

Introduction

Chapter 1

**The Metropolitan Regions of Latin America:
Problems of Governance and Development**

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Urbanization and Metropolitan Development

The Urbanization of the Population and Economic Activities

One outstanding characteristic in the recent development of Latin America and the Caribbean is the urbanization of the population and economic activities, and the emergence of several cities with qualities of metropolitan areas. The region is recognized by the demographic and economic importance of its cities, which in 2000 concentrated 75% of the 523 million inhabitants and generated over 50% of the economic growth. There was a notable shift in living situations throughout the 20th century; in 1900 one out of four inhabitants lived in urban centers (cities of 2,000 or more people) and by the early 21st century, three out of four inhabitants were in cities. Additionally, in the early 20th century, no city had a population of over one million; yet in 2000, there were 49 cities that surpassed this mark, four of which were amongst the ten largest cities in the world. Overall, cities offer better opportunities for personal development and enhanced quality of life, thus it is expected that the population in cities will concentrate 80% or more of the Latin American population by 2025, and 9 new cities will form with populations of over one million.

In the last century, a significant transformation occurred in the structure of urban centers of the region. In the early 20th century, the urban structure of most countries was characterized by the existence of a principal city (with the exception of Brazil and Colombia, with two and three important cities respectively), the national government seat, the largest concentration of basic services for productive activities, and an array of smaller cities and towns, whose main economy were driven by agriculture production and exportation of primary products. As the 20th century came to a close, this structure was more complex; the region contained 4 of the 15 largest cities in the world (Mexico City, with 16.6 million inhabitants; São Paulo, with 16.5 million; Buenos Aires, with 11.6 million; and Rio de Janeiro, with 10.2 million) and 45 urban centers with over one million in population, some of which surpassed 5 million (Bogotá, Lima, and Santiago,

Chile) and many others that surpassed 3 million. Moreover, there were numerous medium-sized cities with between 100,000 and 1 million inhabitants. Today, the majority of these urban agglomerations occupy territories that extended beyond the jurisdictional boundaries of the local authority, with labor and services markets spanning several municipalities, often in different provinces. Mexico City sprawls over municipalities in two states, in addition to the Federal District (*Distrito Federal*), and Buenos Aires extends over more than 30 municipalities in the Province of Buenos Aires, as well as the city proper. Metropolization affects cities as large as São Paulo and as compact as Londrina (700 inhabitants). Census data of the last the two decades in Latin America reveals a reduced population growth rate of the largest cities, constituting the core of regional metropolitan agglomerations, accompanied by faster growth rates in municipalities and cities along regional corridors with easy access to larger cities that define these regions (HABITAT, 2004).

Table 1.1. Urban Population of Latin America and the Caribbean

Year	1985	2000	2015	Rates	
				1985-2000	2000-15
Population (Millions)	400.8	519.1	631.1	1.7	1.3
Urban Population (Millions)	280.5	389.3	504.9	2.8	2.7
Percentage of Total	70	75	80		
Cities with over One Million Inhabitants	21	47	58		
Population	69.5	153.9	213.1		

Source: HABITAT, 2001.

These metropolitan agglomerations concentrate more than 50% of the productive capacity of their countries, and are highly interrelated with other national and international agglomerations. This system is of great economical importance, as in the future, these cities will contribute more than 80% of economic growth. Daher (2000) discusses the significance of three regional transnational metropolitan routes in Argentina, Brazil, Chile, and Uruguay (São Paulo-Rio Grande do Sul, Buenos Aires-Montevideo in the South Atlantic, and Santiago-Cuyo-Córdoba in the interior), which generate between 50 and 60 percent of the domestic product for their respective countries. Additionally, these metropolitan corridors actively trade with each other under the framework of the commercial agreements of MERCOSUR, while maintaining strong exporting relations with the Pacific and Atlantic markets. In sector terms, the importance of these metropolitan agglomerations is greater still; for example São Paulo generates close to 60% of Brazil's industrial production, concentrates the majority of country's business services, and houses a stock exchange of world-wide importance. Similarly, the Metropolitan Region of

Santiago, which generates more than 47% of the Gross National Product (GNP) of Chile and more than 50% of its industrial product, offers superior services to businesses and the public, in quantity and quality, and is the control center of the majority of the country's largest companies (De Mattos, 2002).

