UNEVEN REDEVELOPMENT
NEW URBAN POLICIES AND SOCIO-SPATIAL FRAGMENTATION IN METROPOLITAN BILBAO

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Abstract

Since the mid 1980s, European cities and regions have become increasingly concerned with competitive restructuring and economic growth. This concern goes hand in hand with a rediscovery of the central role of cities in the performance of regional and national economies as a whole. But, in a context of radical transformation of production and demand conditions globally, the performance of cities is mediated by their capacity to lead a process of competitive redevelopment. To meet the challenges posed by the changing global competitive climate, the policy agenda of many cities has been drastically reorganized. On the one hand, the search for growth has transformed urban revitalization in one of the main domains of urban intervention. On the other, the new urban policy agenda is singularly framed in a language of competitiveness, improved efficiency, flexibility, entrepreneurship, partnership and collaborative advantage that underwrite the remaking of planning objectives, functions and instruments.

In this article, we examine the rise of new urban policies in Bilbao (Spain), a city where two decades of manufacturing decline and economic restructuring are gradually giving way to so-called urban renaissance. During the 1990s, Bilbao has followed on the tracks of other old industrial cities adopting a revitalization strategy focused around large-scale and emblematic redevelopment projects. The article discusses one of these projects, Abandoibarra, a paradigmatic waterfront development that embodies the new logic of urban intervention. The first section of the paper presents an analysis of economic restructuring and socio-spatial fragmentation dynamics in the city in the last two decades. The second section discusses changes in urban policy-making locating Bilbao’s regeneration strategy in the context of the ‘New Urban Policies’. The third section focuses on emerging governance dynamics and the critical role of new governance institutions in the management of Abandoibarra’s redevelopment scheme. Finally, the fourth part of the article attempts to provide an evaluation of the impact of the project, highlighting the shadows behind what is presented as a new success story in urban revitalization.

KEY WORDS ★ Bilbao ★ new urban policies ★ social and spatial polarization ★ urban renewal

Remaking the Fordist city: economic restructuring and socio-spatial fragmentation in Bilbao

Industrialization and urban development

For more than a century, the dynamics of change in metropolitan Bilbao have followed closely the cycles of expansion and contraction of manufacturing activities. From the early outbursts of industrialization in the second half of the 19th century, the city’s socio-economic and spatial structure has been moulded primarily by the changing requirements of manufacturing activity. The location determinants of the propulsive sectors of the first round of industrial development, iron ore extraction and export, prefigured a social and functional division of space along the axis of the Nervión river that has only deepened over time (Urrutia, 1985; Martínez and Vicario, 1997). In the Left Bank (Margen Izquierda: see Fig. 1), where the mines and port facilities are located, the
development of manufacturing followed by intense immigration transformed this area into the heart of industry and working class communities. In Bilbao, a new rationality of segregated functions and classes drove the development of residential and business locations for the industrial and financial bourgeoisie in the centre and working class neighbourhoods in the periphery. The Right Bank (Margen Derecha), initially a recreational and summer residence area for the city’s upper classes, was gradually transformed into a residential centre of higher quality, up-market housing and, later on, tertiary activities.

After the impasse of the civil war, a decade of economic stagnation and political isolation of the Francoist regime gave way to a period of accelerated industrialization and urban development in the 1950s and 60s. Together with Madrid and Barcelona, Bilbao became a major pole of attraction for both capital and labour. Capital investments in this ‘second’ wave of industrialization built upon and intensified the city’s specialization on heavy manufacturing and metal products, a factor that would bear critically on the early loss of dynamism and the differential impact of economic crisis in the 1970s (Escudero, 1985). On the other hand, population growth, fuelled by a continuous flow of immigrants from disadvantaged Spanish regions, created the basis for an extraordinary demographic and physical expansion. Between 1950 and 1970, population doubled (111 percent increase) in the eight largest municipalities of metropolitan Bilbao and tripled in the Left Bank (182 percent increase). Population growth continued during the 1970s but at a much lower rate (14 percent). This trend was accompanied by a frenzy of building in a context dominated by the spontaneous activities of real estate agents and a permissive government constrained by rising demands, structural deficits and limited material and financial resources (Terán, 1999). An ‘urbanism of tolerance’, subservient to the interests and pressures of promoters and developers, turned speculation into the key dynamic of rapid urbanization (Perez-Agote, 1978; Leonardo, 1989).

