority of which were unconditional supporters of the Peronist party (Mora y Araujo, 1989). After suffering censorship during the former dictatorship, the unions' claims defending industrial labor had found a receptive public among the impoverished urban waged workers of the early democracy. Their support was instrumental in mobilizing society against the national government, and they had exercised great influence on the election in the Province of Buenos Aires, the hub of industrial labor (Acuña, 1995). By 1987, the Peronist candidate captured the majority of the votes in the province, and thus a deep political division between the city core and the periphery began with a belt of Peronist majorities surrounding the pro-UCR City of Buenos Aires.

Distorting Democracy

Any non-Peronist government that intended to engage itself in an election had to develop an institutional strategy exclusively to deal with the Province of Buenos Aires. The challenge was to play down the importance of the municipalities of the GBA – from which Peronism typically attained the majority of its votes --on the national elections. As more than a fourth of the national workforce and production capacity was located in this area, virtually any system of political representation would allow the GBA voters to impose their will all along the nation. Beginning with the dictatorship of General Alejandro Agustín Lanusse, who seized power through a coup d'état in 1971 and called for elections one year later, all governments skewed the electoral rules against GBA. By assuring that all provinces had a minimum of five representatives at the national level ––regardless of their actual population— – Lanusse diminished the relative weight of each voter from the Province of Buenos Aires. Accordingly,

> *"A deputy from* [the province of] *Tierra del Fuego could be elected with about a thousandth fraction of a vote needed for one in the Province of Buenos Aires. All this was done to eliminate that specter, that specter which was as the specter of Communism haunting Europe, the specter of Peronism."*[49]

In addition to the manipulation of political representation, in 1972, the regime modified the distribution of fiscal resources so as to disfavor the PBA (Law 20221). The law stipulated that 48.5% of fiscal monies collected by the national government should be distributed among the provinces according to the following formula: 65% according to population, 25% according

[49] Halperin Donghi, 2001

to the average development gap from the most developed province of the nation, and 10% to provinces with below-average population density. Accordingly, the PBA, which was at the top of the development level and had a high population density, become a net giver of fiscal resources. At first glance, this distribution would appear to help alleviate regional inequalities in the nation. Yet, because social conditions within provinces were not homogeneous, this was hardly the case and it certainly harmed the unequal society of the Province of Buenos Aires. It is estimated that in 1991, the lowest quintile of residents of the PBA received almost five times less aid than the average amount given to the lowest quintile of any other province (Porto and Cont, 1998). More simply put, thanks to the new regulations, aid for the poor of Buenos Aires fell far behind the aid given to the poor in the rest of the country.

It is obvious that the practices of the new democracy had to deal with the economic debts as well as with the institutional legacy of former dictatorship regimes. Eventually, the strategy of postponing the fulfillment of Buenos Aires's demands backfired on the UCR mandate. As Peronism expanded into other regions, particularly into the impoverished northwestern Argentinean Provinces (i.e. Jujuy, Salta, Catamarca, Santiago del Estero, Chaco, Formosa, and La Rioja), the electoral balance was even more skewed in favor of the Peronist party. In the congressional elections of 1987, when the Peronists gained the majority in Congress and the UCR party began its decline, Buenos Aires had 36% of all registered voters but it elected only 27% of the congress. Conversely, these northwestern provinces represented 10.5% of all voters, but elected 17% of the national congress. As a consequence, Peronism was more entrenched in the less populated provinces where local politicians could tip the electoral balance of the nation thanks to a small difference of votes in their home provinces.

Additionally, even if the Province of Buenos Aires's residents did not have fair representation in Congress, these policies increased the negotiating power of local politicians, who often made ad-hoc arrangements with the national government.

Parallel to this structural bias at the national level, suburban municipalities still had to deal with the issues specific to the practices within the PBA. This is particularly true in the case of urban planning, where avenues for participation were practically absent from the 1977 code, nor the addition in the 1980s, required public participation, or even the publicizing of planning decisions made by municipal authorities in their communities. This biased understanding of the role of planning reflected the institutional beliefs of the dictatorship regime. Given that a 'nondemocratic' government generated this regulatory body, the absence of civic participation is not surprising. However, none of the successive legal reforms, which went into effect under the following democratic government, made civic participation a condition for investment or development approvals. The silence on the issue of social participation in municipal planning was also a consequence of the lack of a communal entity in many municipalities. During Peron's government, political manipulation often dictated municipal boundaries. Later, the dictatorship regime relocated people throughout the metropolis, hence threatening the consolidation of a municipal sense of community. Finally, during the democratic era, the widening social gap between local residents contributed to the absence of a cohesive vision within the municipality. In the end, the juxtaposition of a skewed distribution at the national level and little participation at the local level increased the access to land for private development. The structure of democratic representation left municipal mayors with little monies, relatively few avenues for contestation, but ample power over land management in their jurisdictions. Once

pressed for funds, these mayors turned to the private sector to develop land lacking urban services. Eventually, the top-down approach embedded in the planning code inherited from dictatorship days was a basic institutional feature for the expansion of private investors in the democratic era.

THE 1989-1999 PERONIST PARTY GOVERNMENT

Many of the features that marked the 1990s consolidated the institutional and social transformations that began in the previous decades. To begin with, several of the government's measures resembled the economic ideology of the 1976-1983 dictatorship, during which the country halted much of its support to local industrialization and attempted to privatize the state's enterprises. In addition, there was a commitment to continuing with the democratic regime consolidated during the UCR administration of 1983-1989. Yet, because this was an unedited combination of liberalization of the economy, democracy, and Peronist social appeal, the presidency of the Peronist Dr. Carlos Saul Menem constituted a radical change in Argentinean politics. Nevertheless, it could not have been as successful in imposing its new program of government had it not taken advantage of the ongoing national economic crisis. In 1989, when Dr. Menem became Argentina's president, Argentineans' constant frustration with the instability of the national economy had made them receptive to a significant change in the whole management of the state. The massive social support for a change in the national economy does not mean that there were not entrenched interests opposed to the transformation of state-led enterprises. Unions, middle-income urban households, and the UCR

were some of the forces opposed to the privatization reforms that Menem advocated. None of the former experiences with deregulated economies had left the population with positive memories, as they had all ended in economic crisis and had often been imposed through the devices of a dictatorship.

Eventually, the Argentinean paradox of attempting a deregulated economy through an authoritarian state had been solved by Menem's two-pronged strategy. On one hand, he relied on his Peronist background to attenuate the social tensions caused by imposing this new state model, and thus catered his discourse to the working poor likely to feel threatened by the changes in the state. On the other hand, he allied himself with the interests of the largest corporate holdings and thus the international connections, to take advantage of the sweeping state reform proposed. But the true extent of the state and economic reform that Dr. Menem sought became evident only in 1991, when the government launched the ambitious economic plan entitled "*Plan de Convertibilidad.*" Although the minister of the economy, Dr. Domigo Cavallo, led the project, it was more than a financial reform. Briefly put, its main objectives were to minimize state deficit, to stabilize the economy and curb the inflation, and to further integrate the country into the international investment circuits (Acuña, 1994). In terms of actual policies, these goals translated into: 1) the privatization of State companies; 2) the opening of trade and the deregulation of tariffs; 3) the simplification of the tax structure; 4) instating labor reforms that increased hiring flexibility; 5) autonomous management of the Central Bank; and 6) to valuate 1 Peso equal to 1 US dollar (Powell, 1998). All of these reforms worked well with the development principles pushed by international lenders and policy makers of the moment (Williamson, 1990). Yet, as Dr. Cavallo emphasized, this economic

reform was born out of a genuinely Argentinean project, which had been in the public eye since at least the 1970s (Cavallo and Cottani, 1997; Cavallo, 1984). The influence of external factors was thus minimized, which suggests the international community facilitated the successful implementation of a national project that had deep roots in Argentinean society.

International Trade and the New Urban Geography

Briefly, the predominance of Buenos Aires industries over the rest of the country was more the consequence of national development policies than of the geographical conditions of the country. Since the industrialization of the country began, national governments of all ideologies had been aiming to manipulate Argentina's spatial outlay. In each of Perón's presidencies (1946-1952, 1952-1955, 1974-1975) his political force grew at the pace of the national industrial labor force, which was located in Greater Buenos Aires (Germani, 1974). As a result, from its outset, the national geography of industry and labor was one of the key variables in the disclosure of the economic and political goals of each regime. (Ferrucci, 1986). Accordingly, the last dictatorship regime (1976-1983) targeted its industrial policies towards the dispersion of industry and labor outside of the urban centers, a practice that Raul Alfonsín (19831989) continued by granting subsidies and tax benefits to industries located in targeted, non-urbanized areas, such as far Patagonia.

Finally, during the presidency of Carlos Menem (1989-2000), another Peronist, the government relinquished its direct control over the national industrial geography. Why? Firstly, because the Province of Buenos Aires was a Peronist stronghold; and secondly, because the overall policy of Carlos Menem's government was to liberalize markets and diminish state

controls on private investments (Kosacoff, 2000). After decades of fighting the tendency of investments to cluster in an overly-expanded Buenos Aires, the state halted national programs benefiting non-urban locations. Consequently, in the second half of the 1990s, the tendency towards the diffusion of the industry out of the metropolis was reverted. While the national figures showed shrinking industrialization, Buenos Aires managed to conserve or even increase its industrial capacity, hence augmenting its share of the national industrial production from 51% in 1984, to 60% in 1994 (Fritzsche and Vio, 2000). However, the beneficiaries of this new concentration were not the working households of the urban periphery.

Declining industrialization following a policy of trade and industry deregulation was most pronounced during the 1977-1983 economic policies, when the industrial ring that surrounded the city began to show its first signs of distress. At that time, the PRN government allowed for the sudden inflow of imported products to local markets, which destroyed the smaller producers of the industrial belt. Although the democratic regime restricted imports in the 1980s, so as not to alienate the urban workers and small producers, it could only briefly stop the decay in the production value of the myriad of establishments surrounding the City of Buenos Aires. By the time the import of finished goods once more flooded the urban markets, the foundation for the division between large and small producers was already in place. While many of the larger establishments had already left the urban periphery so as to take advantage of the numerous incentives for relocating industries, the smaller establishments remained in the stagnating urban periphery. The higher concentration of industries in Buenos Aires in the 1990s was due to changes at the top and bottom of the industrial production structure. The smallest establishments of the least production value were trapped in a subsistence economy

throughout the urban core (Kulfas, 2000). The newer and larger establishments of higher production value relocated along the northern side of the conurbation so as to take advantage of the recently established MercoSur market (Kosacoff, 2000). In the middle, the older industrial jurisdictions (Avellaneda, General San Martin, and Tres de Febrero) the number of establishments barely changed, yet the income of the working households and of many of the establishments plummeted (Azpiazu, 2004). In addition, the MercoSur moved the industrial axis of the conurbation from the south to the north. For the first time, local industries found a market larger than the City of Buenos Aires, further diminishing the strategic value of the older industrial suburbs, in the southwest of Greater Buenos Aires.

Besides the changes in the geography after the new industrial policies, there was a new pattern of land occupation. The growth of the metropolis relied on the highway and did not expand the traditional urban fabric based on blocks and streets, but rather added large, isolated industrial compounds in the less-urbanized municipalities at the far boundaries of the metropolis. The gated communities were also located within these borders. The highway upgrade that fostered MercoSur commerce also enabled urban dwellers to live in the far suburbs while still working in the city. Real estate developers took advantage of this unique opportunity and in less than ten years the number of gated communities along the road more than tripled, reaching 500 by the year 2001. During the 1990s, 44% of all private investments in the region went towards the development of gated communities (Coy and Pholer, 2002). This growth also took the form of isolated compounds that did not expand the urban grid, as gated communities did not rely on the municipality for the provision of their services, and land-use policies were quite flexible. Accordingly, the industrial relocation following the MercoSur was

correlated to changes at the municipal level of land usage. Gated communities mushroomed in the empty land of the northern municipalities, in the jurisdictions located in the frontier space between the new industrial growth and the traditional urban fabric, where for years there had been informal housing and no urban infrastructure.

At the close of the 20th century, the suburban ring that surrounded the city presented a different dynamic than that of the 1970s, when the deindustrialization of the nation and the decentralization of planning powers began. While the south and the west became impoverished parallel to the survival struggle of the old developmentalist model – in which a sizeable amount of the population was still depending – the northern suburbs were casting the new urban growth: self-sufficient private compounds linked to international markets amidst undeveloped territories. This landscape of social polarization at a smaller scale characterized the growth of the city during the 1990s.

Argentina's Imbalanced Development and the Urban Poor

Eventually, the centrality of Buenos Aires to the national economy impinged on the City of Buenos Aires's development. As the rest of the country became impoverished, a continuous flow of migrants moved to the metropolis. Even in the mid-20th century, during the most successful stages of the Peronist project, when industries bloomed in Greater Buenos Aires, the consequences of an imbalanced national development were evident in the new informal settlements along the train tracks converging towards the urban core (Torres, 2001). Once the state changed its industrial policies and urban industry began to decline, most of the newcomers stayed in the suburbs regardless of the rapidly deteriorating working conditions. In

the long run, the urban scheme in which industrial establishments and labor were located in the periphery and fed the consumption needs of the more affluent urban core showed evident signs of exhaustion. By the 1960s, about 5% of the metropolitan population (460,000 city dwellers) was living in shantytowns spread both in the city and in Greater Buenos Aires (Pirez, 1994). But fifteen years later, the dictatorship regime removed shantytowns from the City of Buenos Aires, forcing the relocation of more than 200,000 people into the municipalities of Greater Buenos Aires. Therefore, the unevenness of national development and the failure of Argentinean industry were more prejudicial to the municipalities of the periphery than to the urban core. Moreover, while the CBA managed to profit from services and financial activities in the 1990s, the GBA was still engaged in a failed national project.

The 1990s reform of Menem's government intensified the trend of impoverishment that began in the 1980s. As we have seen, the deepening of the local poverty was one of the preconditions to the posterior raise in inequality in these municipalities. That is, as local economic activities were in decline, the state was not likely to provide urban infrastructure, and therefore the population and area of slums was likely to grow, decentralized municipalities allowed for the development of gated communities and the consequent raise in inequality. But why did municipalities encourage these developments in the 1990s, if all these trends had been evident since the 1980s?

The answer to this question is twofold. On one hand, as we have seen in the previous section, the upgrade of the highway and the decentralization of planning capacities allowed the municipalities of Greater Buenos Aires to facilitate the growth of gated communities. On the other hand, and as we will explore further in the following section, the growth of poor

households in the suburbs was not only due to migration but also to the impoverishment of established residents, which generated a local constituency willing to accommodate these new land uses as a way to upgrade local finances.

At this time, three causes were behind the growth of suburban poverty. The first was the continuity of the national migratory patterns. As the economic crisis hit all over the country, internal migration to the metropolis kept its pace (INDEC, 2001). Although the labor market in the metropolis was quite unsteady, it was larger and more dynamic there than in the rest of Argentina. Therefore, continuing with the practice that began in the 1950s when the industries of Buenos Aires demanded more workers, people who lost their jobs in the provinces relocated to GBA in the hopes of finding employment. However, since municipal governments still lacked the resources to provide the necessary infrastructure to take care of the inflow of newcomers, migrants built new houses in un-serviced land and thus increased the number of people living in irregular settlements (GCBA, 2002). Even worse, according to the urban labor statistics from the 1990s, for every ten people seeking employment in the city, there was only one new job. Thus, newcomers often found no job upon relocating to the metropolis (LaNacion, 1996).

The lack of employment growth was the second cause behind the fact that in the urban periphery, the earnings of one in four households was below the "statistical poverty line." While unemployment hurt the country as a whole, the loss of jobs was much higher in the major industrial hubs. Unlike the unemployment of the 1980s, which related to decaying industrial production, this unemployment was in response to a structural change in the composition of industrial production and –as we will see more in the following section – capital ownership (see Table 20). The MercoSur and the import-export tariffs fostered the growth of

large holdings and industries exporting raw products (Kosacoff, 2000). These industry establishments were located far away from the metropolis, partly because the former industrial policies gave them incentives to move away from the city, and partly because their plants did not fit well in the urban grid. In addition, their production was not labor intensive and their expansion did greatly not alleviate national unemployment. Thus, regardless of the absence of new jobs in the urban periphery, the urban population was still growing faster than that of non-urban centers. For instance, in 1995, the population living in Buenos Aires grew by 2.8% while employment declined by 2.9% (Oviedo, 1996). Eventually, chronic poverty and unemployment became distinctive features of most of the municipalities of Greater Buenos Aires.

TABLE 20
VARIATIONS IN THE ORIGIN OF INDUSTRIAL CAPITAL AT THE TOP 1000 INDUSTRIAL FIRMS 1993-2003 (IN %)

	Number of Firms		Added Value		Wages		Jobs	
Origin of Capital	1993	2003	1993	2003	1993	2003	1993	2003
National	67	48	50	20	55	33	64	42
Up to 50% Foreign	9	8	24	5	19	7	15	7
More than 50% Foreign	24	44	26	75	27	60	21	51

Source: INDEC, Censo Nacional Económico 2004/5. Operativo Especial a Grandes Empresas, 1000 Grandes Empresas.

In the 1990s, poverty was not only linked to unemployment, but also to the worsening conditions of the employed population (INDEC, 1993).[1] The combination of a large concentration of people looking for jobs in Buenos Aires and the new national labor legislations which eased short-term contracts deteriorated the labor market. Thus, a third cause of the rising urban poverty was the declining incomes of waged workers. During the 1990s, industrial

wages did not raise even when prices did, and the purchasing power of workers declined by almost 18%. Also, the loss of manufacturing jobs affected mostly male workers, who were usually paid at higher rates than female workers. Therefore, households that became dependent solely on women's wages also experienced declining incomes (Frenkel and Rosada, 2002).

By the early 1990s, the massive and rapidly deteriorating living conditions among the industrial sector of Greater Buenos Aires were threatening the social stability of the Province of Buenos Aires, if not the entire country. The concern about the dissatisfaction of this sector was evident in the words of the President Carlos Menem in an official discourse in 1996 addressed to the industrial sector:

> *"I will have you recall you the mess of a country we were in 1989, lootings, minimum wages, and maximum prices. […] We have to remember so that it does not happen again. I want all the entrepreneurs and the union leaders to recall that at that time you did not compete but against the state, which was the hyperinflation, the corruption, and the chaos."*[50]

The consequences of national deindustrialization were threatening the basic constituency of the governing Peronist regime. Thus, when the then national vice-president, Eduardo Duhalde, became the governor of the Province of Buenos Aires, he launched a new, ad-hoc measure for providing social aid to the poor living in Greater Buenos Aires. And once

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[50] In the early 1990s, 53% of poor households were also waged working households. INDEC, 1993. "Evolución Reciente de la Pobreza 1988-1992."

more, the centrality that the metropolis held in the nation curtailed the rights of its own population and diminished the economic autonomy of the municipalities of Greater Buenos Aires.

Distorting Democracy, Again

The legacy of previous anti-Peronist regimes was an institutional framework strongly biased against the Province of Buenos Aires. Less populated provinces were overrepresented in state legislature and the circuit of the nation's fiscal resources made the province a net giver of monies (Porto, 1999). The majority of the poor residents of Argentina were living in Greater Buenos Aires, under the rule of the Province of Buenos Aires, where the infrastructure was insufficient to meet the demands of the growing metropolis. This situation raised concerns not only for the government of the PBA, but also for the nation's executive power. Unlike the procedure for electing national congressmen, presidential elections were a fair representation of the population's distribution, thus giving voters in GBA the capacity to tilt election results. Additionally, controlling social protests in these impoverished municipalities was instrumental in assuaging the cost of the new national policies and projecting the image of social progress to the rest of the country (Teubal, 1996; Powers, 1995).

Reforms of the distribution of fiscal resources among the provinces, or the procedures for electing congressional representatives would be too difficult to impose, and would likely alienate the support of the Peronist provinces of the north. When the former vice-president became the governor of the Province of Buenos Aires's government, he knew how to voice his worries about his province. In 1992, the economic minister approved a unique program to

provide social aid to the province, the "Fondo de Reparación Histórica del Bonaerense." By virtue of this reform, the provincial government would get an additional 10% of the national fiscal monies. Thus, the PBA's executive powers had control over a fabulous amount of resources that was not controlled by the congress.