Transformation of the Spatial Structure of the Metropolis

New Centralities and Urban Dispersion (Urban Sprawl)

The internal structure of large Latin American cities has gone through significant changes, among which it is worth emphasizing the displacement of the population, industries, and services from city centers to the periphery, and the creation of new centers with their own economic and social dynamics. Low density, often discontinuous, peripheral suburban growth, pushes the urbanized area beyond municipal limits; this creates a vast low-density urbanized space, which requires extensive infrastructure networks and increases population and merchandise transportation costs, as well as the costs in administering public utility services. Contrary to the population boom in these dynamic new urban areas, with more than one new centrality, there is the gradual emptying of old residential, industrial, and service areas, and an abandonment of traditional centers of commerce and social interaction.

The rupture of the traditional compact urban structure of Latin American cities, with only one center, and its replacement with a spatially diffused spatial structure containing more than one nucleus, has been accompanied by the sprouting of new urban "artifacts." These include: sizable commercial centers situated in the periphery and connected to main avenues or highways; technological or logistical parks located in the outskirts, quickly filling with businesses attracted by modern facilities and easy access to interregional transportation routes; and *gated* neighborhoods, the upscale residences and recreation areas for high-income social groups. These urban places for production, consumption, housing, and recreation are interlinked by often-congested roads, which lack the spatial continuity of the compact cities that predominated until the late 20th century. According to Janoschka (2002) these characteristics reinforce the tendency towards extremely segregated and divided cities. Today's Latin American metropolises are evolving towards "cities of islands."

Fragmented cities

The process of urbanization previously discussed has prompted a remarkable increase in the quality of life for the region's inhabitants, as the concentrated population allows the provision of basic services at lower costs. Thus, there has been an improved coverage of sanitation, health, and education services, among others. Towards the latter 1990s, the progress in covering basic needs led to the idea that much of the population of Latin America and the Caribbean had moved from a "structural" poverty (a combination of unsatisfied basic needs and insufficient income) to an "economic" poverty (lack of sufficient income to acquire basic goods).

Additionally, an "urbanization of the poor" had taken place in the region; the census data showed that the urban poor population (125 million in the late 1990s) was much larger than the rural poor population (78 million in the same period). Nevertheless, in relative terms, rural poverty affects a greater number of people (more than 50% of rural households compared to 30% of urban households). The majority of the impoverished population obtains its income from the informal sector, which has created 6 out of each 10 new jobs added to the economy in the last decade. Females are at the head of many poor households and the majority consists of extended families (including individuals belonging to several generations) and complex relations (households having members with no relation to the family nucleus). More than half of the parents, or persons in charge of poor households, have not reached an education level superior to the ten years considered necessary to reduce the risk of intergenerational poverty transference (Arriagada, 2000).

The incapacity of Latin American economies to generate jobs in the formal sector explains the high ratios of unemployment, under-employment, and informal employment. The average unemployment rate in the region has increased from 5.8% in the early nineties to 8.4% as the decade closed, and since then, it has not decreased. At least fifty percent of the countries have two-digit unemployment rates, while the difference in income levels between qualified and non-qualified workers has continued to widen.

Perspectives to eradicate poverty are seriously undermined by the prevailing inequality in income distribution (ratio between the highest and lowest income brackets), which, according to the World Bank (2001), is more pronounced in Latin America than any other region. The population that makes up the lowest 10% in this distribution structure earns 5% of the national income, whereas those in the highest 10% earn 50%. Fundamentally, this disparity originates

from the unequal distribution of assets (land and human capital), and from the different levels of access to economic opportunities. The macroeconomic instability, still considerably high in the region, has a negative impact on the underprivileged, whom are unable to count on savings as a protection from wage decreases, which often accompanies macroeconomic catastrophes; they also lack the network of social protection to help mitigate the ill-effects of such events.

Another distinct characteristic of urban poverty in large Latin American cities is spatial segregation. The mechanisms of urban land markets, which promote price increases, exclude the poor from areas with adequate infrastructure and services, and forces them into the least favored zones, further reinforcing the contrast in the quality of life of poor areas with the rest of the city. Consequently, a duality, with multiple negative effects, has emerged within the urban areas of Latin America; one part of the city, usually consisting of higher income families and advanced infrastructure and services, coexists with another part of the city, which is generally larger, has less access to services and employment and often faces environmental problems. In addition, it is known that the geographic concentration of poor households favors the intergenerational transmission of poverty, due to the populations' reliance on informal activities for income and greater unemployment rates, and has negative impacts on social integration, due to increased inactivity among the youth.

Congested and Inefficient Cities

The population, economic, and spatial growth of the metropolitan areas in Latin America has not been accompanied by a parallel development of the infrastructure and urban services required to satisfy the populations' needs and sustain economic development. The accessibility of basic sanitary systems directly affects the quality of life of the residents, while the inefficiency of the transport and communications networks dampers the productivity and competitiveness of urban enterprises. Additionally, the lack of road infrastructure and public transportation, which increases the time and effort needed to access urban jobs and services, is less documented, but no less influential on the quality of life of the inhabitants. The time it takes workers to travel to work has increased continuously over the last few decades; according to HABITAT data (2002), in São Paulo, workers spend an average of two hours commuting to their jobs. Inhabitants of Rio de Janeiro face a similar problem, traveling almost 100 minutes each day to work, while in Bogotá, the average travel time reached 90 minutes in the late nineties and in Santiago, Chile the 60-minute commute average was surpassed years ago.

Infrastructure deficiencies limit economic development in multiple ways (World Bank, 1995). For example, companies with inefficient electricity services are forced to invest in backup systems or they risk a severe loss in production. Similarly, deficiencies in communication systems make international trade and interaction difficult, while traffic congestion in urban areas increases the time and cost of shipping and receiving goods. These setbacks are common in most Latin American cities, particularly in the metropolitan areas, and deter these areas from being efficient platforms for economic activities. They also contribute to poor living conditions, discouraging dynamic entrepreneurs and highly skilled workers from settling in the cities. Moreover, a high percentage of the GNP is generated in these areas, thus these inadequacies affect the national economy.

Inefficient infrastructure causes low productivity in large enterprises in high; for example, a recent study concluded that such deficiencies are the main cause of the overly-inflated inventories of many Latin American companies, when compared to similar industries of more developed countries (Guash and Kogan, 2001). In the 70s, 80s, and 90s inventories of raw materials in the Latin American manufacturing sector were two to five times greater than those of similar North American industries. Furthermore, as real interest rates in these countries were two times the rates in the United States, this overstock made it more expensive to develop and manage new businesses in the region, affecting both productivity and competitiveness. Other studies have proven a clear relation between labor productivity and the size of labor markets in large cities. Labor productivity diminishes as cities grow physically (the result of horizontal expansion) and as the average speed of internal displacements decreases (a consequence of the lack of investment in road and urban transportation) (Prudhomme and Lee, 1999). Studies in São Paulo and Buenos Aires indicate that labor markets in these cities are weakened due to inefficient transport systems and excessive commute times. In São Paulo, a laborer has access to less than half of the metropolitan jobs available within a two-hour commuting time, due to road congestion and inefficient urban transport systems. Accordingly, companies have access to half of the labor force available in the metropolis; thus laborers have greater difficulty in finding jobs that maximize their income potential, while companies find it increasingly difficult to find skilled laborers.

Metropolization: a Development Opportunity and a Challenge.

The restructuring of Latin American urban economies, particularly in metropolitan areas, has improved the competitiveness of their respective national economies and, as mentioned previously, led to a situation in which the largest part of the expected economic growth will originate in cities, especially in the metropolitan areas. In spite of their problems, cities offer Latin American countries the best opportunity to expand economically and improve the quality of life for the population.

This economic restructuring creates challenges for the region, such as rapid growth of jobs in the service industry and a decline in industrial jobs, as well as an increase in informal, less productive jobs. Also, the increase in productivity and profits benefit a relatively small portion of the population by creating jobs that require higher qualifications compared to the manufacturing jobs of the sixties and seventies. Productivity increase and the regularization of informal activities, as well as development of small and medium companies focused on satisfying regional and local demands, are necessary complements to policies which promote competitive export activities for the international markets.