But why did the social indicators show hardly any improvement in the living conditions of the local poor? Because the funds that the province dispersed were not part of the democratic circuit and were used at the discretion of the executive powers. Neither the national and provincial legislatures, nor the municipal government had any legal say in how these monies were spent (see Table 21 and Table 22). Not surprisingly, accusations that these funds, which amounted to more than 650 million dollars per year, were *"too much of a temptation for the administrators"* were common (LaNacion, 1998). Typical of the Peronist management of social claims, these programs confused social needs with political favors (Phillips, 2004). Ironically, at the end of the day, the total amount that the Province of Buenos Aires received from the national government was as large as it would have been if the monies had been allocated in direct proportion to population size (LaNacion, 1998). Yet, by using an ad-hoc procedure for obtaining national funds, the governor had full control over the distribution of the lion's share of the money.

TABLE 21
DISTRIBUTION OF SOCIAL AID BY LEVEL OF GOVERNMENT

	Level of Government (%)		
	National	Provincial	Municipal
1993	50	42	8
2001	53	42	5

Source: Pablo Vinocur and , Leopoldo Halperin. "Pobreza y Políticas Sociales en la Argentina de los Noventa". *División de Desarrollo Social. Serie Políticas Sociales.* 85. (Santiago de Chile: UN CEPAL., 2004).

TABLE 22:
SOCIAL AID BY FUNCTION OF GOVERNMENTS

	Level of Government (%)		
Function	National	Provincial	Municipal
Housing		X	
Food Programs	X	X	
Primary & Secondary Education		X	
Tertiary Education	X		
Public Health	X	X	
Hospitals		X	
TOTAL	3	5	0

Source: Fabian Repetto and Guillermo Alfonso. "La Economia Politica de la Politica Social Argentina: Una Mirada desde la Decentralization". *Division de Desarrollo Social*. Serie Politicas Sociales. 85. (Santiago de Chile: UN CEPAL ,2004).

All in all, however, insufficient resources are not at the root of the deficiencies in the infrastructure and social services of Greater Buenos Aires. Regardless of the shifts in industrial geography, it has always been the epicenter of national production. Rather, institutional design perpetuated local poverty at the same time that it eased the manipulation of poor, urban households for the sake of national politics. In that sense, the distribution of monies in the 1990s heightened the relevance of Buenos Aires in the nation, while it simultaneously undermined the voice of its local residents. That is, instead of making money for social aid a citizens' right that could be monitored through democratic participation, social aid became an ad-hoc political measure in which locals had no say. In that sense, it replicates the dictatorship regime's structure of the decentralization of planning capacities, which relied on modifying local regulations as a way to alleviate the national debt (Repetto and Alonso, 2004).

Accordingly, it was a top-down reform lacking correspondence with local grassroots organizations advancing local concerns. In addition, because the provincial administration received most of its monies for social programs, and the provincial government distributed these funds at their discretion, municipalities were *more* dependent on the central government after decentralization increased local responsibilities (Badía, 2004). Overall, municipal governments have found themselves with few economic resources, swelling poverty, and – thanks to the 1977 planning law and its subsequent reforms-legal autonomy over the regulation of land usage. It was in this context that municipalities fostered the development of gated communities as a strategy for local development. Privatizations of land resources became one of the few ways that municipal governments could generate local income, and at the same time, generate local employment (see Table 23).

TABLE 23
PRIVATE AND PUBLIC INVESTMENTS ACCUMULATED PER MUNICIPALITY 1995-2000

Municipality	Private Investments Accumulated Amount in $	Public Investments Accumulated Amount in $
Tigre	2,258,000,000	48,313,498
Pilar	1,297,000,000	30,308,627
Morón	405,000,000	31,218,299
Berazategui	339,000,000	43,447,329
Avellaneda	302,000,000	69,431,668
Vte. López	298,500,000	7,615,993
San Isidro	277,000,000	26,506,207
Quilmes	270,000,000	57,053,212
La Matanza	250,000,000	128,058,351
Gral. Rodríguez	233,000,000	18,332,899
San Fernando	212,500,000	37,034,571
L. de Zamora	120,000,000	72,784,234
Moreno	120,000,000	39,769,103
E. Echeverría	110,000,000	138,538,454
Almirante Brown	70,000,000	50,926,858
Ensenada	61,300,000	76,014,298
Gral. San Martín	30,000,000	19,529,626
Merlo	30,000,000	71.637.067
Gral. Sarmiento	26,500,000	8,706,024
F. Várela	18,000,000	97,055,869
Lanús	2,000,000	61,998,573
Berisso	w/d	8,943,210
Ezeiza	w/d	18,095,416
Hurlingham	w/d	4,802,853
Ituzaingo	w/d	10,430,831
J. C. Paz	w/d	16,402,600
Mal. Argentinas	w/d	21,294,711
Marcos Paz	w/d	120,252,395
Presidente. Perón	w/d	7,163,620
San Miguel	w/d	14,079,277
Tres de Febrero	w/d	38,938,947
AVERAGE	321,047,826	47,055,643

Source: Cynthia Goytia. “The Case of the Municipality of the Pilar”. Proceedings of the World Bank Urban Research Symposium. WB_IPEA. April 2-5, 2005, Brazil.

CONCLUSION

The Metropolitan Paradox: Furthering the Relevance of the City and Diminishing Urban Rights

I began this chapter by asking how national goals, both political and economical, modified the development of Buenos Aires, Argentina's major city. In particular, I looked at the ways in which national governments since the last dictatorship regime have affected the urban industries, the urban poor, and the administrative structure of the urban periphery, where economic and social changes have been most dramatic. These three urban features were consequential for the national development policies, but the relevance of Buenos Aires in the nation had undermined the rights of its own citizens, preventing them from being active participants in their local development.

The shifts in the urban industrial geography that followed the end of national industrialization have targeted the original engine of Buenos Aires's growth. Greater Buenos Aires, which grew through Peronist industrialization programs, would bear this legacy for the rest of the 20th century. First, the dictatorship regime (1976-1983) opened the economy to foreign industrial products at the same time that it forbade the establishment of industries in the urban periphery. Therefore, most of the urban establishments lost their main market while new industrial investments relocated beyond the urban realm, thus beginning the decadence of the small industrial establishments of the GBA. Next, the democratic UCR government (1983-1989) continued to foster the location of new industries beyond the GBA, but closed the internal market to imported industrial products. Overall, the national economy was highly unstable, which favored the consolidation of the larger industrial and financial holdings, able to

operate all along the country and hurt the smaller industrial establishments.

Finally, the Peronist government that followed (1989-1999) stopped the promotion of national industrialization, re-opened the national market to imported industrial products, and consolidated the MercoSur trade. As a result, some new industrial investments returned to GBA, but did not refurbish old industrial infrastructures. Rather than centering in Buenos Aires's market, it relocated where it could profit more from the MercoSur trade. As a consequence, the aged industrial establishments could hardly compete with the larger holdings, while the strategic value of the urban fringe declined once the City of Buenos Aires was no longer the primary market for national industrial production. By the end of the century, the municipalities of the GBA became one of the paradigmatic examples of the impact of the rapid change in national industrialization policies on Argentina, the most urbanized of the early industrializing countries of Latin America and became one of the worst examples of sustainable urban development (see Table 24 and Table 25). In this case, the succession of contradictory spatial projects pursued by the State, from the concentration of industries in Buenos Aires, to the deindustrialization of the metropolis, furthered the negative impacts of an economy adverse to the interests of the majority of the numerous small entrepreneurs.

TABLE 24
EVOLUTION OF URBAN UNEMPLOYMENT IN ARGENTINA, BRAZIL, AND CHILE 1991-2001

	Argentina	Brazil	Chile
Area (sq. km)	2,800,000	8,500,000	756,600
Population (in millions in 2001)	37,478	172,564	15,397
Urban Population as % of total	88.3	81.7	86
Urban Open unemployment rate in 2001	17.4	6.2	9.1
Variation in Urban Open unemployment rate 1991-01*	14.8	-0.1	-2.6

* Urban Open unemployment rate in 1991 in Argentina was 2.6, in Brazil 6.3, and in Chile 11.7.
Source: Author's extrapolation based on Nicola Phillips. *The Southern Cone Model. The Political Economy of Regional Capitalist Development in Latin America*. Routledge, 2004).

TABLE 25
DISTRIBUTION OF EMPLOYED POPULATION BETWEEN 25 AND 59 YEARS OLD BY SECTOR OF ACTIVITY IN ARGENTINA, BRAZIL, AND CHILE URBAN AREAS in 1990-9

IN PERCENTAGES	Argentina	Brazil	Chile
Industry and Construction	24.8	29.2	32
Retail and Trade	20.6	15.8	19
Energy, Transport, and Communications	10.8	6.6	9.4
Financial, Business, and Insurance Services	21.1	5	8.5
Government, social, community and personal services	32.8	43.3	31.1
VARIATION 1999-0	**Argentina**	**Brazil**	**Chile**
Industry and Construction	-5	-3	-4
Retail and Trade	2	1	0
Energy, Transport, and Communications	2	-1	1
Financial, Business, and Insurance Services	3	1	-1
Government, social, community and personal services	-2	2	4

Source: Author's extrapolation based on Nicola Phillips. *The Southern Cone Model. The Political Economy of Regional Capitalist Development in Latin America*. Routledge, 2004).

By the year 2000, Buenos Aires presented the worst social indicators of its history, a myriad of empty industrial establishments, and a growing population of poor residents. Poverty in Greater Buenos Aires was the result of poor migrants, inefficient infrastructure,

unemployment, and in the 1990s, declining wages. Briefly, the historical sequence was as follows: In the late 1970s, when the dictatorship regime aimed to cast the City of Buenos Aires as the example of Argentinean development, it razed all slum from the city proper, and relocated its residents all along the urban fringe. In the 1980s, even after the decay of industry triggered unemployment among the urban wage-workers, the flow of people into the city in search of jobs continued. Because urban infrastructure in the urban fringe was still lagging, many of the newcomers located in informal settlements. By the 1990s, even if the exploitation of natural resources was the base of Argentina's insertion into the international economy, the urban environment continued to receive the bulk of economic migrants. Accordingly, population growth in the city kept its pace, regardless of raising unemployment and declining wages. Eventually, as provincial immigrants and urban workers integrated the suburban poor, the poverty of the GBA was meaningful to both the rural and industrial societies.

From the beginnings of national industrialization, all national governments were well aware of the socially destabilizing potential of this mass of urban poor surrounding the capital city in the most densely populated region of the nation. As proved by the Peronist electoral success of 1987, the political management of the urban suburbs was fundamental in tilting the national political balance. In the 1990s, as the poverty of the suburbs deepened, the national presidency devised new ways to deal with the unsettling consequences of this structural mismatch between an overpopulation of job seekers around urban centers lacking infrastructure, and the decay of national industries. Since controlling much of the nation's poor required assuaging the demands of the urban periphery, once more, management of the metropolis merged with national politics.

At all times, national institutions had to deal with Greater Buenos Aires through a number of ad-hoc measures. First, the dictatorship regime of the 1960s skewed the distribution of legislative representation and fiscal monies against the Province of Buenos Aires, the stronghold of the Peronist force. Then, the dictatorship regime of the 1970s promoted a top-down, non-participatory decentralization of planning powers from the province to the municipalities that halted the development of suburban infrastructure. Next, the Peronists of the 1990s, who were in charge of both the Argentine presidency and the Province of Buenos Aires government, relied on an ad-hoc law that gave the PBA governor direct access to national monies to use at his full discretion in the provision of social assistance to the poor living in the municipalities of the GBA. As a consequence, even if decentralized, the municipal governments of the urban fringe were further disempowered. While they could do little to modify national industrialization policies or to provide missing infrastructure, they suffered the direct consequences of a growing metropolitan population. As we have seen in the preceding section, this prompted municipal governments to relax zoning codes as a way to foster local investments. Because, given the overall deindustrialization of the metropolis, one of the few investors interested in occupying these undeveloped peripheral lands next to the City of Buenos Aires were the developers of gated communities. This island of wealth grew amidst lagging suburbs, and hence social contrasts in the urban fringe were more dramatic than ever before.

The interwoven unfolding of the national and urban development trajectories portrays the destabilizing consequences of an imbalanced national geography, which eventually undermined municipal governance and the basis for a more even distribution of development

throughout the nation. While the core of industrial production moved away from Buenos Aires, Buenos Aires still retained the majority of the working people and, eventually, of unemployment. Ironically, this new spatial outlay diminished the economic relevance of the metropolis even if it increased its political relevance. The more consequential the poverty of Greater Buenos Aires became for national elections, the fewer rights GBA residents and municipal governments received and the more obscure the management of social aid became. Besides the political manipulation of urban poverty in national politics, this also reveals some of the consequences of the different endurance of economic and spatial transformations. The changes in the model of economic accumulation soon made physical scenarios obsolete, in this case, the multitude of small industrial establishments that surrounded the City of Buenos Aires at the south and west. Ideally, democratic practices should foster policies that buffer and compensate the cost of transformation, at least when they affect a sizeable amount of the population. Yet, this is hardly the case when governments profit from concentrated poverty. On such occasions, governments are likely to perpetuate regional imbalances through top-down mechanisms, such as ad-hoc and discretionary measures, rather than through truly empowering, bottom-up devices. Also, those suffering material poverty tend to value more the economic opportunities of the present rather than the potential growth of the future. Thus, they support those governments offering immediate alleviation to their pressing material needs. In the next section, we will explore how this social scenario affected the structure of society and promoted municipal government practices that ended deepening social contrasts within the urban fringe.

SECTION III

NEW PRODUCTION SYSTEMS AND URBAN CLASSES IN THE METROPOLIS

How did the changes in the dynamic of national production transform the social structure of the suburbs?

"It is the main proposition of this essay that in a number of important historical instances, industrialization processes, when launched at length in a backward country, showed considerable differences, as compared with more advanced countries, not only with regard to the spread of development (the rate of industrial growth), but also with regard to the productive and organizational structures of industry which emerged from those processes. […]In addition, the intellectual climate within which industrialization proceeded, its 'spirit' or 'ideology' differed considerably among backward countries."

Alexander Gerschenkron. *Economic Backwardness in Historical Perspective.* Cambridge: Harvard University Press, 1962.

"It was common sense that our entrepreneurial leadership should have defended us; that they should have been the first to complain about what was going on with Argentine industries. But they did nothing. They did not say a word. No one did absolutely anything. […] So what could the owner of an isolated, ignored, petty firm of San Martin, La Matanza, or Lomas de Zamora [Greater Buenos Aires] do? Not even in the municipal office would someone listen to him,

and if they did, what could a municipal bureaucrat do?

Tortosa, Roberto. *La Argentina Indefensa y la Destrucción de la Industria Nacional*. Buenos Aires, 2002.

In the previous chapter, we traced how national development policies affected the development of the metropolitan fringe. In brief, Argentine governments' attitude towards the pro-Peronist workers shaped much of the national industrial policies, leading to the stagnation of the majority of the municipalities in Greater Buenos Aires, where most national industries were located. Certainly, urbanization without industrial growth is not an exclusive feature of this case. It has been noted in most Latin American countries, where the scarcity of opportunities outside urban nodes fostered a rural to urban migration flow (Di Tella, 1962; Castells, 1977; Portes, 1989). However, what is endogenous to this case is the way this geography was embedded with the political project of Peronism, and therefore of the anti-Peronism. This binary dynamic implied that Peronism pushed for a protected industry depending on internal consumption, while opposing regimes were likely to allow the importation of industrial products that often harmed the urban industrial periphery.

Nonetheless, protecting the national industries demanded increasing amounts of state resources and was ill-adapted to the new international dynamic. Even as the income of the majority of the citizens of Greater Buenos Aires were still dependent on these industries and, in the long run, all parties abandoned this project. That is, while the cost of running a protected economy was becoming unbearable and regressive by itself, the industries that were best fit to survive in a market economy were non-urban and concentrated in hands of a few. In practice,

this meant that too few industrialists held too much of national wealth, but not much of the national labor, and thus the majority of the workers were still dependent on Buenos Aires. In that scenario, a democratic state could hardly succeed in articulating social and economic goals, at least not as long as Greater Buenos Aires accounted for no less than a third of all Argentine voters. Nonetheless, the obsolescence of the industrial model in which Greater Buenos Aires thrived in the mid-century was undeniable. Hence, at all times, national governments had devised ad-hoc mechanisms to further their controls over the urban masses surrounding the Argentine national capital. For instance, the 1970s dictatorship regime coupled open economy with social repression, and the Peronist Menem relied on ad-hoc arrangement to dissuade social protests even though his overall scheme worsened the distribution of wealth.

But what about the role of the entrepreneurs and the working masses of the urban periphery? How did the changes in the economic activities of Greater Buenos Aires affect each of these groups? And more consequential yet, how did the shifting centrality of Buenos Aires in the national economy influence the commitment of the industrialists to the development of Greater Buenos Aires? During the last thirty years, Greater Buenos Aires had shifted from being at the center of both large and small entrepreneurs' unions and interests of the 'working masses,' to being the location of an obsolete industrial project on which millions of workers and small entrepreneurs still depended, but which failed to develop a political representation for its needs. In the following pages, I focus on why these groups did not develop these institutions, even after it was evident that they no longer counted with the protection of the state, Also, we explore how the lack of institutionalized ties between jurisdictions, workers, and small entrepreneurs, as well as among entrepreneurs themselves, factored into the decay of Greater

Buenos Aires, as it influenced the planning practices of its municipalities. Certainly, it allowed for the uneven geography of the periphery that materialized and perpetuated social contrasts, superimposing but failing to integrate the circuits behind wealth and poverty.

The rest of this chapter proceeds as follows. First, I will present the industrial entrepreneurs of the urban periphery focusing on the increasing divergences between large and small entrepreneurs. Then, I will describe the transformations of the 'working masses' and how these relate to the decline of unions and thus, of political representation. Next, I locate these variations in the metropolitan geography of the 1990s. Lastly, I conclude with further integration of these social changes into an analytical model of the distribution of growth and poverty in the urban fringe.

THE INDUSTRIAL ENTREPENEURS

By the 1990s, the epicenter of industrial activities had shifted from the older southern and western industrial suburbs to the northern and far municipalities of Greater Buenos Aires, along the highway connecting the City of Buenos Aires with the Brazilian and Paraguayan MercoSur markets. The national policies influencing the location of industry and the terms of international trade have been one of the fundamental factors behind these changes in the industrial geography of Buenos Aires. In addition, the accumulated legacy of the dictatorship regime and the Peronist ad-hoc management of fiscal monies left the municipalities of GBA with few resources, overall disinvestment, and swelling poverty. But what role did the industrial entrepreneurs play in creating this geography? How did their internal diversity play out in the

increasing dismemberment of the metropolis in general and the industrial geography in particular?

Firstly, national governments are not alien to the values and culture of the people they govern. The policies they implemented in each period responded to the needs of empowered groups within the local society. True, many industrial entrepreneurs have benefited from the 1970s subsidies for industrial relocation (Azpiazu, and Basualdo, 1990), from the 1980s industrial policies (Ostiguy, 1990), and from the 1990s MercoSur agreements (Kosacoff, 2000). However, it is a mistake to imagine that the industrial owners constituted a homogeneous group with similar interests and needs. Even among those originally located in the urban periphery, there were major differences in their needs and development, which eventually determined their spatial mobility and political alignment. Some of them were able to enjoy the benefits of industrial relocation and changing terms of trade. Others have been unable to adapt to the new scenario and became trapped in a subsistence economy. These failing entrepreneurs have often stayed in the same suburban municipalities in which industries blossomed in the 1950s, which today constitutes the '*Buenos Aires industrial cemetery'*(Tortosa, 2002).

Much of this decline has been attributed to the effects of international trade and the 1990s policies deregulating the economy. But as we dig deeper into the formation of the industries in Greater Buenos Aires, we may find that in their original social structure were the seeds for the stagnation of industrial development and the eventual concentration of industrial value into fewer hands.

The deindustrialization of Buenos Aires began before the late 1970s, but it was not until

the PRN dictatorship that its decline became apparent. By favoring the importation of industrial products and the relocation of industrial establishments outside the traditional urban centers, the 1977-1983 dictatorship reinforced this tendency of declining industrialization and increasing urban unemployment. But these economic losses were not evenly distributed, and the policies of the PRN favored larger industrialists over small entrepreneurs and industrial workers (Azpiazu, 1985). Thus, at this moment the divergence of interests among the entrepreneurial groups, the unions, and the Peronists that had sustained the metropolitan growth of the 1960s began.