Technological developments have had a positive effect on this restructuring by giving many companies the option of settling outside central areas, promoting the dispersion of new jobs in those urban areas that want better access to interregional markets and logistical export platforms. Nevertheless, the most mobile factors of production, capital, and technological knowledge are dominated by a small percentage of the labor force working in few urban centers, thus other cities are left with obsolete physical capital and the less qualified laborers.

The consequences of the spatial restructuring of Latin American cities are significant. On one hand, the expansion of the urbanized area and the development of new production, commercial, and recreational centers in the periphery, along with the proliferation of gated communities, have increased the social mixture on a regional scale (thus reducing the “macro” social spatial segregation; Sabatini et al., 2001). However, from a “micro” standpoint, this process has led to increased social distance, as there is a lack of common places for mixed social groups to gather and interact. This tendency has both consolidated and expanded preexisting social disintegration patterns with regards to income and access to benefits of urban development, thus increasing social pathologies. Growing delinquency and criminal activity is controlled

through closed neighborhoods, private security systems, and abandonment of the public spaces, solutions that actually aggravate the problems (Dammert, 2001). Presently, the cities of the region face a dual challenge: to extend the urban development benefits to all inhabitants and minimize socially deviant behaviors.

The Metropolis Government: A Pending Task and a Challenge for the State

Decentralization in Latin America and the Caribbean

The decentralization of government functions has been one of the most distinguishing characteristics of the recent evolution in the administration of Latin American and Caribbean cities. To increase competitiveness and promote local economic growth, national governments try to improve services and infrastructures by transferring responsibilities to “subnational” governments, which are more capable of meeting the needs of local economies and working with local entrepreneurs and civil society organizations. These governments, which include diverse organizations with jurisdiction over portions of the national territory, are made up of provinces, regions, and municipalities, and are encouraged to promote a more equitable development process of public health education and sanitation services, among others. Such services are fundamental to assure the well being of the population and create greater social cohesion between different society groups and areas of the national territory.

Sustained efforts to decentralize government responsibilities and resources are prevalent in the region, especially in larger countries (I.A.D.B., 1997); Argentina, Brazil, and Colombia are among the most decentralized countries, while Bolivia, Mexico, and Venezuela have made significant advances towards this goal. Nevertheless, there is room for continued progress as Latin America and Caribbean local authorities control only 17% of public expenditures, while in industrialized countries 35% of expenses are in the hands of “subnational” governments. Encouragingly, most local governments in Latin America are becoming more democratic. In 1980 only three countries elected their mayors via popular vote, while in 1997 this method was used in 17 of the 26 borrowing-member countries of the IDB, and in six other borrowing countries, mayors were designated by elected municipal councils.

In spite of the developments previously discussed, there is insufficient institutional and financial capacity for subnational governments to assume additional responsibilities in most Latin American and Caribbean countries, which creates a complex panorama of governance. There

are more than 100 states and provinces in the region (also known as departments or regions) and more than 14,000 municipalities; some states have large populations (for example Bahía, Brazil and Buenos Aires, Argentina have more inhabitants than most Latin Americas countries) and others are the economic engines of their countries. Other states are small and relatively impoverished, with fewer resources than an average-size municipality. 90% of the municipalities have less than 50,000 inhabitants, a size that prohibits them from developing a solid fiscal base and institutional capacity to take on complex responsibilities. These capacities vary in by region; for example the institutional capacities of municipalities such as São Paulo, Buenos Aires, and Mexico DF are superior to those of many smaller states, and they are able to develop advanced financial management systems. Conversely, some small municipalities lack stable personnel and their financial management capacity is minimal. Still, given the high degree of urbanization in Latin America, approximately 60% of the population lives in medium sized cities of more than 50,000 inhabitants, which are large enough to sustain local proficient urban governments and play important roles in the economic development of the region.

A frequent obstacle in decentralization is the obsolete and inefficient framework of intergovernmental relations. The redistribution of responsibilities between different government levels has not always been sustained by a corresponding allocation of resources, nor adequate incentives for local governments to generate sufficient income. In metropolitan areas, the complex task of delegating central functions and resources to relatively weak institutions is compounded by difficulties in coordinating different jurisdictions in administering services and the development of the agglomeration. An example is the provision of potable water, sewage systems, and drainage in the urbanized territory of these areas, which requires operating infrastructures in territories that transcend a single-municipality jurisdiction, and thus several local governments must coordinate their actions. Similarly, management of public transport and environmental concerns in hydrographic and atmospheric river basins require the collaboration of different jurisdictions.

This complexity brings about a serious of fiscal and governance issues that must be addressed. In these areas, several jurisdictions provide different types of services; those governing central areas must provide infrastructure and services for employees across the entire metropolitan area, whereas the suburban jurisdictions offer only residential services. The main challenges here are to find sufficient resources for service provision costs, as well as to effectively manage this income to insure that it mainly comes from direct beneficiaries, avoiding unnecessary

subsidies and the distortion of consumer choices. Governance problems are common in metropolitan areas, particularly those related to the inhabitants' participation in the decisions that affect them; as these areas expand into territories under the jurisdiction of various local authorities, there is an increasing misalignment between the territories under the control of the elected officials and those affected by investment decisions and provision of services.

Going forward, it is important to apply the principles of strong "subnational" government (I.A.D.B., 2001), drawn from recent advances in the theory and practice of social sciences, to the governance problem in metropolitan areas; this book aims to contribute to this process. The subsequent review of the foundations for strong local government sets the frame for the different analysis included in this publication. These bases are not normative prescriptions supporting one particular concrete modality of local management; rather they focus on the analysis of the incentive systems that underlies the solutions of local governments, with a particular focus on those that motivate the decision makers in the provision and financing of local services.

Foundation for Strong Local Governance

Strong local governance requires well-designed rules and incentives that encourage elected officials to satisfy the population's needs through the efficient management of available resources, of which these four are crucial:

- Those derived from the system of intergovernmental relations that clearly define the responsibilities and resources of each government level.
- Those that originate in the local government structure, which determine the community's level of participation in decisions, as well as the level of supervision over elected officials.
- Those related to the institutional capacity of local governments to carry out their assigned functions.
- Those that originate in the financing mechanisms of the activities and investments of local governments.

Intergovernmental Relations

According to Bird (1999), a well-designed system of intergovernmental relations provides incentives for local government to assign available resources to the most worthy areas of social

need. In addition to well-defined responsibilities and sufficient resources, local governments need strict budgetary constraints, which forces elected officials to more effectively manage the inherently difficult task of distributing limited resources to multiple and competing entities.

An adequate system of intergovernmental relations should focus on questions such as:

- Who does what? The task of allocating responsibilities among government levels and making certain they are carried out efficiently is complex. Effectual allocation requires proactive administration in mobilizing the necessary resources.
- Who charges which taxes and fees? Again, this problem relates to resource allocation; the solution consists of finding a close correlation between the income and expenses of the local government and developing a system where it assumes both fiscal and political responsibilities, as well as making certain that local taxes do not distort the this allocation within the local economy. Local governments will more effectively administer those resources that voters perceive as their own, and thus preferred sources of local income include service fees, local taxes, and contributions.
- How is the unavoidable imbalance between income and expenses in the local governments solved? Vertical imbalance between government levels can be solved through a system of well-designed transferences; the key to this system is to put local elected officials in charge of allocation decisions, while imposing rigid budgetary constraints on such decisions. These objectives can be reached through programmed and untied transferences based on formulas.
- How are service levels between territorial jurisdictions equalized? This problem of horizontal disequilibrium is solved through transferences between government levels that are designed and executed according to the enunciated principles.
- Should local governments accumulate debt? There are solid arguments that justify indebtedness in cases when the debts finance infrastructures can generate benefits for several generations. Nevertheless, in order to avoid softening the budgetary limits imposed on local elected officials, the financial markets and central government regulations should promote a rigid credit discipline. The central government must also make a firm commitment to refrain from bailing out insolvent local governments.

Governability

The previous discussion points out the implicit need for efficient mechanisms to encourage the community's participation in the decisions that affect them, as well as the need to exercise an effective oversight of expenditures. Both are essential requisites in assuring that elected officials act responsibly before the voters and to create transparency in urban management. A democratic, transparent local government promotes community participation and has a better chance of satisfying the interests of the majority, while respecting the rights of the minorities, than a bureaucratic government, whose management is concentrated within its cupola. In other words, a deep democratization of the local government is required with the following fundamental qualities:

- An efficient system to elect officials, which makes it possible for citizens to express themselves regularly with regards to local problems and encourages them to take on responsibility in their solutions.
- Collegiate bodies that represent all interested parties and have the authority to supervise elected officials.
- Formal institutions that attend to community complaints, and provide and receive pertinent information.
- A regulative regime that forces local governments to consistently and truthfully disclose information regarding their actions, provision of services, and financing.