During this period the Province of Buenos Aires lost 13% of its establishments, but had a 4% growth of industrial jobs[51] (INDEC, 1985). While it is true that fewer establishments with more employees might signal plant optimization, this change was due to the policies of the 19761982 dictatorship that pushed away industries from the metropolitan region. In the late 1970s, the metropolis received less than a fifth of the national budget for industrial initiatives, in contrast with the 1950s, when the PBA and the CBA received more than half of these funds. In addition, because 20thArgentina did not achieve any genuine industrial growth during the last decades of the 20th century (Kosacoff, 2000), policies aiming to foster industrialization in the Provinces ended deindustrialization of the metropolis. When the PRN offered subsidies to industries located further than sixty kilometers from the urban core, it fostered the move of

[51] While it is true that all major industrial cities saw their number of establishments diminishing (Cordoba, Santa Fe, Mendoza), only Buenos Airesexperienced a diminution of industrial jobs (Mabel Manzanal and Alejandro Rofman. *Las Economias Regionales de la Argentina. Crisis y Politicas de Desarrollo.* Buenos Aires: Centro Editor de America Latina, 198).

industrial establishments beyond the traditional industrial suburbs[52]. However, since only large firms could afford the cost of relocation, small industries still populated suburban peripheries. This State subsidy modified industrial geography in the suburbs[53]. By 1984, all major industrial suburbs (i.e. Avellaneda, General San Martín, Lomas de Zamora, Vicente Lopez, and San Isidro) had lost a significant number of industrial jobs. At the same time, Escobar and Pilar, which stand just beyond the 60-kilometer line, increased their industrial employment. As noted by Schvarzer (1987), in his study of Argentine industrialization:

> *"It is enough to travel through some of the routes going away from the city to be able to observe the large enterprises and industrial parks clustered exactly at the boundaries of an imaginary circle of 60 kilometers radius."*

Additionally, there was a qualitative change in the kind of industrial products favored, with industries based on the exploitation of raw products surpassing those considered labor-intensive. Because the bulk of urban industries were labor-intensive, this shift was especially harmful to the economic livability of Greater Buenos Aires. During the 1970s, the top three industrial branches were petroleum, metals, and meatpacking, which accounted for a fifth of industrial value and a tenth of industrial labor. By 1984, car production displaced meatpacking, and metals decreased in importance while petroleum increased. Still, the three top added to about 20% of production value However, given their less labor-intensive nature –in particular,

[52] However, due to the decline of industrial production throughout the nation, between 1975-1985, the share of the national industrial value of Buenos Aires grew from 47.6% to 52.4% (INDEC, 1985).

[53] National law 21608/77

petroleum – they employed only 6% of labor. As a result, the economic importance of the industries located in Greater Buenos Aires declined faster than its industrial workforce. At the same time, either because of the nature of the industry (i.e. petroleum) or their affiliation with larger industrial conglomerates, fewer enterprises accounted for a larger share of economic wealth, while waged workers dispersed in a myriad of small urban firms.

The number of people living in Greater Buenos Aires kept growing regardless of the shrinking labor market (Bariffi, 1981). As I have explored in the previous chapter, the dispersion of the industry was promoted by all non-Peronist governments, who sought to de-concentrate the almost unconditionally pro-Peronist urban labor that surrounded the City of Buenos Aires. Even though they have attained different degrees of success regarding industrial relocation, neither of the industrial incentives have succeeded in halting the flow of new immigrants to the city. During the 1970s, urban population continued to grow at a 2.3% annual rate, while national population did at a 1.7% rate (Weaver, 1980). This urbanization trend continued its rate and location, and by the end of the century more than a third of all Argentines lived in the Buenos Aires conurbation (Escolar and Pirez, 2001).

The added effect of continuing urbanization and the growth of non-urban industries changed the distribution of wealth in the nation, dividing sharply among the interests of small and large entrepreneurs. The smaller establishments of the urban belt declined and led to rising levels of unemployment, while industries based on natural resources blossomed. These non labor-intensive establishments, usually located outside the urban realms and employing relatively few workers, belonged to a few, large firms, thus skewing even further the distribution of resources. After the 1977-1982 dictatorship, about a third of all manufacturing

jobs from 1970 were lost and industrial wages were at their lowest level, about 30% less than in the mid1970s(Azpiazu et al, 2004). Moreover, industrial activity shrank to its pre-ISI levels, and accounted for only 22% of national GDP (Di Tella, and Dormbusch, 1989). At the same time, fewer enterprises accounted for a higher percentage of industrial value. These mismatches between industry and labor altered the fundamentals of social organization, mostly in ways that made it more difficult to supersede the social cost of declining resources. Upon the return of democracy, the tensions between the interests of the urban periphery and the national economy, between the structure of unions and of the actual labor, were a continuous source of conflict and social instability. As proven by the defeat of the UCR in the 1989 presidential election, a national project could not be sustainable if it did not accommodate the claims of Greater Buenos Aires.

Differences among Industrial Entrepreneurs and the Urban Geography

After 1983, when democracy returned to the country, the decadence of the suburbs had already begun. The aggregated impact of an obsolete industrial capacity, the inflow of displaced poor from the city’s core, and the decentralization of service provisions and land administration, left localities with few resources to generate alternative modes of development. Moreover, as these reforms were taking place under a dictatorship government, there was almost no room for these localities to pose their concerns. Still, it is fair to ask why *no* social claims have been articulated under regional organizations, a puzzling absence if we take into account that the GBA accounted for almost a third of the national population and half of its production value (Escolar and Pirez, 2001). Neither during the democratic years of the 1980s

and 1990s, nor during the 1976-83 period of State repression, had suburban localities managed to present their needs as a consolidated, strong voice in local politics.[54]

One of the possible causes for this silence is the internal diversity of the physical infrastructure of the urban fringe, which led to different needs throughout the periphery. How was the landscape of Greater Buenos Aires in 1983, when democracy returned? In the municipalities within 30 kilometers of the urban core, the grid and the infrastructure resembled those of the city itself: a monotonous extension of the Spanish squared block, although well-served with electricity, paved streets, piped water, sewerage, and gas. In the northern municipalities of this region, the most affluent ones, residential land uses were most common (i.e. Vicente Lopez, and San Isidro). Conversely, the small industrial establishments of less than ten workers were typically located in the southern and western municipalities. A little further, but still within 60 kilometers of the city core (i.e. Escobar, Moron), the urban grid vanished, and clusters of houses and industrial establishments spread out along a vast territory lacking urban services. Outside of the small towns, private estates, some industrial establishments, and informal settlements usually occupied those lands next to the train tracks – – or the highway—leading to the downtown of the City of Buenos Aires. A little bit farther, beyond the imaginary, 60-kilometer border that the dictatorship regime used to determine the limits of the metropolis, larger and newer industrial establishments took advantage of state incentives (Schvarzer, 1987). Across this territory, municipal boundaries were not evident, and the decentralization of planning capacities of 1977 was still an abstraction. Therefore, suburban

[54] Still, in spite of the severe State repression, other groups (i.e. union leaders) did manage to voice their concerns.

demands varied widely: while deindustrialization affected the usability of the industrial establishments of the closer municipalities, lack of infrastructure was the main problem for the other jurisdictions.

The relocation of industrial establishments also affected their inner organization. It was clear that the geographical incentives and the difficult access to credit favored the concentration of wealth (Smith, 1989; Lewis, 1990, Peralta-Ramos, 1992; Kosacoff, 2000; Godio, 2000; Azpiazu et al, 2004). As a result, it is surprising to learn that during the mid-80s both the smallest and the largest firms were shrinking, while the mid-sized ones were faring much better. In effect, by 1974, three-fourths of all industrial establishments employed less than five people, and produced 5% of all industrial value. Ten years later, they accounted for less than 70% of all establishments, and contributed 3.5% of industrial value. At the other extreme, and during the same period, the 1% of all industrial establishments that employed more than 200 people, lost almost a tenth of their employment share. While the first reduced their participation in the economy due to their lack of competitiveness, the latter one did due to increases in efficiency that allowed them to function with fewer workers.

However, more germane to the fate of the suburbs, and hence to the metropolis, was the correlation between this geography and the social structure of industrial producers. In the same way that the urban fringe was hardly homogeneous, industrial entrepreneurs' internal differences show them as a disjointed group of dissimilar concerns and aspirations. According to the 1981 Argentine industrial census, about half of all industrial establishments had no more than five employees and produced less than 3% of national industrial value. At the other end, only 5% of all establishments had more than a hundred employees and produced more than

70% of all industrial value. The rest of industrial production displayed a similar logic, as a large number of small establishments had proportionately low levels of production (INDEC, 2001).

The implication of this imbalanced distribution in the geography of the urban periphery was that the municipalities that had the largest number of industrial establishments were the ones closer to the urban core. These municipalities had a myriad of industries that employed many laborers, albeit in smaller establishments. When the support for local industries halted, these entrepreneurs and their localities suffered most, as their sustainability depended exclusively on Buenos Aires's consumption needs. However, the absence of a shared industrial agenda that represented the needs of all industrialists was not rare (Dorfman, 1983), nor was the lack of powerful alliances among the workers and owners of these small establishments. Simply put, there were many small industrialists employing a small fraction of labor, there were few large establishments occupying more than 60% of the industrial workforce, and hence, there was no strong, unified organization to voice the concerns of the declining industrial periphery of Greater Buenos Aires. In contrast, the larger firms that were already located outside the urban realm, or that had enough resources to afford relocating there, could take advantage of national incentives and were usually well-aligned with national politicians (Sabato, 1991; see Table 26 and Figure 13).

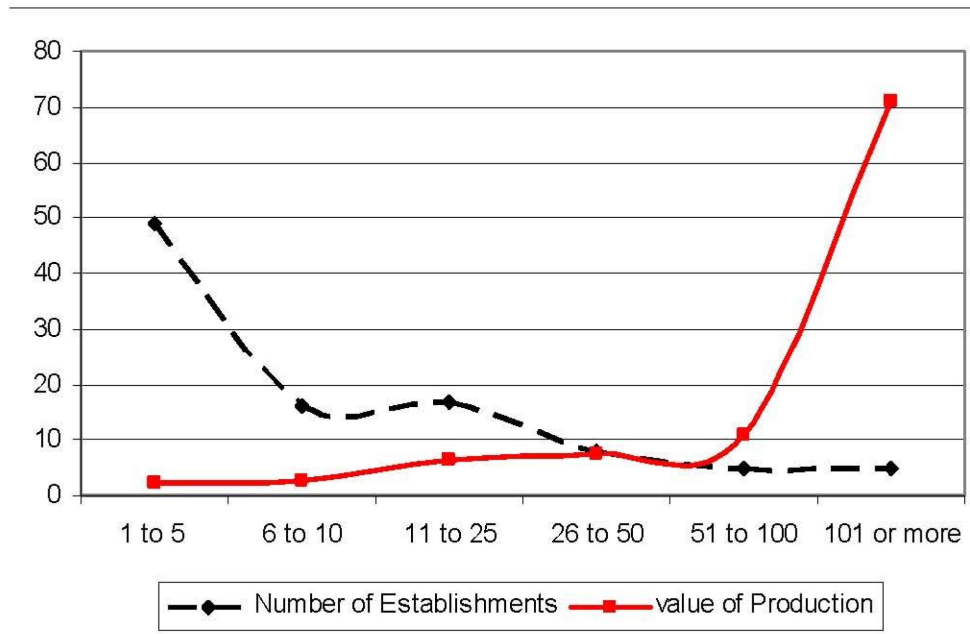
TABLE 26
PROPORTION OF WAGED WORKERS BY ESTABLISHMENT SIZE 1974-84

Percentage of Workers by Firm Size (Measure in Number if Workers(%)

	All (number)	1 to 10
1974	1,133,788	10
1984	1,175,601	12
1994	1,000,09	20
	-11%	100%

Source: INDEC, 2001. Censo Industrial Argentino. Serie Histórica. 2001

FIGURE 13 Relation Between Scale Of Industrial Establishment And Value Of Production



Source: INDEC, 2001. Censo Industrial Argentino. Serie Histórica. 2001.

One of the practical consequences of this disproportion was that most union leaders emerged from large industrial enterprises, but most waged workers worked in smaller enterprises. As we shall learn soon, this mismatch negatively affected in the unions' capacity to

represent the needs of the urban workers. Likewise, relevant industrialists' voices came from the minority of economically powerful, but socially unrepresentative large companies, which were by and large located *beyond* the urban fringe. Moreover, as the national debts were crushing the economy, those industries limited to trade within the metropolis increasingly lost weight in national politics. Since smaller industrial establishments sold about 90% to the local market (Giacinti, 2001), their own sustainability and the one of the suburbs in which the establishments located was constantly in jeopardy. In contrast, the few exporting industries – mostly the ones based on exploitation of raw materials – and the agro, increased their leverage, as they were the able to bring fresh financial resources to the country (Di Tella and Dormbusch, 1989).

Blurring Identities of Small Entrepreneurs

Regardless of their low contribution to industrial value, small entrepreneurs make up the primary source of employment in the manufacturing sector and they account for the largest number of firms. Yet, they have shown little inclination to recognize themselves as part of a group, which could have led them to voice their concerns collectively. In contrast to the waged worker whose interests were advocated by the unions, and to the larger entrepreneur who had direct links with national powers (Sabato, 1990), the small entrepreneur remained an isolated figure. In truth, they had never acquired the economic transcendence to merit a careful look from the large investors or national economic policies, as the combined production accounts for less than 5% annually of all industrial value. On the other hand, in the last decades, they have become an impressively large share of Argentine entrepreneurs, as three out of four

industrial firms employ five people or less. Still, this group remains an elusive, undefined political force in the nation.

In many senses, this surge of entrepreneurs was more the outcome of individual responses to deter national economic failure than to a Schumpeterian spirit. National industrialization policies both fostered and hindered the progress of the small entrepreneur. The high population concentration in Buenos Aires eased the distribution and lowered the costs of the small firm. In addition, even if declining, internal consumption was quite high, hence entrepreneurs profited even if they sold their products only within the metropolis. Nevertheless, as we have seen, the unevenness of Argentine developmental geography and the protection of internal consumption were unsustainable. Therefore, long-term credits fostering entrepreneurial activities were missing. Since little technological innovation and low specialization characterized the activity of the small enterprises, it is not strange that they had a low level of productivity and competitiveness (Yoguel, 1993). Moreover, they had very high mortality rates and the life span of these endeavors averaged five years or less (see Table 27, Table 28, and Table 29). Why, given such a dubious record of success, has the quantity of small firms continued to grow in the city?

Small entrepreneurs were often the mirror image of unemployment and massive layoffs. Particularly in the 1990s, after the privatization of many of the state companies, the changes in labor regulations, and the fading strength of unions, many former waged workers launched their own commercial endeavors. The typical Argentine entrepreneur of the end of the twentieth century was a male between forty and sixty years of age, had his house and his business in Buenos Aires, and was paying high financial costs for the money he had borrowed

from private banks (about 27% annually). His firm typically employed two other people, who most likely were part of his family, and he sold his whole production, which was usually labor intensive[55], to the local market (UIA, 1997). He might have been unemployed for a while, or he might have been a former state employee whose company had been privatized.

Yet, more often than not, these small entrepreneurs did not solve, but only masked the problem of unemployment. As Enrique Rodriguez, the head of the national Ministry of Labor in 1993, said:

> "*People made the wrong investments* with *their voluntary retirement program; they had no guidance on how to invest. They were left to their own devices. It was the government role to be aware of what was going on, of thinking of alternative modes of production. Juicy compensation packages were misused in taxis that yielded nothing, in setting up small shops in places where cities were shrinking. Obviously, they were doomed to failure. In that sense, all the monies the State gave were wasted."*[56]

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[55] For that reason, many of the classic labor categories used to analyze industrialized societies, which point out a correlation between level of development and proportion of people employed in secondary and tertiary industries (see the classic book of Colin Clark, 1940. *The Conditions of Economic Progress.* London: McMillan) do not portray well the evolution of less industrialized societies. The Argentine case shows that level of industrialization might not be the consequence of technological progress and development of credit institutions, -one that would follow Alexander Gerschenkron's historical development model (1962)-but the outcome of policy distortions.

[56] Enrique Rodríguez. 1999. Interview in Santiago S Gonzalez and Fabian Basoer. *El Sindicalismo en los Tiempos de Menem*. Buenos Aires: El Corregidor.

TABLE 27
FINANCIAL COST AND SOURCES OF CREDIT BY NUMBER OF WORKERS (1984)
Financial Cost and Sources of Credit by Number of Workers in 1994?

	Industrial Establishment by Number of Workers (%)			
	1 to 10	11 to 50	51 to 100	101 or more
Public Banks Credit (%)	30	45	45	45
Private Banks Credit (%)	45	40	44	55
Other Sources of Credit (%)	25	15	11	5
Annual Financial Cost	26	26	21	11

Source: Adapted from Miguel Angel Giacinti. 2001. *PyMES: Un desafío de la Argentina Visión sobre el desarrollo. Economía Regional y Pautas Culturales*. Buenos Aires: Ediorial Biblios.

TABLE 28:
CREATION AND DESTRUCTION OF JOBS BY FIRM ANTIQUITY 1995-2000

	Firms Antiquity in Years				
Variation 1992-2000 (%)	Less than 2.5	2.5 to 5	6 to 10	11 to 25	More than 25
New Jobs	46	14	11	8	5
Lost Jobs	18	20	18	-13	11
Net Result	28	-6	-7	-5	-6

Source: Victoria Castillo, et. al. 2002. "Dinámica del Empleo y Rotación de las Empresas: La Experiencia en el Sector Industrial de Argentina desde Mediados de los años Noventa." Serie Estudios y Perspectivas. 9. Buenos Aires: Oficina de UN-CEPAL.

TABLE 29:
CREATION AND DESTRUCTION OF JOBS BY FIRM SIZE 1995-2000

	Firms by Number of Workers			
Variation 1992-2000 (%)	1 to 5	11 to 50*	51 to 100*	101 or more*
New Jobs	24	16	11	7
Lost Jobs	26	17	13	10
NET RESULT	-2	-1	-2	-3

*In this study, '11 to 50' firms are those with annual sales of $3,000,000 or less, the '51 to 100'between $3,000,000 and 18,000,000, and the '101 or more,' more than $18,000,000.

Source: Victoria Castillo, et. al. 2002. "Dinámica del Empleo y Rotación de las Empresas: La Experiencia en el Sector Industrial de Argentina desde Mediados de los años Noventa." Serie Estudios y Perspectivas. 9. Buenos Aires: Oficina de UN-CEPAL.

The combination of enterprises' short lifespan, an organization based on family ties, and short entrepreneurial experience might have contributed to the low level of political association among small urban industrialists. Moreover, it was a common practice among these entrepreneurs to navigate the frequent Argentine economic crisis by switching back and forth between producing and commercializing goods, according to the exchange tariffs of the moment (Johns, 1992). Since the early periods of industrialization, smaller entrepreneurs had little commitment to their industrial activities, and they often took advantage from the distribution circuits they knew as manufacturers to commercialize foreign goods (Diaz Alejandro, 1970). This practice became popular in the 1990s, when the strong local currency and the deregulation of the national tariffs and labor market encouraged the growth of tertiary over secondary activities in the city.

> *"In the whole world, there were less expensive prices than ours. Sometimes, someone here –in the neighborhood-went on a business trip and bought more stuff here than what they sold there. And it was just like that, the industrial-man became a man of commerce. If it was not tragic it would be comic. Whenever we wanted to expand our industry beyond our boundaries we transformed industrial owners into store owners."*[57]

As Torcuato Di Tella (1962) noted, in late-developing, Latin American societies, the growth of tertiary occupation was not linked to an evolution of economic activities but to the mismatch between economic and population growth.

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[57] Tortosa, Roberto. 2002. *La Argentina Indefensa y la Destruccion de la Industria Nacional*. Buenos Aires. p. 44.

But much of the weakness of these small enterprises was due to their absolute dependency on Buenos Aires's consumption. Even in the late 1990s, when the MercoSur was quite consolidated, small entrepreneurs sold about 98% of their production within the city (UIA, 1997). Since local production could not compete with the inflow of imported goods, these enterprises were in particular distress when the economy was open. During the late seventies an inflow of imported goods hurt those enterprises relying on local technology, while the dollar-peso peg of the 1990s worsened labor-intensive productions (see Table 30). The high cost of local labor was particularly adverse for the urban industries whose plant size was far from optimal international standards[58] (Yogel, 2000). Furthermore, some local industrial-financial conglomerates had been able to take advantage of the strong currency to update their technology (Kosacoff, 2000), hence further diminishing the competitiveness of the smaller enterprises in the local market.