An adequate incentives program, which promotes proficient and trustworthy behavior on the part of the administrators of community affairs, requires effective policies related to the election and removal of key officials. The clear distinction between local and national elections, for example, helps center the population's attention on zonal issues when appropriate. When the elected officials' terms are short and there is no possibility of re-election, their attitudes tend to be opportunistic; on the contrary, longer incumbencies with the possibility of re-election encourages elected officials to create long-term strategies fully committed to the community's interests. Other essential factors of this system relate to the power vested on council members, such as the level of supervision needed over the elected officials and determining the council's capacity to effectively represent different interests within the community.

Institutional Development

Local governments need sufficient institutional capacity to develop complex functions, which requires a long gestation period. At the same time, they must have a solid legal foundation and organized procedures to manage personnel, finances, and creative local development.

Effective administration of the personnel requires:

- A career civil service system that, along with eliminating favoritism in designating local government employees, promotes its specialization and professional development.
- A system of personnel management that promotes the career civil service system, while granting flexibility to the elected authorities to adjust the budget allocation to fulfill the designated tasks.

To effectively manage income and expenses the following are needed in order to improve the multi-year planning and financial execution system required by the complex investments and services provided by local governments: a well-organized method to collect taxes and tariffs; dynamic planning and budgeting mechanisms; and well-organized methods to direct and evaluate the results.

The operational capacity of a local government is one of the determinants its flexibility in discharging their responsibilities. The following aspects of the institutional structure of local governments determine whether or not their elected officials are creative and audacious: the openness to cooperate with other government levels; the capacity to partner with private agents to undertake specific tasks or complicated projects; the ability to delegate functions to third parties; the aptitude to privatize the provision of services; and the means to supervise and regulate private suppliers. These factors, along with a well-structured system of personnel and financial management, determine whether leaders can creatively and productively utilize the available financial and human resources.

Financing

The method of financing local governments is a determining factor of many facets of the incentives system under which the elected officials and administrators operate. As mentioned previously, officials will handle these decisions more carefully when the community perceives

the resources as their own; hence, as in private sector companies, own-resources become the most appropriate source of financing because they are the cheapest source and they stimulate more effective allocation. The most obvious sources are taxes, and service charges, as well as the compensatory transferences from other levels of government, when they are stable, programmed, and untied. Carrying debt is appropriate expenses under certain circumstances, for some expenses, such as financing assets with long-term pay-offs, but only when financial markets, regulations, and intergovernmental relations exercise affective control of local indebtedness. Therefore, an important factor of the incentives system is the development of debt discipline, which includes the following crucial steps:

- Strengthening intergovernmental relations to impose strict budgetary restrictions and send clear signals to financial markets that rescuing local governments due to insolvency is not an option.
- In negotiating loans to local governments, financial markets, commercial and investment banks, and capital markets must adjust the pricing of the resources according to the risk involved.
- Local governments must regularly provide necessary financial and budgetary information in order to make the above evaluation possible.

These incentives should induce elected officials to act cautiously in contracting loans, focusing on solid projects with enhanced social and economic benefits. Officials can take on unsustainable debt by leaving out any one of the above components; even though they may benefit from increased funding, the costs are carried forward to future administrations.

Challenges and Tasks

The vast and complex task of developing efficient and democratic “subnational” governments, which promote the economic development of their territories while offering needed services to the community, requires coordinated reforms within the political, fiscal, institutional, and financial fields. To improve the quality of the local government, each system of incentives mentioned above must be simultaneously perfected. This task is more difficult in metropolitan areas as these transformations require a long-term vision and substantial political courage on behalf of all parties involved. Additionally, they must occur in the local governments with jurisdiction over the territory of the agglomeration, as well as in the institutional mechanisms, procedures, and programs that promote effective coordination of the various jurisdictions’ activities. Despite the

complexity, the undertaking is essential as the benefits significantly impact the cities involved; similarly, the importance of the cities and the local governments' vital role in their appropriate functions make the reforms urgent.