TABLE 30
EVOLUTION OF LABOR COST AND INTERNATIONAL COMPETITIVENESS IN MANUFACTURING 1990-1995 (AVERAGE ANNUAL CHANGES IN PERCENTAGES)

	Argentina	Brazil	Chile	Mexico
Annual changes in real annual labor cost in USD	14.4	8.5	9.4	1.5
Productivity	7	7.5	3.2	5.2
Difference between productivity and labor cost	-6.5	-0.9	-5.7	3.6

Sources: Victor Tokman. 2002. "Jobs and Solidarity:Challenges for Labor Market Policy in Latin America". In *Models of Capitalism. Lessons for Latin America*. Ed. Evelyne Huber. PA: The Pennsylvania State University Press.

[58] From their outset, smaller entrepreneurs targeted their business to the local market. As one of them observed: *"The one who says that small entrepreneurs don't invest in their own companies has no idea about what an industry is. It is impossible to stay alive without updating the technology. Now, one thing is to update and the other is to buy new machinery every day. The small entrepreneur moves with no rush and no pause, but he has to be –at least-at the level of the local competitors"* Roberto Tortosa. 2002. *La Argentina Indefensa y la Destruccion de la Industria Nacional*. Buenos Aires. p.31.

Given the ease with which they could switch activities, most successful industrial entrepreneurs tended to be less vocal about defending small industries. Overall, there was an evident absence of organizational structure, both as a collective organization as well as in connection with the national and local authorities.

> *"It was common sense that our entrepreneurial leadership should have defended us, that they should have been the first to complain about what was going on with Argentine industries but they did nothing. They did not say a word. No one did absolutely anything. […] So what could the owner of an isolated, ignored, petty firm of San Martin, La Matanza, or Lomas de Zamora [Greater Buenos Aires] could do? Not even in the municipal office, would someone listen to him, and if they did, what could a municipal bureaucrat do?*[59]

Even though some of these small entrepreneurs found a way to profit from the rapidly changing national economic policies, the closing of these ubiquitous urban manufacturing establishments impacted the life of their localities beyond the industrial production. The urban industrial establishments of Greater Buenos Aires, typically in the southern and western municipalities bordering the City of Buenos Aires (i.e. Avellaneda, Tres de Febrero, San Martin) were an integral part of the life of these localities. The tight fabric of the city was mirrored by a tight net of socio-economic relations, which even when economically inefficient, provided

[59] Roberto Tortosa. 2002. *La Argentina Indefensa y la Destrucción de la Industria Nacional*. Buenos Aires. 37.

subsistence to a large part of the suburban population, precisely those who would be rapidly impoverished during the 1980s and 1990s.

> *"It is impressive the number of people depending on these little enterprises. These are not only those who participate in their industrial trade, or those who provide them with some services. It goes far beyond that. It includes the delis, the little food shops, the man who works preparing sandwiches for the lunch break. […] All of them were waiting for those who come at 6 am to work here."*[60]

So when these establishments closed, or when they were turned into warehouses for imported industrial goods, their suburban surroundings began their stagnation. In any case, small industrialists did not develop a lasting attachment either among themselves or with their neighboring localities. Increasingly during the 1980s and 1990s, when the decadence of the industrial suburbs was most evident, those who could afford to moved either to the capital city, or to a gated community (Svampa, 2001). If they had less capital, they were likely to become independent workers in the service sector, trapped in a short-term survival economy[61], and merged in a fuzzily defined middle class (D. Davis, 2004)[62]. The continuous decline in the

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[60] Roberto Tortosa,. 2002. *La Argentina Indefensa y la Destruccion de la Industria Nacional*. Buenos Aires. p 24.

[61] For an interesting cross-country approach to this issue in urban Latin American in the 1970s, see Castells, 1977.

[62] It has been argued that a cause behind this lack of organization was that the majority of urban industrialists were either immigrants or first generations natives. Hence, they had little proclivity to involve themselves in long term projects or political initiatives, as they preferred to take care of their immediate individual interests (Diaz Alejandro, 1970; Jhons, 1992). In defense of this idea, we can point out the notoriously consistent coincidence between a higher-than-average percentage of overseas immigrants and an intense industrial activity. This suggests that many of the newcomers initiated their own entrepreneurial activities in the suburban jurisdictions. Still, immigration per se cannot be the only explanatory variable for the lack of cohesion of small entrepreneurs, as it is

number of people absorbed by the manufacturing sector since 1960 along with the steep growth in the employment share of the so-called services occupations did not signal the advancement of the economy, as it might have done in the development trajectory of first industrialized nations (World Bank, 1985)[63].

Taken as a whole, it seems that this populous group of small urban industrialists was far too diverse, too desperate, or too disengaged from industrial activities to develop meaningful institutions of common representation. Overall, the absence of mutual and effective identification ties between jurisdictions and small entrepreneurs, and among entrepreneurs themselves, was one of the deep, long-standing, factors in the decay of Greater Buenos Aires. This condition had influenced suburban development since the 1970s, and even more in the 1990s, when the MercoSur, the gated communities, and new institutional configurations changed the geographical balance of the suburbs.

Shifting Strategies of Large Entrepreneurs

What about the role of the larger, most powerful entrepreneurs in the development of Greater Buenos Aires? Why have they not opposed the industrial decline of the periphery? This

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also true that there were immigrants in other occupations that managed to have certain institutional representation. For example, nonnative low-skilled workers were identified with unions' demands, and some large industrial owners, who become part of the industrial elite, were of foreign origin (Guy, 1984). Therefore, it is more likely that the individualistic apolitical nature of the small entrepreneur was the outcome of combining the self-image of the man who believes his progress depends on personal capacity (Mafud, 1985). This ideology might have been stronger among those coming from European nations, with the absence of external political forces that would tailor the identity of this group. The appeal to the small entrepreneur was not, before or after the return of democracy in1983, -part of the political appeals. This is not to deny that the Conservador and the Radical Parties had targeted their discourses to the middle classes. However, they were not identifying it with an entrepreneurial class.

[63] In this category, we include: Commerce, Transportation, Finance, and Personal and Professional Services.

is especially puzzling, as they had a tradition of association and participation in the public life. This is not to say that they constituted a homogeneous group. To the contrary, internal divisions among them in subjects of national development policies were deep and consequential to the whole urban, and even national, development. But in spite of those divisions, or maybe because of them, they recognized themselves as a group of specific political and economic interest, and acted accordingly. Moreover, powerful entrepreneurs had a long history of close association with the national government, and many of them were able to trace their connections back to the national governing elites of the early 1950s, if not before (Sabato, 1991; Lewis, 1990).

To answer this question, we must understand first that large entrepreneurs' economic fate was not bound to the consumption needs of Buenos Aires in the same way that smaller entrepreneurs were. Hence, they could follow, or promote, national production models of varying geography, like exporting oil from the southern Patagonian provinces, minerals from the Northern Provinces, or manufacturing car parts to sell in the MercoSur markets. In a sense, this case seems to be the inverse of Logan & Molotch's 'Growth Machine.' (Logan and Molotch, 1987). Here, the middle and lower income households are less likely to move, and thus their income depends more on the economy of the metropolis while the larger capitalists are less invested in the fate of the local economy (Kosacoff, 2000; Kulfas, 2000). The point here is that, by having the ability to diversify their economic activities, they did have far more alternatives than just selling and producing for the Buenos Aires market. True, the open-import policies of the 1976-81 years put most of the national industry in jeopardy, and some large firms went bankrupt at the time (Ostiguy, 1990). But the strategies needed to survive in this new economic

scenario, like being engaged in exporting activities or independent from national credit markets, were almost exclusive of large enterprises. In the Argentina of the 1980s, solving these needs entailed being engaged in the exploitation of natural resources in which the country has an advantage, such as petroleum, non-ferrous metals, and agricultural products (Kosacoff, 2000); and expanding into financial activities, thus having access to cheaper and more predictable credit markets (and often engaging in financial speculation) (Bisang, 2000). Whatever the case, it was patent that none of these models would fit the small or middle size enterprises. First, ownership of Argentine natural resources was highly uneven. Less than 3% of all holdings accounted for more than half of all land tenures (Diaz Alejandro, 1970; Lewis, 1990; Brasky and Gelman, 2001). Likewise, financial activities required substantial liquid capital at a time when credit was particularly expensive.

Not surprisingly, this new scenario favored further wealth concentration, as only large firms had the means to profit from it. It was then that the current reconfiguration of firms engaged in industrial production began. Besides the widening gap between the value of large enterprises and that of all the others[64], there were two distinguishable groups within large enterprises. On one side, there were those who resisted the deregulation of import/export tariffs and the deregulation of labor markets. These firms still depended on the productive capacities of the State. Likely, they depended on State subsidies or their profit came from selling goods to State-owned enterprises (Acuna, 1986; Di Tella, 1989), or to local consumers who depended on state-regulated wages. On the other side were those enterprises that

[64] To define large enterprises, I used the criteria of the 1974 Economic Census, which defined them as those

managed to expand their activities beyond their traditional practices. Joint ventures among already large, consolidated firms embraced added financial capabilities to their industrial ones (Dorfman, 1983; Sabato, 1991; Azpiazu et al, 2004). The success of this later strategy was impressive; the economic census of the last decade shows these firms growing their market share amidst an overall decline in industrial activity.

Typically, a conflictive relationship between the agricultural and the industrial sectors characterized Argentine production dynamics (Diaz Alejandro, 1970; D. Davis, 2004). By the 1980s, when many of the national conglomerates had profits from both industrial and agricultural activities, it would be more accurate to divide economic forces between those who aimed for open economy, and those who advocated for State policies protecting local industry. To understand this better, it is important to recall what kind of industrial expansion preceded the 1970s de-industrialization trend. During the late 1940s and 1950s, when industrial growth was at its peak, improving technological capabilities was not the main source of revenue. Rather, a myriad of small, labor-intensive, low-competition firms accounted for the bulk of industrial enterprises (Weaver, 1980; Amsden, 2001). Lacking credit or capital, these small firms had little capacity to invest in innovation or even buy up-to-date machinery (UN, ECLA, 1959). On top of this, industrial policies of those years tended to favor national self-sufficiency over economic efficiency (Kosacoff, 2000). Therefore, the majority of Argentine industries were unfit to compete internationally. Hence, they were fully dependent on national consumption.

In many ways, the decline of Greater Buenos Aires was the outcome of the mismatch

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employing 100 or more waged workers.

between its economic relevance within and outside the nation. While this region employed the largest share of the population, it has little relevance to national exports. Perhaps, one of the worst consequences of the dependency of national industry on state protection was that it never strengthened its exporting capacities and then allowed the primary activities, such as agriculture exploitation and mineral extraction, to keep exerting its influence on national development policies. Since the ownership of these natural resources was very concentrated, this practice was rarely conducive to social distribution policies.

Why was the capacity to export so relevant, when these exporting industries accounted for a smaller share of national GDP and employed fewer people than the industrial sector? Because these economic activities could compete in international markets, they could bring fresh capital to the country. In that way, the influence of these exporting groups grew at the pace of the swelling national debt, as Argentina's economy needed even more the inflow of foreign currency in order to balance its national deficit (Dormbusch, 1989). By the early 1980s, soy, wheat, and corn were still the basis of the majority of Argentina's industrial exports, while these three accounted for a quarter of all exported goods (Manzanal, and Rofman, 1989; Gatto and Quintar, 1985). In the 1990s, with the exception of automobiles, only those industries dependent on agricultural production or mineral exploitation increased their exportation (Baumann, 2002; Lavagna, 1994). The dollar-peso peg made local labor costs too expensive to compete with those of other South American countries, such as Brazil or Mexico, thus further empowering the exporting industries based on the exploitation of natural resources in the national political scene (Bouzas, 1994).

One fundamental problem for governing the metropolis and the nation was that

although most households depended on the urban economy, the industries based on natural resources were the most powerful sector of the economy. More than thirty years after the Argentine ISI project began, trade based on natural resources was still sustaining Argentina's economy (Peralta Ramos, 1992)[65]. This situation factored in the growing gap between the economic conditions of the City of Buenos Aires and those of the municipalities of Greater Buenos Aires. As the CBA concentrated the financial activities of the country, its prosperity was assured regardless of the nature of the activity originating the investment capital. Real estate, services, and banking blossomed in the CBA throughout the 1990s (INDEC, 2001). Conversely, the economy of the GBA did depend on the profitability of the manufacturing sector, and thus it experienced unprecedented levels of unemployment and overall economic decline.

But how did this historical tension within the Argentine society between the industrial and the rural sectors translate to the world of global capital? In which ways did it impact the Buenos Aires of the 1990s? Towards the end of the century, one could no longer distinguish clearly between the profits originated by investments in the primary or in the secondary sector, as more large holdings were expanding their businesses across both fields (Azpiazu, 2004). But by then, it was patent that local industry dependent on State subsidies was no longer sustainable. On the international front, there were mounting pressures to open local markets, and within Argentina there was neither the consensus, nor the funds, to keep on running an

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[65] The rural sector used its political advantage relentlessly to challenge UCR policies in the early 1980s that aimed to protect the local industries by capturing the gains of agricultural exports. As expressed by the then leader of the Argentine Rural Society, Guillermo Alchourón: "*The rural sector has been left out, because it is inadmissible that an economic program is being conceived and implemented with the participation of some industrial leaders of certain sectors of the economic activity and with total oblivion of the agricultural sector*" (Guillermo Alchourón. In Clarin, October 4. 1988; Also quoted in Acuna, 1995. p. 335)

inefficient industry. However, most of the industrial structure of the country was unprepared for the changes that international competition would introduce. On one hand, smaller industrialists still lacked the technology, credit systems, and experience to successfully compete with the cheaply manufactured products that flew into Argentina's markets. On the other, the larger ones were able to profit from this new scenario by expanding their companies into conglomerates that had assets in the primary, secondary, and even financial, sectors.

Until the 1980s, entrepreneurs' preference for a more or less protected industry seems to have emerged from the nature of the market they served rather than from the size of their capital, as there were large capitalists defending both models. On one side, there were those groups that had grown during the 1950s, by providing goods and services to nationally owned companies. They resisted any downsizing of the State, claiming it was for the defense of the national industry, and the (Peronist) unions[66]. The majority of the small establishments of Greater Buenos Aires, which sold to local markets, aligned themselves to this model. They favored higher wages that could sustain local consumption, and rejected the importation of manufactured products, as their small scale and outdated equipment did not allow them to compete successfully against these. In opposition to this stance, a number of large economic groups pushed for stringent fiscal rules, no state controls on market prices, and more state controls on labor organizations. In general, these industrialists belonged to the oldest national elites (Ostiguy, 1990), and did not depend on national subsidies or consumption for their survival. Usually, their fortunes were based on ownership of natural resources and maintaining

[66] Included in this group are Celulosa Argentina, Laboratorios Bago, Amin Massuh, Pescarmona, Ingenios Ledesma.

a certain level of autonomy over their financial activities (Peralta Ramos, 1992) and quite independent from the fate of Greater Buenos Aires.

However, in the 1990s, when Menem's government finally deregulated many of its controls on the industry and labor markets, all large capitalists tended to converge on the same model. In both types of companies, i.e. those that had enjoyed State subsidies (e.g. Perez Companc, Bridas, Techint, and CIPAL), as well as those supporting fewer state interventions on the economy (e.g. Bunge & Born, Quilmes, Alpargatas), the trend towards diversifying industrial holdings was fully consolidated, thus integrating industrial production with financial institutions (Bisang, 2000; De Pablo, 1990). Many of these firms had begun their rapid growth before, during the 1970s PRN regime, when they had preferential access to credits and state subsidies, as well as less competition due to the flight of many foreign companies that operated in Argentina (Azpiazu and Basualdo, 1989; Smith, 1989), and were then in good shape to take advantage of the new opportunities that international markets offered (see Table 31 and Table 32). What is more, in many cases, Argentina's economic uncertainty facilitated their expansion, since it effaced the competition of both the smaller entrepreneurs who lacked the capital to survive a national economic crisis, and the international investors who left the country given its high level of risk. Thus, as these large holdings expanded, they lowered their costs, improved their output, captured a larger share of the national market, and eventually performed outside of national boundaries (i.e. Bunge & Born, Techint) (Ostiguy, 1990; Acuña, 1995).

TABLE 31
ARGENTINE EXPORTS BY TYPE OF PRODUCT AND FIRM SIZE IN 2000 IN %

Type of Products	Large Firms*	Medium Firms	Small Firms
Primary and Natural Resources Intensive (a)	74	46	40
Labor Intensive (b)	5	16	19
Scale Intensive (c)	15	14	14
Highly Specialized and R&D (d)	6	24	27
% of Total Argentine Exports	91	8	1

Large Firms are those exporting more than 3,000,000 USD per year, medium are those exporting more than 400,000 and less than 3,000,000 USD per year, and small are those exporting less than $400,000 but more than 10,000 USD per year. Firms with exporting values below 10,000 USD are not considered in this chart.

(a) Vegetables, fruits, cereals, meats, woods, minerals, petroleum.
(b) Tools, textiles, furniture, shoes, printed matters
(c) Pulp, cement, basic metals.
(d) Machinery, instruments, chemical products, software.

Source: Author's extrapolation based on Gustavo Svarzman."Cadenas Productivas y Exportación Pyme. De las Ventajas Comparativas a la Competitividad Sistémica". Ministerio de Economía y Producción de la Republica Argentina. Subsecretaria de la Pequeña y Mediana Empresa y Desarrollo Regional, 2001.

TABLE 32
EVOLUTION OF EXPORTING CAPACITY IN 1950-2001 AND NATURE OF INDUSTRIAL EXPORT IN 2001 IN ARGENTINA, BRAZIL, CHILE, MEXICO AND THE U.S.

	% of variation 1950-2001 (in value of total national exports)	% of export of basic products* over total exports in 2001
Argentina	230	43
Brazil	495	31
Chile	520	39
Mexico	4519	6
United States	863	13

*Primera Transformacion
Source: Author's extrapolation based on Gustavo Svarzman."Cadenas Productivas y Exportación Pyme. De las Ventajas Comparativas a la Competitividad Sistémica". Ministerio de Economía y Producción de la Republica Argentina. Subsecretaria de la Pequeña y Mediana Empresa y Desarrollo Regional, 2001.

Then again, the convergence of interests of the primary and secondary sectors did not translate into better social outcomes, at least not with regard to the fate of Greater Buenos Aires. As the ownership of these larger holdings was concentrated in fewer hands, increases in efficiency not improved social inequalities, but had furthered income gaps within the society. In a way, it was the capacity of the largest holdings to end their dependency on the State that precipitated the decadence of the State-owned companies (Gonzalez Fraga, 1999). That is, once the earnings of large holdings allowed these companies to survive regardless of the fate of State companies, they began supporting extensive privatization of the State's holdings.

In the 1990s, larger entrepreneurs found alternative markets for their productions, mostly within the MercoSur markets. As we shall soon see, the consolidation of the MercoSur shifted their interest from the wellbeing of Buenos Aires consumers to the overall stability of the local economy. Eventually, the original coalition of interests among some large entrepreneurs with state subsidies, unions, and small industrialists that had sustained the growth of Greater Buenos Aires, was no longer functional. The larger entrepreneurs were increasingly independent from the decadent national markets while the smaller ones and the workers remained dependent. At this point, the problem of adequate political representation of the needs of Greater Buenos Aires became evident in its continuous decline. But, while the most powerful capitalists of Argentina were oblivious to the fate of the municipalities of Greater Buenos Aires, why did the unions that represented the workers, most of whom were living in GBA, abandon GBA as well?

THE WORKING MASSES AND THE CITY

While capital owners are quite capable of moving their assets according to their needs, this is hardly the case of the workers. This example of the 'flows of capital' (D. Harvey, 1982) can explain the changes in the relation between the industrialist and Greater Buenos Aires. But

[1] Moreover, during the1990s sweeping privatization process, these national holdings were often collaborating with international companies to buy state assets (Abadia and Spiller, 1999; Galiani et al, 2005), hence becoming active participants in the inflow of these investments to the county. Moreover, many of these holdings –which had extensive experience and contacts within State companies-were the ones who later acquired the large state companies.

what happened with the unions, with the institutions representing the millions of workers still living in GBA? Taking into account that these 'working masses' had been the foundation of the Peronist party, why did the overwhelmingly Peronist unions fail to defend the interests of the GBA? Why, in the 1990s, when a Peronist was in office, did the government push for those policies that harmed the economic sustainability of the workers in GBA?

From the outset, the industrial workers were highly visible in Greater Buenos Aires. The so-called 'working masses' have acquired a strong presence in the national imagination after the carefully crafted Peronist rhetoric. Since the beginnings of his political career, Juan Domingo Perón intertwined the history of his party and that of the urban industrial workers, a link that he institutionalized when, during his presidency, he subsidized national industries while he also sponsored industrial unions (Turner and Miguens, 1983). By the mid-century, the Peronist state wore two hats at the same time: it was both owner of industrial companies and

supporter of workers' unions. In this way, it merged its own identity with that of the workers, supplanting the incipient autonomy of workers' organizations with a loyalty to the Peronist discourse.

> *"Now, I want you to be once more the example of civilization that the working masses have represented in this city* [the City of Buenos Aires]. *I ask you all to keep in your hearts the flag of our struggle. Think that each day of our lives we will keep up relentlessly our battle for those acts that embody the goals that will lead our Republic to the head of the nations of the world. Remember and keep engraved this phrase: 'from home to work and from work to home,' and with that motto we will prevail"*[67].

By providing the urban worker a common identity, even before they had done so themselves, the Peronist state superseded any bottom-up approach to claim the needs of the urban worker[68]. In the long run, this blend of workers, unions, and state goals would not bring harmony. Since the state institutions were patronizing workers and held sway over private production, negotiations between the needs of workers and entrepreneurs could not take place

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[67] "*Y ahora quiero que demos una vez mas sean ese ejemplo de cultura que han exhibido en esta ciudad las masas de trabajadores les pido a todos que llevando en el Corazón nuestra bandera de reivindicaciones piensen cada de la vida que hemos de seguir luchando inquebrantablemente por esas consignas que representan los objetivos que han de conducir a nuestra República a la cabeza de las naciones del mundo. Recuerden y mantengan grabado el lema "de casa al trabajo y del trabajo a casa' y con eso venceremos.'*
Juan Domingo Peron. Speech given on October 10, 1945. Available at
www.pjboaerense.org/peronismo/discursos_peron/45_10_10.htm

[68] This view was particularly strong among the leaders of the Argentine Communist Party, whose leader at the time of the Peronist rise to power (1943-1945), Victorio Codovilla, said: *"When he [Peron] realized that the workers, the peasants, and the people in general where beginning to complain and to organize themselves to ask for their rights and for the regularization of the institutions, Peron understood the need to intensify more and more his social demagogy with the end the paralysis of the independent action of the workers, and gain their support*"(Quoted in Godio, 2000. p. 862).

within the boundaries of state's institutions. Therefore, a critique of the social economic policies of the nation became a questioning of the existence of the state so deeply identified with them. As the story goes, a coup interrupted Perón's presidency, and a succession of tragic dictatorship regimes followed. The association of urban workers with the ousted government made them the target of all anti-Peronist biases. The dictatorship regime banned unions' rights and their leaders[69], whom they perceived as a dangerous mix of communist and Peronist agitators(Godio, 2000), and decreased the protection that labor laws granted to the workers (Azpiazu and Basualdo, 1990).

As we have seen in the previous section, the anti-Peronist biases of the PRN regime materialized in the policies mandating the de-concentration of industries out of Greater Buenos Aires, where the majority of the urban workers lived (Bariffi 1981). In addition, as we saw in the first section, the PRN dictated a number of urban planning laws that made access to land harder for Buenos Aires's low-income households (Clichevsky, 2002). Regardless of these measures, or maybe even because of them, Peronism kept its strength among the ever-growing population of Greater Buenos Aires. When democracy returned, it was the loyalty of the industrial workers of the GBA that empowered unions' claims against the UCR government[70].Why were they not more committed to the economic sustainability of Greater

[69] Within union leadership, there were two main groups: one that collaborated with the Dictatorship and the other – mostly aligned with leftist and Peronist groups – that it prosecuted. Once democracy returned, only members of the latter group become active in political life. (Godio, 2000)

[70] The UCR party government did not amend the biases against the Province of Buenos Aires. The needs of the suburban population in general and of the industrial worker in particular were not proportionate to the monies they received from the state or the number of legislations on their account At this moment, Peronist unions gained political force, becoming the strongest and most vocal opposition to the government, practically monopolizing the

Buenos Aires?

The Rise and Decline of Peronist Unions

Unions' rhetoric successfully captured the frustration of the urban workers with the changes in the national support to national industries. In spite of all the internal disagreements, during the 1980s, Peronist unions' leaders were the strongest voice of Greater Buenos Aires, unlike the Peronist politicians who were reluctant to use the old Peronist rhetoric, since this could alienate them from a wider audience (Acuña, 1995). Unions proclaimed themselves the embodiment of the true pro-labor ethos, which proclaimed that "[Peronism's] *social base is the union organization from which everything else grew*"[71] (Gaudio and Thompson, 1990). In addition, right after the dictatorship regime, these unions' leaders also held an appeal for the population seeking to amend the human rights violations of the former regime. For instance, the former Peronist governor of the Province of Buenos Aires said:

> *"When the military regime was looking for its enemies, it thought: 'First are the guerillas and the terrorists, and then there are the Peronist Unions.' Then they sought to destroy them. The social and political project of the PRN* [dictatorship] *was to destroy Argentine unions and workers' rights."*[72]

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demands of the urban worker in their discourse. Curving the national deficit demanded a shrinking of state expenditure that would mostly affect the income of the urban worker. Accordingly, Peronist unions took upon themselves the fight against the reduction of state payroll and of social services provided by the State (i.e. pension, health, education) that would follow the privatization plan the government had announced.

[71] Jorge Triacca. Interview in *El Sindicalismo en los Tiempos de Menem*. Santiago S Gonzalez andFabian Basoer. Buenos Aires: El Corregidor, 1999.

[72] Antonio Cafiero. In Hugo Gambini. *La primera presidencia de Perón. Testimonios y documentos*Buenos Aires: Centro Editor de América Latina., 1983.

By the early 1980s, the collective memory of the former repression granted unions a certain political immunity, and the UCR government had a hard time managing the opposition anytime it successfully merged its critique of economic policies with issues of human rights. Inasmuch as the opposing unions were successful in linking the maintenance of the State's production system with that of workers' dignity, a governmental response based only on economic rationale was not acceptable, even less so when the previous dictatorial government had repressed unions and advocated of the minimization of the State's expenditures (Peralta Ramos, 1992).

In the 1980s, the unions gave form to many of the claims repressed by the PRN regime - labor rights, urban industries, and Peronism – thus capturing an audience larger than ever before. Through their actions, even if there were considerable ideological divergence within them, unions acted as both the political opposition to the government and the advocates of the workers[73]. As one of the leaders of the UCR in the Province of Buenos Aires complained:

> *"If the CGT pretends to fulfill the role of the opposing party, this essentially implies a distortion of its specific function, and exceeds the institutional framework of the work legislation and the spirit of work organization."*[74]

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[73] See Acuna and Godio for a detailed history of the union leaders of the UCR party.

[74] Juan Manuel Casella, in *Clarin* newspaper, 26 January 1986. In Acuña, 1995.

Still, at that time, this strategy was very successful[75]. Unions' discourse of the 1980s was at the point where the large industrial entrepreneurs who traded with the state and the small entrepreneur who made a living selling to the urban dwellers converged. Accordingly, unions' critiques were more often than not targeted at the UCR State rather than at the private sector, claiming to keep state protection of local industry.

But the convergence of interests behind the unions' claims was not to last. Party ambitions, corporate strategies, and the most urgent needs of diverse social groups were soon to become divergent (Nun and Portantiero, 1986). In addition, once there was a Peronist president in the nation and a Peronist governor in the Province of Buenos Aires, much of the raison d'etre of the unions' activities disappeared. Many unions' leaders had been very vocal about their support of Menem's presidency, while others resented the economic deregulation policies[76], and others still had lost their public credibility after the accusations of cooptation and corruption (Matsushita, 1999). But truly, unions, the political careers of which began with Peron's sponsorship and were put on hold during PRN regime, had little experience participating in democratic dialogues and even less in criticizing a Peronist government. As one former union leader and the Minister of Labor during Menem's presidency said: "*the main contradiction is that whenever unions are with the governing party, they have no discourse."*[77]

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[75] Statements like the following were common: *"We have to bring back the wealth and invite multinational capital.* I*know some will say that I am a capitalist or a liberal, but this is the only way."* Jorge Triaca, secretary of the CGT and leader of the group '*Union y Trabajo.*" Quoted in Acuna, 1995. pp.162-3.

[76] At that point, unions' internal divisions became patent and divided, with one group loyal to the government (CGT San Martin), the other fiercely opposing it (CGT Azopardo) (Godio, 2000).

[77] Rodolfo Diaz. Interview in *El Sindicalismo en los Tiempos de Menem*. Santiago S. Gonzalez and Fabian Basoer. Buenos Aires: El Corregidor, 1999.

Therefore, in the end, this confusion between unions and Peronism undermined the autonomy of unions and the validity of their political project.

Closely akin to the Peronist trend of blurring party politics and workers' interests, was the new regulatory framework for unions. Some of the former union leaders were members of the presidential cabinet, and in that new role, they launched a series of measures that weakened unions' fiscal autonomy. By allowing workers to choose to which unions they preferred to subscribe, it increased the dependency of union organizations on state subsidies (Phillips, 2004). In the reforms of the State management, too, the Peronist government weakened unions. For instance, transferring the management of primary and secondary education from the national to the provincial and municipal governments implied the subdivision of teachers' unions into a myriad of smaller, far less threatening, agencies (Torre, 1999). In that sense, while decentralization minimized state structures, it also destabilized the institutions of social representation modeled after large centralized organizations. In brief, the Peronist government either absorbed or superseded the capacity of unions to represent the demands of the waged worker. This, and the changes in the structure of production and of labor, ended with much of the contestation power of the unions. Unions' strength decreased, and with it much of the population of Greater Buenos Aires lost their main venue for expressing their needs.

Unions and the Changing Social Structure of the Argentine Productive System

Towards the end of the 20th century, unions represented a smaller percentage of the working population all over the industrial world (Freeman and Rogers, 1999). This is the reason

why we might take for granted, or even naturalize, their decline in the Argentina's political life. However, to truly understand the relevance of their fall in Greater Buenos Aires we have to consider them within the specifics of Argentine industry; the history of a state-protected industry has its correlation in the Peronist sponsorship of unions. How did ending the protection of national industry impact unions, one of the main political forces in Greater Buenos Aires?

The first consequence of ending state protection of the industries concentrated in GBA was the shift from manufacturing to service activities. This led unions representing workers of service and commercial trades[78] to have more affiliates than those representing manufacturing workers[79] (Diaz, 1999; see Table 33). Since these jobs tended to be less stable than those in manufacturing, unions had a unsteady base of affiliates. The second transformation, closely connected to the former trend, was the decline in unions' financial resources. A product of new labor regulations and employment scarcity, job conditions deteriorated greatly. Informal or part-time hires became common even within formal companies. Between 1997 and 2000, in the 100 largest companies operating in the country, wages declined by 10%, while the number of employees decreased by 15%, and payments to unions plummeted by almost 25%. This divergence between the changing rates of employment and the contributions to unions was

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[78] In fact, during the 1990s, with more than 800,000 affiliates, the union assembling commercial employees had the largest membership in Argentine history (Diaz, 1999).

[79] Between 1979 and 1986, union membership decreased by a fifth, or about 500 million members. Conversely, as employment grew in services, construction, and commerce, where firms tended to be more numerous, but of a smaller scale than in the manufacturing sector, the proportion of workers enrolled in smaller unions raised from a third to more than a half. All in all, middle sized unions –those with 10 to 50 thousand affiliates – were lost the most, while the smaller entities captured a higher share of affiliates (CID, 1987).

equally true for non-labor-intensive industries, such as petroleum – those accounting for a large percentage of waged labor. For instance, the three most important sectors in terms of their weight in union funding ––food and beverage (23%), chemical products (15%), and automobiles (8%) — (INDEC CNE, 1994, 2004), reduced their contribution. Simply put, payment to unions –— and hence unions' finances, declined faster than wages or payroll size.

TABLE 33
DISTRIBUTION OF UNIONS' AFFILIATES BY ECONOMIC ACTIVITY 1936-1984

Economic Activity	1936	1945	1965	1986
% Manufacturing	12	36	38	31
% Construction	9	4	1	6
% Communication and Transportation	41	31	17	10
% Commerce, Finance, and Services	37	21	29	42
% Agriculture and Cattle	1	2	3	2
Total Number of Affiliates/Waged Workers	370,000	528,000	1,765,000	3,972,000

Sources: Julio Godio. *Historia del Movimiento Obrero Argentino 1870-2000*. Buenos Aires: Ediciones El Corregidor, 2000.

The third critical transformation in industrial employment was the rapidly increasing polarization of entrepreneurial capital (Diaz, 1999). This last transformation has had the most evident consequences in the decline of Greater Buenos Aires industries. On one hand, larger enterprises consolidated their operations into holdings that encompassed manufacturing, agricultural, and even financial services. They seemed to have taken advantage of the restrictions on union activity and labor protest (Godio, 2000), which, combined with better

technology, allowed them to reduce their plant sizes while increasing their output[80]. On the other hand, large companies layoffs were followed by the creation of a multitude of smaller firms, whose lack of credit and competitiveness accounted for their high failure rates. Their rapid turnover and short lifespan was notorious within the "1-to-5 workers" category, and in spite of diminishing production levels, establishments with less than 3 people increased their employment level by 7.5%, thus suggesting that this growth was more a survival strategy of an impoverished social segment than "pure entrepreneurial spirit." These were the firms that typically located in Greater Buenos Aires, which in turn suffered both the loss of industrial employment and the diminishing investments of the smaller firms (E. Rodríguez, 1999).

The polarization of industrial capital was also correlated to the increased weakness of unions. When unions had to mirror the regrouping of the industry, their negotiation capacity was subdivided and their finances weakened. Still, embedded in the logic of the protectionist state, where the national government owned large enterprises and central management of unions was very effective, they did not accommodate their organization to deal with the more dynamic conditions of labor (see Table 34).

[80] This might explain the rise in the productivity of the largest firms, which by 1983, had 30% more production per hour of waged workand 20% lower salaries than in 1974 (Azpiazu et al, 2004).

TABLE 34
SIZE OF UNIONS AND DISTRIBUTION OF AFFILIATES 1963-1986

	1963 % Affiliates	1986 % Affiliates
Large Unions (50,000 or more affiliates)	64	41
Middle Unions (10,000 to 50,000 affiliates)	18	21
Small Unions (less than 10,000 affiliates)	18	38

Source: Julio Godio. *Historia del Movimiento Obrero Argentino* 1870-2000. Buenos Aires: Ediciones El Corregidor, 2000.

Argentine unions created under the ethos of the Peronist urban factory worker, were ill-prepared to comprehend the demands of an atomized, urban labor. As Menem's first head of the Ministry of Labor and former union leader, Jorge Triacca said:

> *"While the economic reorganization* [of Argentina] *produced unemployment levels of 20%, unions were discussing if workers should or should not get two uniforms per year."*[81]

In the same venue, Enrique Rodriguez, another former head of Menem's Ministry of Labor, said:

> *"Unions realized too late that there was a new model of labor relations. They thought that a centralized unionism and collective negotiation were still efficient. That model comes from Perón, and it was for a different country, where production relations were highly centralized within a Fordist-Taylorist model of*

country."[2]

Finally, all of these transformations were linked to the preexisting trends in the production structure. As we have seen, secondary activities in general, and manufacturing establishments in particular, had experienced declining employment levels since the 1970s. However, only in the 1990s did the Argentine State fully departed from the protection of the urban industry. In sharp contrast with Perón's direct intervention in labor and production markets (Mora y Araujo and Smith, 1983; Weaver, 1980), Menem's government reversed this approach. Claiming that *"In Argentina the time for unfair privileges under the protection of a bankrupted State is over,"* it abruptly ended the protection of national industries and privatized state companies[82]. But, since Argentina's government was the direct sponsor of the unions -

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[81] Jorge Triaca. Interview in *El Sindicalismo en los Tiempos de Menem*. Santiago S Gonzalez and Fabian Basoer. Buenos Aires: El Corregidor, 1999. Rodríguez, Enrique. Interview in *El Sindicalismo en los Tiempos de Menem*. Santiago S Gonzalez and Fabian Basoer. Buenos Aires: El Corregidor, 1999.

[82] Moreover, the belief was that that State's inference was a source of social inequality, as it disproportionately favored certain groups over others. This idea is evident in the discourses of all Argentine governments of the last three decades, regardless of their political ideology or capacity to implement it. In 1981, the military dictatorship described its economic policy in the following terms: *The active participation of the State in the economy had caused a number of distortions in the private sector. One is the progressive corrosion of the national entrepreneurial class, who –given the rules of the game that the State imposed– has tended to develop activities that depend on the State, characterized by low risk and high return. […] Such economic schemes resulted in a structure alienated from the market's performance, implying a suboptimal use of resources, and distorting private enterprise, subordinated [the entrepreneurial class] to State paternalism and limited it to peripheral activities, devoid from freedom, innovation, or risk."* (Ministerio de Economia de la Nacion Argentina, 1981. *Memorias de Ejercicio*. Republica Argentina. pp. 68-69). Few years later, Dr. Raul Alfonsín, claimed: *"We have talked about the State, and it is necessary to anticipate that the role it must assume will not be a continuation of the overgrown and inefficient [structure] it is today, which only serves the interests of a minority and goes against the interest of the whole, and against the national goals. This heavy, fat, obsolete State of today, should be transformed -through a deep administrative reform—into the ideal instrument for the realization of greatness and prosperity of our nation"* (Raúl Ricardo Alfonsin Discurso Inaugural de Sesiones Ordinarias del Congreso. Republica Argentina, 1983). Finally, in the '90s, the Peronist Dr. Carlos Menem promised: *"In Argentina the time for unfair privileges under the protection of a bankrupted State is over. No one could feel alien or ignored in front of this conviction. It was, it is, and it will be necessary to change the situation that has weakened us for years, and that no one –until now-had dared to change: A situation that pushed us to hyperinflation, and even worse, to the abyss of hyper-frustration, of the hyper-poverty of a great share of our people, of the hyper-stagnation of our economy and culture. With such a*

with about three out of the ten largest unions composed of state employees (Godio, 2000) – reforming the State had a direct impact on unions' power[83]. The privatization of state companies led to massive lay-offs and the subsequent reduction of union affiliates.

But even more germane than the unions failing to adapt their strategies to the changing labor environment, was that they were not prepared to deal with massive unemployment affecting Greater Buenos Aires, which peaked towards the end of the century (see Table 35). As Dr. Rodolfo Diaz, a Peronist lawyer and the man in charge of the Ministry of Labor between 1991 and 1992, said:

> *"The union is the institution that organizes those who are employed. The institution that organizes those waged workers working in the formal sector. Those changing from one job to the other within the formal sector are also contained within the unions. They come and go; there is certain flow within the*

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reality, there is no political sovereignty, economic independence, or social justice" (Dr. Carlos Saúl Menem. Mensaje del Señor Presidente de la Nación, , 1 May 1990). Privatization of state enterprises was one of the most contentious issues between state and unions. Unions' fear of massive lay-offs after the private sector took over state companies proved to be true. Yet, many state employees were dismissed even before that stage. In the largest companies, like passenger and cargo railways, airlines, gas, power generation and distribution, telecommunications, postal services, and the water and sewage systems (EIU, 2000), the national government was responsible for reducing the staff as part of the preparatory steps to effective privatization. By 1991, lay-offs at public enterprises were wide spread: About 7,000 workers were discharged at the military fabrics, 10,000 at the Sstate oil company (YPF), 13,000 at the national rail company, and 16,000 public administration employees, among others, while an additional 200,000 state workers were uncertain about their employment (Gonzalez and Bossoer, 1999). Yet, given the scale and political weight of these massive lay-offs, the government sought to appease social discontent through a number of ad-hoc measures. Many of these companies offered a program of voluntary retirement, in which workers received a rather generous monetary compensation package if they chose to leave the company (Abadia and Spiller, 1999).