Taking on these challenges requires a solid understanding of the theory and practice of good local government, as well as its creative adaptation to the needs of large metropolitan areas. It is also imperative to respect the diverse institutional arrangements, whether federal or unitary, as well as the diverse legal traditions based on customary laws or the Germanic or Roman traditions.

Explorations on the Theory and Practice of the Metropolitan Government

This publication, with two parts, aims to contribute to the development of institutions, procedures, and programs, in order to improve the management of metropolises of Latin America and the Caribbean. The first part discusses the complex problems faced by the metropolitan areas of the region, which have as much to do with their economic importance, as with the difficulties of the coordinated management of territories under the authority of different administrative jurisdictions. The second part discusses principles of good metropolitan government, which is outlined in the preceding section. It focuses on those principles related to democratic governance and efficient fiscal administration and analyzes different cases in which they have been applied. The works included in this publication contribute ideology and experiences within their respective areas of interest; as such the book explores cross-sectional and sectoral subjects of the theory and practice of metropolitan governance, with the purpose of encouraging a debate and the transformation of prevailing mechanisms of metropolitan management in the region.

Within this book, Cuadrado Roura and Fernandez Güell, discuss the economic importance of good metropolitan governance, highlighting the challenges metropolitan areas face in their efforts to improve the competitiveness of their enterprises. The authors argue that competitiveness in the urban realm relies on the disciplined provision of infrastructures and urban services; such provision helps businesses to run efficiently, as well as to create better living conditions in order to attract innovative entrepreneurs and highly qualified laborers, crucial resources for internationally competitive companies.

Given the significance of good metropolitan governance in economic development, the book analyzes different proposed and utilized forms of metropolitan government, a theme which has caught, albeit sporadically, the attention of specialists in local government and urban development for more than three decades. In his analysis of current perspectives on metropolitan organization, Jeroen Klink discusses in detail the recent literature and practice of metropolitan governance. He analyzes the variety of methods used to manage metropolitan issues and the diversity of the existing integral and partial experiences, many of them drawn from Latin America. From the particular perspectives of democratic governance and fiscal issues, the other authors in this book expand upon Klink's analysis.

Such is the case of Christian Lefèvre's analysis of democratic governance in metropolitan areas, which opens the second part of the book and discusses principles of a good metropolitan government. In his work, Lefèvre presents different metropolitan governance models, while pointing out the complex problems of democratic representation, voice, and identity faced within metropolitan communities. The author realistically analyzes the changes needed within Latin American metropolis governments, insisting on the importance of a gradual development of politically legitimate arrangements, with both operational capacity and social legitimacy. Lefèvre emphasizes the relevant procedures to validate the changes and the crucial role of political leaders in the process. He draws conclusions applicable mainly to Latin American cities; some synchronize with other authors' conclusions, and others are complementary.

The analysis of the fiscal aspects of metropolitan governance made by Bird and Slack suggest the most appropriate methods to finance the multiple and complex responsibilities of an efficient metropolitan government. This is a complicated theme of Latin American intergovernmental relations, given the strong dependency of local governments on resources from the national governments. Centralist traditions in imposing and collecting taxes, combined with significant mistrust in the local government's ability to obtain and administer resources, further hinders the progress towards creating metropolitan areas with independent and prosperous local fiscal bases. The authors are particularly realistic and frank in their approach to this issue, bringing forward the advantages and disadvantages of different financing options, including methods that allow for financing of regional governments, an especially relevant topic in the discussion of metropolitan fiscal issues.

The road ahead in improving the management of metropolitan areas in Latin America is long, as Cuadrado Roura and Fernandez Güell emphasize in the closing of this book. There are no easy solutions and, according to the authors, there are no unique formulas. Each metropolitan area must seek a method that adjusts to their needs, level of development and future prospects, as well as the legal and institutional context in which they operate. The adopted solution will inevitably be the result of a trade off between the interested parties, which can only be attained through an open and democratic debate. The editors hope that the works included in this book contribute to this debate, presenting the principles of good metropolitan governance and, mainly, a substantiated analysis of the virtues and limitations of the different models and recent experiences in cities that have advanced in the reform of metropolitan management.

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