[83] From Perón's first presidency until Menem's extensive privatization program, state workers accounted for a large share of union membership. That is, they were either direct employees of the State (e.g. state bureaucrats), or they were working in a company that was owned by the state, yet was supposed to be managed as if it were private (e.g. Aerolineas Argentinas, the national commercial airlines).

workforce. However, the situation is different with those marginalized and excluded from the formal job market. Unions do not organize that people. Those persons might or might not have other ways of social organization, but not the unions."[84]

So in the 1990s, with Peronism in power, the UCR still looking for leadership, and unions in decline, the urban poor had virtually no political organizations through which to vent their claims. Once more, we go full circle from economics to the configuration of political institutions, to broadening urban poverty in the urban fringe.

TABLE 35
URBAN EMPLOYMENT AND UNEMPLOYMENT IN THE 1990s

	Employed Population		Unemployment	
	In 1000	(1990=100)	In 1000	(1990=100)
1990	9,797	100	785	100
1991	10,222	104	744	95
1992	10,498	107	806	103
1993	10,633	109	1,092	139
1994	10,609	108	1,327	169
1995	10,328	105	2,065	263

Source: Julio Godio. *Historia del Movimiento Obrero Argentino 1870-2000*. Buenos Aires: Ediciones El Corregidor, 2000.

[84] Rodolfo Diaz. 1999. Interview in *El Sindicalismo en los Tiempos de Menem*. Santiago S Gonzalez and Fabian Basoer. Buenos Aires: El Corregidor, 1999.

Much Aid, but Little Rights for the Urban Poor

Perhaps the most deleterious effect of the indoctrination of the urban poor with Peronism was that the former never developed autonomous, bottom-up modes of participation. Thus, when unions' strength declined and the Peronist government changed its protectionist policies, the 'working masses' of Greater Buenos Aires had no powerful organization to voice their needs. The development of bottom-up claims broke down in its infancy, at the time Juan Domingo and Eva Perón took on the State, catering over the urban poor rather than fostering genuine participation (Mora y Araujo and Smith, 1983). From then on, the urban poor have been the target of any anti-Peronist government, as well as the source of much of Peronist political power. Initially, when most of the urban poor could relate to the ethos of the urban worker (D. Davis, 2004), unions were the strongest link between the 'working masses' and Peronism. But once the unemployment became more typical, factories less common, and the Peronist government of Menem distinguished clearly between state and unions, other means of connecting with the urban poor were necessary.

In truth, the municipalities of Greater Buenos Aires were no longer the main target of industrial investments, nor were they the only place in which living conditions were deteriorating rapidly. But they were still the stronghold of any movement invoking the poor, partly because of their scale – more than five million people lived in the urban fringe – and partly because of their location, next to the residences of Argentine elites and core institutions. In any case, managing the urban poor was a necessity for those aiming to win a national election as well as for those aiming to protect the real estate market of the City of Buenos

Aires.

In 1989, when hyperinflation was at its worst, a series of food riots exploded in the urban peripheries. In the poorest neighborhoods of Greater Buenos Aires, supermarkets were looted, private property destroyed, and the streets taken by assault. Rising unemployment and inflation had taken their toll on the population, and, for first time since the dictatorship regime of the late 1970s, displaced the urban poor from the city. The poor were visible, and people of the capital realized, *'that the urban poor really existed, that they could loot, and that they could have fire arms, too.*[85]*"* But as the claims of the people of Greater Buenos Aires became more central to the national politics, the genuine needs of the poor became more likely to suffer manipulation for political reasons. According to the head of the Ministry of Government of the Province of Buenos Aires, Carlos Alvarez:

> "*about 80% of the people who looted the supermarkets had a genuine social problem or were truly hungry, but 15% were political activists from different political parties, and the remaining 5% just wanted to destabilize the system.*[86]*"*

These foods riots marked the end of the UCR government. However, when the Peronist Carlos Menem became president, the specter of the food riots was still haunting the city. As we have seen, the biased distribution of national monies that the province suffered after the

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[85] Maria Rosa Neufeld, and Maria Cristina Cravo. "Entre la Hiperinflacion y la Devaluacion: Saueos y ollas populares en la memoria y la trama organizativa de los sectores populares del Gran Buenos Aires (1989-2001). In *Revista de Antropologia*. Vol 44. No 2. Sao Paolo: Universidad de Sao Paolo, 2001.

[86] In Maria Rosa Neufeld, and Maria Cristina Cravo., 2001.

legislative changes that former non-democratic regimes had implemented was solved through ad-hoc sources of money. In 1994, Eduardo Duhalde, the Governor of the Province of Buenos Aires and Menem's vice-president, got access to 10% of national fiscal monies. These funds were for alleviating social problems in the urban periphery, and the Governor had total leeway to spend them according to his judgment. The administration of these monies was given to the Governor's wife, Mrs. Hilda Gonzalez de Duhalde, who used them to funding the largest plan of social aid in Argentina's history, the "Manzaneras."

The "Manzaneras" took their name from the Spanish word used for urban-block, "manzana," and evokes both the target and implementer of the program, the urban female poor. The program covered the poorest neighborhoods of the urban periphery, where about 35,000 women chosen from each neighborhood distributes food to pregnant women and mothers of children under the age of five[87]. In theory, each Manzanera is in charge of about ninety women, thus reaching a population of 600 residents. These women were supposed to be chosen by the local neighbors, although it goes without saying that affiliation to the Peronist party s almost a precondition for this position. They do not earn any salary, but they have prime access to the boxes of food the program distributes and considerable discretion on how to distribute them among locals. Overall, locals received the program well, although accusations of fund mismanagement, favoritism, and cronyism have been constant.

Beyond the implementation issues of this program, which had some true successes, it was yet another example of how the institutional circuit of the Province of Buenos Aires was

[87] That is the "Plan Vida."

customarily replacing constitutional rights for special favors. That is, firstly, the province did not receive funds through normal channels but through a special law that connected it directly to the executive rather than to the legislature. Second, the Governor of the province controlled the distribution of these funds, thus bypassing the authority of municipalities and local councils. However, since local poor women enacted this social-aid, it had some features of a bottom-up initiative, thus undermining the social organization of authentic local activism. Once more, in Greater Buenos Aires, social aid became a way for gaining political loyalty and defusing popular discontent.

MODELS OF PRODUCTION AND URBAN GEOGRAPHY

To discover how the changes in the dynamic of production transformed the social structure of the city in general and of the urban periphery in particular, one must place these transformations within the specific geography of Buenos Aires. In the course of the last thirty years, much has changed in the form and society of the city. Yet, while these two entities are influencing each other, each one has its own pace of transformation, and hence previous configurations have a distinct endurance in each of them. As early as the 1960s, urban workers were shifting from secondary to tertiary occupation and evidence of a more regressive distribution of wealth is apparent already in the mid seventies. All of which suggests that there is a substantial time lag from the moment social trends began until they become evident, in the form of abandoned industrial buildings, street protests, and shantytowns, in the architecture of the city. Therefore, many of the economic and social changes implemented in the 1970s only

become evident in the 1990s.

To begin with, the city in which these social changes were taking place was not homogeneous. Also, the epicenter of these transformations was not static but its location shifted along the metropolis. For instance, after the MercoSur agreements, industrial investments move from the South to the North of the city. Consequently, the urban periphery did not constitute a homogeneous ring but one that contains deep social contrasts. What has been the result of the sum of these late social reconfigurations in the urban space? How does the superposition of novel and old models of accumulation transform Buenos Aires geography?

Entrepreneurs and Working Masses: From Cohesion to Divergence

In a stylized account of the last thirty years of Buenos Aires, the discontinuities in the national policies and development course are unmistakable. Briefly, and in agreement with the analysis presented thus far, there are four distinct stages in the interaction among the State, the industrial producers, and the labor. First, a convergence of interests in the expansion of the urban market characterized the organization of the city at the time that the PRN dictatorship regime took over the presidency. Second, after the dictatorship regime's new economic and labor rules, there was a fracture between the interests of the urban core and the urban periphery. Next, in the democratic government of the UCR, there was a failed intent to harmonize the pressures of both the urban periphery and the industrial elites. Finally, when the Peronism was back in power the interests of those depended on the local markets and those who did not are in frank opposition. Spatially, while the first one kept its core-periphery configuration, the other expanded through the northern highway.

Up until the 1970s, Buenos Aires was still the incarnation of the local version of the ISI model, as devised through the development policies of Juan Domino Perón. Briefly, the interests of the national government, the waged labor, the unions, and the national industries converged in fostering the concentration of people and goods in Buenos Aires while relying on the internal, mostly urban consumers of its industrial production (Diaz Alejandro, 1970). This model furthered the spatial unevenness of national development and the immigration trend towards Buenos Aires (Keeling, 1997). At the metropolitan scale, the City of Buenos Aires was the main locus of consumption while Greater Buenos Aires was the center of production and labor (Dorfman, 1983). When the military coup of 1976 ousted Perón's widow, it sought to break the effects of the alliance between state and unions through a distinct anti-labor bias. However, its metropolitan policies did reinforce the core-periphery organization of the city.

By pushing industries beyond their traditional location, the dictatorship regime emphasized the incipient trend of spatial mismatch between population and industrial growth. In addition, the modified institutional structures minimized the relevance of the urban periphery in national affairs and precluded any social resistance movement associated with waged workers. Therefore, the periphery suffered from two evils: one was the halt on industrial investments, which so far had been the main engine of development in suburban municipalities. The second was the decline of industrial wages parallel to the proscription of unions, hence harming the income of a large number of suburban households. As a consequence, the differences between the urban core and the periphery deepened. By the end of this regime, the suburbs were notoriously impoverished while the urban core appeared more prosperous. This was partly because the PRN launched a beautification program in the City of

Buenos Aires, and partly because it relocated the urban poor to the suburbs. In any case, this divergence conditioned the location of new investments in the periphery for years to come.

During the third stage, the democratic UCR government aimed for a kind of national truce among the UCR, the Peronist unions, the industries and the waged workers (Acuna, 1994). However, the state no longer had the economic resources to sustain the inward-looking, protectionist state that many of these sectors claimed, nor did they have the political capital to discipline unions that went on strike anytime the state attempted to rationalize the national budget. In the metropolis, this meant the beginning of a novel geography of core and periphery. Although poverty was evident also in the former, the periphery began to show the signs of a more complex geography, in pace with the polarization of industrial firms and labor, those municipalities that had been nodes of industrial investment became centers of unemployment and physical decay. In addition, because the municipalities of Greater Buenos Aires were under the provincial government, which had a Peronist governor and the City of Buenos Aires was under the national government, which had a mayor from the UCR party, institutional mechanisms for social aid became an occasion for political competition.

Finally, during the 1990s, the alignment of the state, industries, and labor was broken. With larger industrialists acquiring financial capabilities and having access to MercoSur markets, the difference between the large and small entrepreneurs widened. The latter were still tied to Greater Buenos Aires and fully dependent on urban consumers. But, given the decline of unions and waged workers, the urban market was less prosperous than before. The divergence of interests among these groups began to be visible in the divergent development of the municipalities of Greater Buenos Aires. Old industrial municipalities were in decline, while those

located along the road connecting to the new MercoSur markets captured fewer, but larger investments over the course of the decade: large industrial parks, shopping malls, and gated communities for the urban residents moving away from the impoverished city (Sica, 2001). But, since this region has been one of the less developed in the past[88], the inflow of new investments was one of the most striking contrasts in the periphery. Unlike the City of Buenos Aires where social indicators were quite steady, in the municipalities of Greater Buenos Aires, the swelling poverty ran parallel to an inflow of affluent households and large investments, thus increasing the gap between the wealthy and the poor at the municipal level.

State Infrastructure and the New Urban Model

Obviously, without an adequate transportation infrastructure, the 1990s model of the city would not have materialized. In effect, in the early 1990s, the government privatized and upgraded the international highway connecting the City of Buenos Aires to the Brazilian City of Săo Paulo. Perhaps, nothing reveals more the extent to which the centrality of the metropolis to the nation curtailed the actual rights of the municipalities of Greater Buenos Aires than the upgrade of this highway.

From its outset, the development of a highway that crossed through the Province of Buenos Aires was a project originated and managed by the national government As soon as Menem became president, he launched a number of decrees privatizing all major roads connecting the City of Buenos Aires with the rest of the country (decrees 823 of 1989, and 2039

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[88] In 1980, Pilar was the municipality with highest percentage of poor households (more than 50%) in the entire urban periphery (INDEC, 1980).

of 1990). With about half of these roads in need of repair and only a quarter of them working properly, these roads were in need of major investments (Abadia and Spiller, 1999). For years, the national roads had been in decay, but once there was a project to expand industrial trade with other markets, the national state and the largest local companies made of this highway connection a central concern. The privatization and upgrade of the highway system in general and of the northern one in particular, were under the discretionary management of the Argentine Ministry of Economy. The deep commitment of the national government to this project is patent in the angry words the president of the nation had against the local residents and municipal planners, who opposed to the expansion of the highway in their region. During the opening ceremony of the northern highway, recalling them with anger, he said,:

> *"I don't regret having commanded the 'forces of order' to act without any contemplation against those groups that promoted blocking the roads. […] I told the police: 'go ahead, uproot the trees with people and everything."*[89]

Right there, in the heart of the urban periphery, the President of the nation, Dr. Menem; the president of the national congress, Mr. Pierri; the head of the national Ministry of Economy, Dr Cavallo; the governor of the Province of Buenos Aires, Mr. Duhalde; the mayor of the City of Buenos Aires, Dr. Dominguez; and no municipal mayor of the Greater Buenos Aires region, celebrated the road connecting Buenos Aires to Pilar, and then to Brazil, thus, signaling the national government's direct management of the urban periphery. Much had changed from the classic Peronist alignment of the state, the 'working masses' of GBA, the large unions, and the

[89] La Nacion. "Pilar esta mas cerca de lo que se creia". 28 June 1996.

national industrialists that sustained the expansion of the urban market and hence of Buenos Aires. In the 1990s, the state allied with the international and national holdings participating in the highway expansion (the Spanish company, Dragados, the Italian, Imperiglo, and the Argentinean, Socma); the financial institutions backing up this operation (the American Citibank and the Spanish-Argentine Banco Rio Galicia), the urban real estate developers, the large industrialists targeting MercoSur trade, and the upper-income urban residents moving to gated communities. All these sectors profited from the expansion and upgrade of the northern highway (Galiani, et al, 2005).

The residents and local governments of the suburban municipalities that the highway trespassed (Vicente Lopez, San Isidro, Tigre, and San Fernando), were opposed to this project. They brought forward ecological, economical, and equity issues. The new highway demanded cutting down some valuable trees and disrupted local circulation. It also required extra funds from local municipalities for the maintenance of the local road system that was ill prepared to deal with the extra demand that the inflow of cars to the region would trigger within these municipalities (Pirez, 1994). Finally, the toll system had a regressive impact on the household income of the suburban population, which was worsened by the subsequent adjustment of this toll at a rate about three times faster than that of the national price index between 1991-2001 (Azpiazu and Basualdo, 2004). Once more, the lack of institutional mechanisms to voice suburban residents' desires and needs in the process, was patent. In the same fashion that their votes at the national level carried less weight than in other jurisdictions, municipal governments had no say in the expansion of the highway.

Changing Layouts of Growth and Poverty in the Urban Fringe

The result of the changing alliances among the interests of the state, the entrepreneurs, and the waged workers in the urban periphery was a higher level of differentiation on the development conditions of this region. Up until the 1970s, they shared an interest in fostering the growth of a large mass of consumers in Buenos Aires. However, by the end of the century, the divergent needs of waged workers and small and large entrepreneurs undermined the social basis for the urban model of the mid-century. Still, since these transformations were gradual and involved different spaces at different stages, the urban periphery was not transformed at once, but increased its internal differentiation. Typically, the changes in the urban fabric outlasted the coalitions that gave birth to them, and hence the metropolis presents at once a collection of failed and active projects. In that regard, each of the municipalities in the Greater Buenos Aires region falls into one of the following four categories. First, those prosperous in the 1980s and in the 1990s, too; second, those prosperous in the 1980s, but decaying in the 1990s; and third, those that were undeveloped in the 1980s, and remained in that condition. Finally, there were those municipalities undeveloped in the 1980s that grew in the 1990s.

However, before we implement this classification, let us briefly discuss some of the difficulties in tracing municipal evolution along long time spans. To begin with, prosperity is an evasive concept and even more so when the definition of local community is contested. As we have seen, during these thirty years, the shifts of people along the periphery have been remarkable. From the displaced urban poor of the 1970s to the gated community dwellers of

the 1990s, there has been little correspondence between community and municipal boundaries. Therefore, as population is highly movable and local inequality is on the rise, individual and regional prosperity are increasingly divergent. As a result, measures of percentage of poverty do not suffice to describe the population conditions in the periphery. Likewise, whatever the variable we use to measure prosperity is, measuring it at the local level might be deceiving. Not only does corruption in municipal governments obscure our knowledge of local prosperity, but also the institutional framing in which municipalities operate complicates the issue. A number of legal changes in the fiscal distribution of resources confuse historical comparisons of municipal budget. On top of this, the national and provincial governments manage much of the monies localities receive, hence blurring more local accounts.

Finally, as we have seen, capitalist activities in Greater Buenos Aires have been changing over the course of these years. When local industries were under state protection, having a large number of industrial workers was a good proxy of a strong economic activity (Dorfman, 1983). However, once the purchasing power of the waged labor declined, this was no longer true (Azpiazu, 1994). Equally, new economic activities flourished in the suburbs, most remarkably real estate and construction of gated communities (Coy and Pholer, 2002). Suburban municipalities captured rural-urban immigrants from impoverished Argentine provinces and neighboring countries, who usually could not afford to live in the city. In addition, they received the inflow of the displaced urban poor, as well as from the upper middle-income households of the city choosing to live in gated communities. Therefore, isolated measures of population tell little about the social conditions of the municipality. Thus, we correlate changes

in the number of substandard households with the increase in building permits throughout the 1990s. The idea is that while much population growth is related to a rise of informal settlements, building permits are a clear indicator of formal investment in the municipality. Accordingly, the four situations outlined above correspond to these four cases: 1) municipalities with low number of poor households and high number of building permits; 2) municipalities with low number of poor households and low number of building permits; 3) municipalities with high number of poor households and high number of building permits; 4) municipalities with high number of poor households and low number of building permits.

More interesting yet, is the correspondence between these categories and the footprints of the former modes of urbanization in Buenos Aires. Real estate investment followed the highway expansion, but did not delete former poverty indexes. The municipalities in the far south that had not had strong industrial investments before, kept their stagnation (i.e. Almirante Brown and Florencio Varela), while the wealthier municipalities of the northern border which used to be industrial, but then moved into more residential and service-based land use, kept their prosperity (i.e. Vicente Lopez and San Isidro). However, as income of waged workers and small entrepreneurs shrank, the western and southern municipalities that accounted for most industrial activity and labor in the 1970s and 1980s, declined even though they had not lost their industrial capacity (i.e. San Martin, and Avellaneda)[90]. In contrast, the poor municipalities of the north that

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in the 1970s lacked strong industrial development, kept their high percentage of poor households regardless of the inflow of investments to the region (i.e. Pilar and Escobar). It was precisely in these municipalities along the new highway that social contrasts where higher.

Location played a defining role in the development of the suburbs. The new MercoSur markets at the north of the City of Buenos Aires, namely the Paraguayan city of Asuncion and the Brazilian city of São Paulo, disrupted the concentric growth structure that led to the expansion of Buenos Aires. Even if it was true that there was an overall decrease in the number of industrial establishments and employment, these increased in the northern municipalities of Greater Buenos Aires (Briano, Fitzche, Vio; 2003). While the western and southern industrial municipalities suffered disinvestment, the northern municipalities grew according to the new demands of the market. After three decades of adverse policies, the small entrepreneurs who located in the old industrial suburbs to the south and west of the city could not afford to improve their machinery and establishments. The lack of subsidies for urban industries in the outskirts of Greater Buenos Aires (Schvarzer, 1987), combined with the state support of large holdings (Azpiazu, 1998) with plants outside of the metropolis (Ferruci, 1986), redirected major industrial investments out of GBA. Also, the trade policies implemented in the 1970s and the 1990s flooded the City of Buenos Aires with industrial goods cheaper or better than those locally produced (Kossacoff, 2000). Small industries dependent on local consumption declined, and with them, the GBA municipalities in which they were located.

Conversely, the situation was much different in the outer northern suburbs. To begin

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[90] This is what distinguishes their case from that of the former industrial towns of the US. In Argentina, they have

with, they had less industrial activity than in the southern and western jurisdictions next to the city (i.e. Avellaneda, San Martin). For years, most of their land lacked most of the basic urban infrastructure, thus only some dispersed towns and some informal settlements located there. Most of their territory was underused, allocated to activities that did not yield much to the finances of local municipalities, such as little parcels for farming activities, and large ones for recreational estates. Hence, there were very few municipal investments in public infrastructure, such as sewerage and piped water. Once the upgrade of the highway and the MercoSur increased road traffic along this municipality, this relative backwardness put them at the forefront of the next investment wave.

However, even when the new highway improved the exportation opportunities for all industries, only large indusial establishments profited from this trade. During the 1990s, large firms accounted for 90% of Argentine exports to the MercoSur. In contrast, only 10% of small establishments participated in some export activities, and less than 1% of them had international quality certifications (ISO) (Clarín, 1998). Furthermore, the differential tariffs that many MercoSur products enjoyed (Baumann, 2002) contributed to the high mortality rate of the small Argentine industries. Noticeably, in the far municipalities along the MercoSur highway (i.e. Pilar, Escobar, and Tigre) industrial turnover was faster than in the rest of the suburban ring: about half of all firms went out of business in less than five years. Location was not enough to compensate their small investments and lack of credit, thus small entrepreneurs could not compete in the international market, and, once more, economic gains were made at

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kept their production capacity, but this no longer sustains local prosperity.

the larger end of the industrial spectrum (Kulfas, 2000).

Briefly, the mapping of prosperity and growth in the urban fringe in the 1990s reveals that the distance to the urban core was no longer defining municipal growth. Industrial and real estate investments have grown all along the northern highway. However, when it comes to the distribution of poverty, the concentric explanation is still valid: the farther a municipality is from the urban core, the poorer its people are. Because of the institutional configuration in place, the national and provincial governments control the largest share of fiscal monies and social aid in the urban periphery. Therefore, municipal governments captured little of the 1990s growth. Besides the highway, most land in these municipalities does not have basic infrastructure yet. Accordingly, informality and poverty have been growing, too. The result of all these changes in the distribution of wealth and poverty has been the widening gap between rich and poor *within* municipal boundaries (see Figure 14 and Figure 15).

FIGURE 14 An Impoverished Family Collecting Garbage in Pilar, 2004

As the suburban population growth, poverty in the suburbs affect a higher number of households.

FIGURE 15 Slum Dwellers Moving Furniture in One of the Roads Leading To a GC in Tigre, 2004

Besides the issue of access to infrastructure, the ways new roads are used reveals the social contrasts in the region

CONCLUSION

The Splintering Suburban Society

In this section, I sought to understand the changes in industries' and labor's social organization and how these furthered social polarization. In brief, by the 1990s, the convergence of interests among entrepreneurs and workers around Buenos Aires markets was shattered. While the most prosperous firms were no longer dependent on Buenos Aires consumption, waged workers and the smallest firms were still dependent on this market.

The development tragedy of the Argentine democracy was the structural divorce between social and economical rationale. Perón's protectionism, with lower levels of social exclusion, was achieved at the expense of an inefficient and uncompetitive State apparatus. But those industries Argentina could use to launch a strong economy were those with fewer owners and non-labor intensive. Therefore, appeasing the demands of Greater Buenos Aires, where a third of the national workers resided, was central to pursuing any national project. But this was increasingly difficult as the interests of large and small entrepreneurs increasingly diverged. While the former profited from open competition, like MercoSur trade and the privatization of state companies, small firms were trapped in a survival economy.

New modes of wealth accumulation not only reshape economic organization, they also reconfigure the social and institutional practices that might resist their expansion, thus making more difficult the implementation of alternative (social) projects. In the Argentina of the 1990s, this transformation entailed the change from a state-led to a market-led urbanization through a three-pronged process. First, there was a massive shift from secondary to tertiary activities

associated with the increasing polarization of the industrial sector. In Greater Buenos Aires, very large holdings successfully expanded their financial activities and market share while the mortality rate of small firms was rising. Second, and in close connection with the first trend, the privatization and decentralization of the state infrastructure eased the concentration of private wealth at the same time that it weakened the institutions of collective representation. The still-centralized structure of unions did not keep up with the changes affecting the urban workers, who were more often than not working outside of the traditional industrial establishments, employed in small firms, in service sectors, or both. Third, the social costs of these previous transformations increased the need for social aid in the formerly industrial metropolitan centers. In Greater Buenos Aires, national and provincial, but not the municipal governments had access to manage this aid. The central and discretionary management of social aid undermined self-organization capacities of the urban poor and weakened municipal governments. In the long run, this practice hampered the notion of local community, which influenced the practice of urban planning in the municipalities of Greater Buenos Aires and was a large factor in the formation of the walled urbanism of the end of the 20th century.

These changes did not diffuse evenly throughout the metropolis. In the urban periphery, the new northern highway made evident the reconfirmation of the industry and of economic growth. From gated communities to large industrial compounds, the new sources of wealth are visible on both sides of the road. Yet, about two-thirds of the region's new gated communities located in those municipalities where —according to the national census data of 1980— –

almost one of out every three households was living in precarious conditions[91]. Hence, on the northern side of the metropolis two realities are superimposed: wealth along the road and poverty around it. But the causal mechanisms behind growth are not the same as the ones behind poverty. The combination of the urbanization without industrialization trend that began in the 1960s, with inadequate municipal infrastructure following the 1970s decentralization of basic urban services, and the successive biases against suburban municipalities in managing fiscal monies were fundamental causes of poverty. Yet, wealth goes through a different circuit based on the successful exploitation of the new real estate opportunities that do not rely on municipal infrastructure and on the new MercoSur markets. Because of this, the distribution of poverty in the metropolis had not presented any significant changes since the 1960s: the farther from the urban core, the higher the municipal poverty index. In contrast, the map of wealth has been much more dynamic, moving away from the core-periphery structure into a linear pattern following the northern highway. Therefore, the (next) fundamental question is: which type of local governance is constructed under circumstances of extreme polarization?

[91] I use the NBI value as the indicator of population conditions. The INDEC defines this index as a percentage of households of the total number of households ina municipality. To be classified as a NBI a household has at least one of these characteristics: a) More than three people per room; b) unsound building structure, c) no water-closet; d) at least one child aged between 6 and 12 who does not attend school; e) four or more people dependent on a single breadwinner who has no schooling beyond third grade.

SECTION IV

CONCLUSIONS

> *"Hegel remarks somewhere that all great world-historic facts and personages appear, so to speak, twice. He forgot to add: the first time as tragedy, the second time as farce."[...]"Men make their own history, but they do not make it as they please; they do not make it under self-selected circumstances, but under circumstances existing already, given and transmitted from the past."*
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> Karl Marx, 1852. In "*The Eighteenth Brumaire of Louis Napoleon.*" New York, International Publishers, 1964.

Social inequality was evident in Buenos Aires since at least the mid-1960s, when the first immigrant workers migrated to the municipalities bordering the City of Buenos Aires, the region known as Greater Buenos Aires. However, towards the 1990s, the ideal urban model of the mid-century, in which industrial establishments and labor resided on the borders and fed the consumption needs of the more affluent urban core, was uprooted. Social inequality not only increased, but poverty and wealth clustered all along the metropolis. While distinct locations received the bulk of international investments (Cicollela, 1999), the number of slums grew.

Ironically, about two decades later, after PRN authoritarian regime of the 1970s relocated slums out of the City of Buenos Aires into the peripheral municipalities, affluent metropolitan residents would gladly move to these same municipalities in search of a pleasant suburban life

in a private gated community. In addition, while many of the small industrial establishments of Greater Buenos Aires became either obsolete or were abandoned, new, large industrial compounds flourished after the new MercoSur trade. This double movement of industrial establishments and residences reconfigured the socio-economic dynamics of the suburban ring, hence giving way to a more complex pattern of urban growth.

Noticeably, these social and spatial changes were taking place along with other major institutional changes. The decentralization of urban planning controls since 1977 and the democratization of the nation since 1983 were two turning points in the institutional management of the metropolis. It was during these last democratic decades of the 1980s and 1990s that the gap between the haves and the have-nots widened most. Why were the recent democratic governments characterized by an even more regressive distribution of wealth? Moreover, is there a causal link between the decentralization of urban government and the expression of this social inequality at smaller and smaller scales? And if it is so, which is the direction of causality?

In order to answer this question, this study has traced the formation of such patterns in Greater Buenos Aires since the late 1970s, when the decentralization of urban planning powers in the Province of Buenos Aires began, until 2001, when an economic crisis submerged –even if transitorily – more than half of all metropolitan households below the poverty line. By the end of the century, fortified centers of affluence (i.e. gated communities, consumption centers and industrial parks) amidst stagnating jurisdictions characterized the municipalities of Greater Buenos Aires. From the 1970s to the present the population of Greater Buenos Aires increased by almost a third. During these years, the country experienced alternating periods of growth

and decline, each one of them more extreme than the previous one. In the long run, the differences between the wealthiest and the poorest more than doubled, and even more notable, the differences between the middle and the top enlarged.

This research for understanding the formation of new patterns of urban inequality has proceeded based on one assumption and a two-step strategy of inquiry. The assumption is that a disjointed urbanization, in which discontinuities in the quality of the structural environment are abrupt and evident, is a symptom of social disparities. Extreme social inequalities trigger a fragmented pattern of urban growth, among other manifestations. As socio-economic groups become more polarized, the material barriers between these groups become more evident. Inaccessible shantytowns, gated communities, and private, policed malls are some of the architectural manifestations of a broken social tissue. Yet, the simultaneity of growth and stagnation within the same metropolis suggests that contrasting urban conditions might be interacting with –if not depending on – each -other. Thus, by tracing the dynamics that create spatial differences in the city, this study hints at those that foster social inequality.

The two step strategy of inquiry supposed that both pushing and pulling forces are active in the generation of novel patterns of social inequality in the metropolis. The first section of this research focuses on the pulling factors of the periphery. It investigates how the decentralized planning practices of the municipalities of Greater Buenos Aires have impacted the growth of Buenos Aires. In that way, it explains the cluster of affluent gated communities in the poorest municipalities of the urban periphery as the outcome of the special permits that these municipalities gave to real estate developers. That is, the needier these municipalities, the more likely they were to regard gated communities as engines for local development. Thus,

this section correlates the increase in social inequality within municipal boundaries with local governments' practices. Conversely, the following two sections revolve around the pushing factors of this kind of metropolitan growth. In that sense, they explain the historical circumstances that led these municipalities to accept –and even foster – these social contrasts within their municipality.

Section II explains how national development policies have contributed to the impoverishment of these municipalities. It depicts how these policies have generated a persistent flow of poor residents to Greater Buenos Aires at the same time that they have diminished the economic sufficiency of local governments. Section III shows why these municipalities did not resist these transformations. Basically, it shows the disintegration of the alliance that had supported the growth of Greater Buenos Aires. In brief, the divergent economic path of larger and smaller industries and the disconnection between unions' discourses and workers' needs crumbled the institutions for political representation that could voice the needs of these municipalities. As a result, this section comes back to the pulling forces of social inequality. Focusing on the decaying economic conditions of the small entrepreneur and the wage-workers of Greater Buenos Aires, it links the immediacy of the needs of these people with the acceptance of development policies based on social inequality, such as inflow of gated communities next to informal settlements. Moreover, the lack of precedence of bottom-up movements contributed little to the cohesion of vision of municipal residents.

This research has found that national industrialization policies determined much of the fate of Greater Buenos Aires, but within these circumstances, peripheral municipalities' planning practices and local polities have determined the specific geography of social

inequality. The 1970s dictatorship regime's biases against the typically Peronist urban industries, coupled with the 1980s' subsidies of far industrial locations fostered the flight of large industrial investments out of the municipalities of Greater Buenos Aires. In addition, during the late 1970s, and even more so in the 1990s, exchange tariffs and currency valuation favored the uncontrolled flow of imported goods to urban markets, thus undermining the main consumption base of the myriad of small establishments still populating Greater Buenos Aires. As a result, many of the suburban municipalities found that their prosperity was tied to a superseded model of production, and that they can no longer consider industrialization as a strategy for their development.

However, these large changes did favor a segment of the national industry, which managed to expand into financing and exporting activities. In particular, in the 1990s, when the MercoSur consolidated, the convergence of interest among large and small entrepreneurs, workers, unions, and the state in sustaining national industry through Buenos Aires's consumption needs ended; with its conclusion, social contrasts in the urban periphery worsened. These contrasts materialized and perpetuated in the uneven geography of the urban periphery. There, the decay of the national industry was patent in the shift from a concentric to a linear distribution of growth along the MercoSur highway, which superimposed new wealth to the ring of impoverished households surrounding the City of Buenos Aires. Likewise, this realignment of large entrepreneurs and the state transformed the social and institutional practices that might have resisted these changes. Increasing polarization of the productive structure paired with the privatization of national infrastructure eased the concentration of private wealth at the same time that it weakened the representation of the institutions of

labor.

Furthermore, changes in national development policies also modified the institutional framework of urban governance. Because the vote of the urban periphery could decide the outcome of national elections, anti-Peronist governments biased electoral laws against the primarily Peronist Greater Buenos Aires. Yet, no democratic government could survive without attending to the needs of the poor living in the periphery. Eventually, while municipalities acquired autonomy in their urban planning capacities, direct social aid to the suburban poor remained in control of the provincial and national governments.

However, this picture of municipal weakness is deceiving. Even if their funding was inadequate, or maybe because of that, municipalities exercised great influence on the urban growth of Greater Buenos Aires. Once the highway upgrade improved the communication between the urban core and the northern peripheries, the poorest municipal governments actively modified their planning codes so as to bring gated communities to their territories. Therefore, social inequality within their jurisdictions increased dramatically. In part, this was a strategy to bring private investments to land lacking basic infrastructure. This was also a materialization of the eagerness of the impoverished middle-income household to distance itself from the local poor. In all cases, this revealed that social polarization was not due to lack of interaction among metropolitan peoples, but to a social dynamic dependent on furthering these differences.

Viewing Buenos Aires as an exemplary case of urban growth with widening social inequality, this conclusion answers the two questions that guided this research. Namely, under which conditions would a democratic society further social polarization throughout the

metropolis? Moreover, why is this social polarization becoming evident on smaller and smaller scales?

ON LOCAL PARTICIPATION AND INEQUALITY

Truly, the fact that participatory institutions have been associated with increasing inequality is deeply troubling. In theory, diffusion of political rights should prevent a skewed distribution of resources. Yet, there are just too many examples of a different course of events, and while economies have been oscillating between development and decay, social polarization in Buenos Aires has grown steadily (Turn and Carballo, 2005). Often, changes in the production structure of the country and on international trade dynamics were associated with the cause of this inequality. Yet, the fact that these changes have taken place in a decentralized democracy cannot be taken lightly. Either people supported those transformations, or they did not. In the case of Buenos Aires, there was a bit of both.

Social Aid vs. Social Rights

Institutional arrangements are ingrained into cultural patterns and daily practices (North, 1990). Hence, a democratic regime that comes after a dictatorship is defined by this precedence. Beyond the impact this past has for the construction of a national identity, the practices of former governments are embedded in the expansive legal body of a nation. While access to voting is fundamental for constituting a democracy, there is more to a democratic practice than the existence of elections. In the case of Argentina, the historical confrontation between the Peronist, industrial, overpopulated municipalities of Greater Buenos Aires and the

anti-Peronist regimes was evident in the skewed electoral system that undermined the weight of suburban voters. The same slanted distribution repeats at the level of the Province of Buenos Aires, where given the district allocation of legislators, the vote of a suburban resident counts about ten times less than one in rural settings. Likewise, the distribution of fiscal revenues suffers similar biases, and the more heavily populated and poorer municipalities surrounding the city live in a chronic deficit.

Clearly, there is a need for a better distribution of people and wealth in a country where almost half of all national production and a third of all residents cluster on about 2% of the national territory. Yet, in the case of Argentina, central governments diminished the rights of the suburban dwellers, but did increase those of remote locations. Instead, the national government granted extra monies directly to the government of the Province of Buenos Aires through a circuit that bypassed any form of electoral representation or municipal controls. Hence, residents' rights diminished[92].

A genuine framework for political participation would have strengthened the rights of the local poor in ways that allowed them to voice their concerns among those of competing interests. In this case, social aid, which was discretionarily managed by an ad-hoc organism created by the Province of Buenos Aires's government, came to replace actual rights. One of the consequences of this practice is the dependence of the local poor on provincial aid, which furthered the social disintegration of society at the municipal level.

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[92] Between 1983 and 1998, its GINI coefficient climbed from 0.417 to 0.456 (FIEL Study, 1999). Quoted in Frederick Turner and Marita Carballo. In "Argentine, Economic Disaster and the Rejection of the Political Class." *Comparative Sociology*. 4. No 1-2. 2005.

Choosing Polarization

However, it cannot be said that locals did not participate in this new democracy. Even with its shortcomings, the electoral processes enabled social participation, and local residents elected local governments. The truth was, there were no visible social movements struggling against the social polarization taking place within each municipality. The inflow of gated communities had a cross-class appeal in the suburbs. From those who were looking for employment in the suburbs to those who were living there, there was something for everyone behind the gates. The institutional circuit of money left municipalities with little autonomy, but the capacity to change planning codes so as to activate local economy. Once the state stopped sponsoring national industrialization, there was little chance of developing the yet un-serviced land through state investment, and development of gated communities were happy to locate in those lands where the local towns –but not shantytowns— – were most unlikely to expand, or, in the land lacking urban services next to the highway.

Moreover, in many ways, the overall impoverishment of the middle-income households that followed the transformation of the national economy, led many local residents to embrace gated communities even as they increased social polarization within their localities. On one hand, these were seen as buffers to the expansion of informal housing in these municipalities, as well as a way to undo the reputation of poverty that had haunted these locals since the military regime relocated all slums from the city into the suburbs. In sum, democracy as an ideal regime differs from the practices of democratic governments. In this case, the legal framework inherited from the dictatorship regime was still ingrained in the regulatory body of Argentina.

Therefore, many of the pre-existing inequalities were carried on well into democratic times. Moreover, the mechanisms to alleviate them, such as extra government funding, become an occasion for political maneuvers that furthered the distance between citizens' say and government actions. In addition, the different longevities of spatial outlays and political regimes imply that new governments would operate on inherited scenarios, which conditioned development choices. In essence, this is a call for including history and space in our understanding of political regimes, as well as a cautionary note on the preexisting inequalities that democratic procedures can perpetuate, rather than extinguish.

ON DECENTRALIZATION AND INEQUALITY

During the last twenty years of the 20th century, metropolitan inequality not only rose, it did so within municipal boundaries. This was even more evident after the decentralization of planning capacities, when gated communities popped up all over the poorest municipalities of the northern periphery. Is there a causal connection between the rise of inequality at smaller scales and the decentralization of planning controls? And if that is the case, what is the direction of causality?

Inequality as a Cause for Decentralization

Did inequality trigger decentralization or vice versa? History shows that the answer varies with respect to the scale of our analysis. It was the inequality between the core and the urban periphery that fostered the decentralization of planning capacities. From the outset of the metropolis, residents of the urban periphery were poorer than those living in the urban

core. In addition, the urban infrastructure of the suburbs was incomplete, and the municipal governments were less funded than the one of the City of Buenos Aires. Additionally, as the income of the majority of the urban dwellers depended on national industries, the urban periphery was the traditional Peronist stronghold. These characteristics contrasted with those that the last dictatorship regime had envisioned for the capital of the nation: an exclusive residential realm open to international trade.

The non-democratic government of the late 1970s launched the decentralization of planning capacities of the urban periphery so as to further control state expenditures on the expensive –and expansive – infrastructure of the urban periphery. It contained no participatory initiatives and responded solely to the rationalization of the national budget, as the national government understood it. Aiming to reverse the actions of the Peronist government that allocated national resources to Greater Buenos Aires to "*promote and protect the industrial sector so as to increase its profit without reference to market principles such as productivity or efficiency,*"[93] municipal governments were held responsible for their own infrastructure development. That is, the preexisting differences between core and periphery triggered a policy of decentralization, and the enactment of the first planning law of the Province of Buenos Aires, where each municipality was allocated responsibility over its land uses.[94]

[93] Memoria del Ministerio de Economía Argentino. 1976-1981. Presidencia de la Nación Argentina. p. 38.

[94] Ley de Organización territorial de la Provincia de Buenos Aires.1977.

Decentralization as a Cause for Inequality

In the light of the urban growth that followed – most particularly in the light of the social contrasts that emerged out of the municipal practice of rezoning to allow new investments[95] – decentralization of planning capacities promoted local inequality. True, much of it was due to incoming wealth on top of inherited poverty. But after the new investments materialized, there was no evident diffusion of wealth from top to bottom. Moreover, given the fiscal laws regulating real estate investments, municipal budgets did not show noticeable increases, even more when there was not an adequate system of checks and balances in place to control corruption at all levels of government.

Furthermore, because municipal autonomy did not emerge out of a bottom-up claim, municipal boundaries had hardly contained an integrated society within them. There was little correspondence between municipal and community boundaries. Formal and informal settlements were scattered all along the periphery, and shared almost no urban infrastructure or civic institutions. In that regard, there is a danger that decentralized municipalities are becoming 'little feudal democracies.' That is, the dependency of the local poor on the jobs created by gated communities fosters policies that perpetuate those social differences. For instance, while major roads are privatized and functional, municipal governments are in charge of the local grid. Nevertheless, because these governments are under-funded, they achieve public works through ad hoc arrangements with the private investors. For instance, they swap

[95] Strictly speaking, we should call this practice 'changing land uses.' to change land use designations. Therefore, municipalities were changing land uses, not zoning designations.

construction permits for the upgrading of an unpaved local road, but poor residents do not choose the location of these roads.

To summarize, the decision to decentralize was a reaction to the imbalanced national development. However, once decentralized governments were in place, their practices furthered social inequality within their own boundaries. As a corollary, the physical infrastructure of this region was unevenly distributed, which conditioned the future growth of the region.

ON THE FUTURE OF THE METROPOLIS AND INEQUALITY

By now, we have sufficient evidence that the world is more urbanized, but not more evenly developed (UNDP, 2005). But as the drivers behind urban growth encompass a larger number of causes, the contrasts in this periphery augment. Likewise, tackling those challenges demands a wider alignment of institutions. In a way, the shortcomings of traditional categories in describing recent metropolitan social structures reveal the depth of the transformations of the urban society. Moreover, the absence of an adequate terminology to describe this society is mirroring the atomization –or vacuum – of urban political representation. As there are multiple processes leading to the densification of the urban periphery, the divergences among actual suburban residents rises.

In the absence of a shared institutional background, the metropolis grows in the form of isolated –but not disconnected – enclaves. In the case of Buenos Aires, the dollar peso peg attracted immigrants from neighboring countries, and the national imbalanced development continued the flow of immigration from the inner provinces into the metropolis. Also, the

wealthy suburbanized into gated enclaves as the conditions of the city deteriorated. Hence, urban peripheries became the repository of low-paid labor as well as the getaway of the urban affluent. The spatial proximity of these two contrasting conditions triggered a dynamic of uneven growth. Moreover, it is now ingrained in the infrastructure of the periphery. For instance, while private capital took care of major roads that allowed for international trade, local streets remain unpaved and in poor condition. In the absence of a national development project for the metropolis, poor municipalities and private developers found their interests aligned in the construction of private urbanization. And yet, neither democratic institutions, nor a pragmatic agreement among different groups would necessarily imply community.

In sum, the extreme contrasts in the infrastructure of the region became a necessary feature for the production of the current suburban geography. This shows that: 1) physical scenarios condition democratic performances, and 2) inequality promotes a dynamic that depends on the perpetuation of these differences, not only for economic transactions, but also for decisions concerning physical planning. Therefore, the quest for social justice cannot end in the provision of political rights, insofar as the material context in which these rights are exercised is already deeply imbalanced. Otherwise, it is likely that, in a market-led society, the choices of citizens living in unequal conditions will tend to reproduce these same inequalities in their own habitats.

On the Future

To be sure, we must forgo a shallow faith in the redemptive power of urban planning. As we have seen, historical circumstances, spatial constraints, and cultural limitations are not

easily changed, but loom heavily on our future. Yet, as soon as we understand the specific connections between these realms, opportunities for action appear. With that end, identifying the following contradictions could become the entry point for improving the living conditions of this urban periphery, and may then provide useful guidelines for others too.

So far, we have explained social inequality in Greater Buenos Aires as the consequence of the development strategies of the deeply impoverished municipalities of this region. Thus, the root of this inequality is the preexisting and persistent poverty of municipal governments. Why should one of the most dynamic, populous, and productive regions of a nation also be the poorest? Because of the embedded contradictions between its economic and political representations, and between political divisions and polity identities, poverty has become endemic in these localities.

Let us explain each of these one by one. To begin with, although natural resources are the base of Argentina's international trade, metropolitan industrial activities are the source of income for the majority of the population. As a consequence, not only are national governments trapped amidst their needs for income and their needs for votes, but the municipalities of Greater Buenos Aires also suffer the effects of this vicious circle of dependency. On one hand, since most of its industries are geared towards the national markets, they depend heavily on the national government for their economic sustainability. On the other, as national governments aim to control these populations and their weight in the political balance of the nation, they have systematically undermined the political autonomy of these municipalities, which has furthered their dependency on national policies.

Secondly, besides the lack of, or rather incomplete, agency of municipal governments,

there is the question of representation. There is a deep disconnection between the territory of municipal governments and the actual boundaries of the municipal communities. In this context, it is not surprising that municipal governments do not foster social cohesion or that there are no social movements that identify themselves with these territories. These conditions precede the development of gated communities, and are relatively autonomous from the changes in the City of Buenos Aires. Thus, these are the pulling forces of the periphery. Moreover, these are the opportunities to tackle the problems of urban inequality from a different perspective than that of the urban core.

Many of the causes of local poverty are at the level of the nation, like immigration from poor provinces and adverse development policies. Conversely, the particularities of the local interaction might demand an even closer look than the municipal governments can provide. Thus, we should distinguish democracy from decentralization. A course for action in this case would be to recentralize the provision of infrastructure at the level of the Province of Buenos Aires. Likewise, the provision of social aid should be managed through a transparent process, in which municipal governments are active participants rather than spectators. Finally, at the other end, new institutions for social representation should be created to capture the social complexity of this metropolitan periphery. There is an urgent need of an institutional voice for the millions of independent workers who are not participants in unions or in elite discourses. Unlike the higher or lower income groups, these people's material life is fused with the prosperity of the metropolis. Therefore, they are the ones who can articulate long-term goals for the metropolis, and thus scale political institutions to the actual territorial entities they are representing.

BEYOND URBAN BOUNDARIES

Perhaps, one of the most persistent misconceptions in the study of development is the assumption that dramatic institutional reforms can encompass sharp developmental changes. Many policies' recommendations are promoted on the basis that certain institutions have shown success in other situations. This belief may be doing a disservice to the same values we want to promote. Why should we promote democracy and participation as the front door to equal development, as if equal access to political rights was not precious enough? This is not to say that inequality is acceptable, but rather that alleviating it may require strategies other than changing the political regime. Moreover, assuming that bottom up participation would bring even development might jeopardize democratic regimes inasmuch as their intuitions' performance is judged by their economic records rather than by their political institutions.

Equally, we are doing a disservice to democracy when we rapidly take for granted that democratic regimes consistently implement democratic practices. In those occasions, we are not seeing the outcomes of democratic performance, but of other non-participatory forms of government. Actual government performances tend to contain both democratic and nondemocratic practices. Even more when there is a local history of dictatorship regimes. As Douglas North noted, institutional performances are not isolated, fully describable creatures, but they contain in themselves the grain of history. National regulatory bodies cannot be changed all at once, nor can cultural practices be transformed in a reformatory fiat. Hence, we should aim for high specificity when understanding links between institutional practices, regime modes, and development stages.

So long as institutional performances cannot be comprehended in absence of their historical circumstances, they cannot be assessed without referring them to their spatial constraints. This assertion is far from an advocacy of some kind of ‘place fetishism,’ even less for a Kantian negation of materialism. Rather the opposite: in order to advance our comprehension of the built environment in ways that enable us to foster justice and prosperity, we should no longer abstract our analyses from their specific scenarios. There is no better place to start this task than with the conception of the metropolis.

APPENDIX A

METHODOLOGICAL APPROACH

Given that this dissertation aims to understand the institutional and spatial aspects of metropolitan growth, as well as the interaction between the two, I have relied on a combination of data sources and methodological approaches. In fact, one of the most challenging aspects of this research was linking the data on institutions and society with the graphic material illustrating urban form. Accordingly, my argument depends on relating four types of data: 1) quantitative data on urban population; 2) legal documents and archival material on metropolitan development; 3) in depth interviews with local residents; 4) maps and graphic material illustrating the metropolis. In addition, I tried as much as possible to study and present this material so as to cover the 1977-2001 period of Argentine history; that is the years from the first law mandating the decentralization of urban planning powers in the Province of Buenos Aires, until the worst economic and social crisis of the metropolis.

Most of the time, I have drawn on the household data that the INDEC, the National Institute of Statistics and Censuses of Argentina (Instituto Nacional de Estadisticas y Censos) provides. For national comparisons, most useful were the decennial censuses, which count each Argentine household. For historical comparisons, I relied heavily on annual household statistics that measure metropolitan population characteristics and poverty levels. The INDEC does not provide comprehensive data on income level by household. Rather, it counts the number of households with unsatisfied basic needs (NBI) per district. To be classified as an NBI, a

household has at least one of the following characteristics: a) more than three people per room; b) unsound building structure; c) no water-closet; d) at least one child aged between six and twelve who does not attend school; e) four or more people dependent on a single breadwinner who has no schooling beyond third grade. Thus, this NBI index merges both social and housing indicators (i.e. access to piped water and sewerage). On one hand, working with this indicator made it harder to learn about the specific causes of poverty in these households. On the other, the proportion of NBI households per municipality was a good indicator of municipal development, as it was closely related to the level of infrastructure existing in each jurisdiction. Another useful source of data for quantifying the conditions in the metropolis was the Economic Ministry of the Province of Buenos Aires. Distribution of industrial establishments, industrial labor, and construction permits per municipality were available in its annual publication. Finally, the studies conducted by the Argentinean Industrial Union (UIA) on the conditions of the medium and small enterprise (PyME) and the UN CEPAL initiative on small enterprises were invaluable for scaling and locating the data on the Province of Buenos Aires.

As all researchers interested in history know, archives are fundamental in capturing how institutions and societies change over time. For information on the years when the PRN dictatorship was in place, 1976-1983, I consulted the *Memories of the Argentine Ministry of Economy of the Argentine Republic*, and the *Atlas on Buenos Aires* published by the government of the City of Buenos Aires. For the years when a democratic regime was back in office, 19832001, I relied largely on articles from *Clarín* and *La Nación*, the two most read newspapers of Buenos Aires. In addition, I consulted some smaller, local newspapers, including the online versions of *Pilar Total* (www.pilartotal.com.ar); *La Guia de Pilar* (www.pilar.com.ar); *Periódico*

General Pacheco (www.pgeneralpacheco.com.ar); and *Estar Informado* (www.estarinformado.com.ar).

Between August 2004 and December 2006, I informally interviewed residents living and working in the municipalities of Pilar, Tigre, and Escobar, San Fernando, San Isidro, Avellaneda, and General San Martin. In total, I interviewed thirty residents. However, I put most of the effort and attention into interviewing urban planners working in those municipalities where the bulk of gated communities were developed in the 1990s. Between August and September of 2004, I visited the planning offices of the municipalities of San Isidro, San Fernando, Tigre, Pilar, and Escobar. In each of these municipalities, I interviewed between two and three urban planners. Each of these interviews lasted about 45 minutes, and was conducted in Spanish. In addition, in November of 2005 I conducted short phone interviews with officers at the municipalities of Vicente Lopez, San Miguel, and General San Martin, and revisited some of the people I interviewed in Tigre, San Fernando, Pilar, and Escobar. While the questionnaire I used in these interviews was quite flexible, these three questions were asked in all cases: a) Why do you think gated communities are being developed in your municipality; b) How do you regulate the development of gated communities?; c) What do you think they bring to your municipality? Table 36 summarizes the answers of the thirteen interviews I performed in August 2004.

Finally, I have devoted a lot of time, energy, and dedication to trace the spatial transformations of Buenos Aires. In many cases, I had to construct the maps in this dissertation by mapping the quantitative data I was provided. In other cases, I used maps provided by real estate developers and municipal governments (San Fernando, Tigre, and Escobar municipalities). Also, aerial photographs were especially valuable for understanding the spatial

consequences of developing gated communities in the periphery of the City of Buenos Aires. The Military Institute of Geography of the Republic of Argentina (Instituto Geografico Militar) was the source for the aerial photographs of the 1980s and early 1990s. I have relied on Google-Earth (http.//earth.google.com) for up-to-date images of the region.

These multiple sources of information mirror the multiple methods I used to make sense of this wealth of data. Briefly, two techniques proved most useful. One was comparing the numerical indicators among municipalities that were located within the same region of Great Buenos Aires. By comparing the development of the municipalities along the northern highway, I was able to attribute the differences among these municipalities to institutional practices rather than to geography. The second technique was to asses the evolution of these indicators before and after changes in policies. These longitudinal comparisons were useful to evaluate the impact of legal and institutional changes in the development of the metropolis. In addition, the interviews provided an invaluable way to understand the role of individuals and institutions in all these cases.

TABLE 36 Summary of Interviews of Municipal Planners (August, 2004; Province of Buenos Aires)

Municipality	#	Why you thing GC are being developed in your municipality?	How do you regulate the development of GC?	What do you think GC bring to the municipality?
San Isidro	I	It is an urban phenomenon	All developments are rules by the same rules	They are not good for our community
	II	Because of our location	All developments are rules by the same rules	They increase private policing in the area
San Fernando	III	Because of the highway	They have to comply with the PBA requirements	Uses for underutilized land
	IV	Because of our location	They have to comply with the PBA requirements	It depends where they locate. They might be good or not,
Tigre	V	Because of the guarantees that we provide to the developers	We apply Tigre GC's regulations	Jobs and new businesses; upper middle income residents
	VI	Because of our new urban code	We apply Tigre GC's regulations	New residents and prestige to the locality
	VII	Because of our approval process	We apply Tigre GC's regulations	New jobs, people, prestige.
Escobar	VIII	Because we have empty land	It is a case by case approach	May be jobs
	IX	Becaude developers want it	We use Escobar regulations and then a case by case approach	Uses for underutilized land
	X	Because of the highway	We use Escobar regulations and then a case by case approach	May be jobs and what they trade with the mayor
Pilar	XI	Because we have many GC already	Most of the times it is a case by case approach	New jobs, new residents
	XII	Because of the highway	It is a case by case approach	Some infrastructure(but not sufficient)
	XIII	Because we have empty land	It is a case by case approach	New residents inside the GC and new informal settlements around the GC

APPENDIX B

A NOTE ON LITERARY REFERENCES

The multidisciplinary nature of this dissertation and its object of study – the contemporary metropolis – led me to diverse paths through the literature. The work of a broad and varied number of scholars has nurtured the discourse and theories I present in this dissertation. What I have taken from these books might differ from what is most cherished by their authors. However, my intention in this brief note is closer to a genealogy of ideas than to a literature review. Thus, I present the main influences on my work according to four entry points I used in this dissertation.

Lewis Mummford's work is an obvious reference for one of the main questions of this dissertation, namely, which are the causal connections between the form of a place and the social interactions staged in it. From his classic book, *The Culture of Cities* (1938), I have learnt about studying urban culture through its material productions, while at the same time acknowledging that the form of the city is likely to last longer than the culture that created it. In that regard, Richard Sennett's book, *The Uses of Disorder* (1970), is also closely connected to the way I interpret the relationship between social forces and urban form. By acknowledging how individual behavior can lead to a certain mode of urban growth, his book opens up new avenues for exploring the city as a social construction, even as the notion of metropolitan unity is challenged. Finally, Lawrence Vale's study on the construction of twentieth century capital cities, *Architecture, Power, and National Identity* (1992), casts light on the subtleties and conflicts of purposefully infusing social meaning into the built environment. In that sense, from

these two books I took the notion of the construction of urban form as a bottom-up as well as a top-down social process.

A second significant set of scholarly works presents the study of the city as a system of power relations, in which technology is the main determinant of spatial organization. In this realm I place *Social Science and the City* (1968). Leo Schnore's visionary approach to urban research centers on urban infrastructure, and shows how this material outlay relates to both urban form and urban governance. Also, Sir Peter Hall's body of research presents urbanization as an outcome of technology and culture, while including the notions of historicity and multimodal structures. In particular, his book *Cities of Tomorrow: An Intellectual History of Urban Planning and Design in the Twentieth Century* (1988) triggered this thesis's interest on how municipal planners participate in the generation of the metropolis, even when the latter responds to a decentralized structure of decision. In that regard, Saskia Sassen's book,*The Global City: New York, London, Tokyo* (1991), was a call for attention to the interaction between local and transnational determinants of urban development. More than her work on the development of global centers of control, I was interested in her description of a shifting urban geography within national boundaries.

This fundamental distinction between 'the hardware' and 'the software' of urban organization was continued in some aspects of Manuel Castells' trilogy, *The Information Age: Economy, Society, and Culture* (1996-1998). His comprehensive study illuminates the connections between new modes of communication that bypass territorial boundaries, and the formation of networked spaces of power that can be selectively deployed around the world, regardless of physical distance. In this way, his work allows for a conceptual distinction

between spatial propinquity and effective connectivity, as well as between structures of power and agency. Yet, as he and John H. Mollenkopf acknowledge in their research on the late twentieth century transformation of New York City, *Dual City: Restructuring New York* (1991), the resulting deeper social contrasts that the current metropolises present do not imply lack of interaction, but rather a social dynamic that perpetuates social difference at the local level. Finally, Stephen Graham and Simon Marvin's work, *Splintering Urbanism: Networked Infrastructures, Technological Mobilities and the Urban Condition* (2001), produces a careful and insightful map of this new, locally fragmented, internationally networked urban space. Tracing the transformations in the provision of urban infrastructure, the book shows how the privatization of infrastructure disturbs the urban patterns set by a state-led mode of urbanization. This dissertation understands the relationship between technology and society as emerging from this body of work; specifically, technology (that is, the means of organizing material production) defines the configuration of political struggles, but does not determine their outcome.

A third line of inquiry use in this study refers to the interaction between institutions of urban governance and urban form. Douglass North's seminal work on institutions and national prosperity, *Institutions, Institutional Change and Economic Performance* (1990), opened up new ways of exploring social change. By answering the question of why some societies prosper while others stagnate through an analysis of how institutions regulate social behavior; it placed historical research at the forefront of development studies. In the same venue, I have taken from Clifford Geertz's study of developing Indonesian towns, *Peddlers and Princes: Social Development and Economic Change in Two Indonesian Towns* (1963), two fundamental

hypotheses that inform this research: one, that the physical form of a settlement conditions institutional practices even as local society upgrades its technology; and two, that the question of urban development transcends urban scale. This seminal idea is also present in Diane E. Davis's comparative study of Argentina, Mexico, Taiwan and South Korea, *Discipline and Development: Middle Classes and Prosperity in East Asia and Latin America* (2004). Focusing on the influence of rural middle classes on national development, she shows how national political struggles impact urban growth, and vice versa. Clearly, this notion of the embeddedness of national categories on urban development is essential for this dissertation's argument.

The fourth structuring idea of this study is that urban peripheries cannot be explained through the changes in the urban core, but these present their own growth dynamics. I took this concept from two different sources. The first is Robert Redfield's well-known essay *"The Folk Society"* (1947). Precisely at the moment when modern cities are at the focus of urban sociology studies, he aims to define life in backward settlements. In this way, he presents a dialectic approach to change, while showing that development is not a categorical term but a comparative one. The other reference for studying the periphery is Max Weber's essay, *"The Social Causes of the Decay of Ancient Civilization"* (1896). Briefly, this piece explains economic decline in the Roman Empire as the outcome of inflation that followed a decline in the number of slaves after Rome ceased its physical expansion. Weber thus focuses our attention on the changes in the fringe of the Empire to elucidate the decadence of the central government.

To conclude, I would like to emphasize that this list is neither complete nor conclusive, but it is an attempt to trace this dissertation's intellectual and scholarly roots.

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