The combination of accelerated growth and untamed urbanism favoured the reproduction of socio-spatial segregation patterns in the metropolitan area. The industrial and working class
character of the Left Bank was accentuated by the expansion of manufacturing and port activity and by the concentration of immigrant labour in this area. In the municipality of Bilbao, the growth of centrality functions associated with the concentration of financial activities and advanced services in the central business district was the most important dynamic. But the central district also retained its residential character for higher income groups while the working classes settled in the periphery of the municipality. The growth of the Right Bank was primarily tied to its role as the residential centre for the new middle classes and higher income groups. However, throughout the 1970s, some of the Right Bank municipalities started to attract an important share of expanding tertiary activities, thus reinforcing the social and functional divisions of the metropolitan area.

After two decades of intense growth, the metropolitan economy was badly hit by the crisis of Fordism and the restructuring of production and demand globally. Manufacturing activities, the engine of growth during the expansive phase, now led the dynamics of contraction and decline. Between 1975 and 1996, metropolitan Bilbao lost almost half (47 percent) of its manufacturing jobs and the proportion of industrial employment dropped from 46 percent to 23 percent. Most of these losses took place in traditional Fordist industries such as shipbuilding, steel, chemicals and electrical equipment, dominated by large firms.2 The growth of tertiary activities during this period helped offset partly the impact of industrial decline and after 1986 provided practically all net job growth. By 1996, the share of services in the city had grown from 42 percent to 65 percent, revealing a fundamental reorganization of the urban economy and a shift in its specialization away from manufacturing towards services (Table 1).

Manufacturing decline and changes in the hierarchy of sectors have gone hand in hand with a profound reorganization of labour market and income opportunities. In Bilbao, unemployment rates jumped from 2.3 percent in 1975 to 26 percent in 1986; a decade later, unemployment figures continued to be at an alarming 27 percent, but the return of economic dynamism in the last half of the 1990s drove this rate down to 16 percent in 1998. However, falling unemployment rates are closely linked to the growing casualization of labour relations and the extension of precarious jobs that has institutionalized vulnerability and increased the risks of exclusion for large segments of the population. The extent to which this trend permeates the reorganization of the labour market in the city is reflected in the rising proportion of non-tenured contracts that in 1998 amounted to almost 40 percent of all contracts (Egailan, 1999). Thus, while unemployment remains the key variable in explaining changing living conditions and social exclusion dynamics, it reveals only the tip of an iceberg of uncertainty, instability and increasing risk for a growing share of the urban population.

### Changing patterns of socio-spatial segregation and polarization

Changes in the urban economy have not taken place homogeneously inside the metropolitan area. On the contrary, processes of socio-economic restructuring unfold along the lines of existing social and functional divisions of space. Table 2 reveals critical differences in the distribution of employment change for different sub-areas of the metropolitan area.

The Left Bank supplies an inordinate proportion

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Employment distribution by sectors in Metropolitan Bilbao 1975–96 (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2.5</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>136.3</td>
</tr>
<tr>
<td>Building industry</td>
<td>32.8</td>
</tr>
<tr>
<td>Services</td>
<td>124.9</td>
</tr>
<tr>
<td>Total</td>
<td>296.5</td>
</tr>
</tbody>
</table>

*Source: Eustat (1986, 1996).*
of total job loss and plant closures and, consequently, has the highest rates of unemployment; two thirds of all job losses in manufacturing correspond to the Left Bank, as opposed to only 7 percent to the Right Bank. The concentration of job loss and decline means that more than 40 percent of the Left Bank's industrial employment has been destroyed since 1981. This area also lags behind in terms of the growth of services that account in 1996 for 58 percent of its employment as opposed to around 70 percent in Bilbao and the Right Bank. Moreover, the initial specialization in residential functions and tertiary activities of the Right Bank has been reinforced both by significant residential transfers from the Left Bank municipalities (Martínez and Vicario, 1997) and by the decentralization of new services from the city itself, which has contributed to deepen the Left–Right divide. However, the structural dynamics of the Txoriherri, an industrial enclave within the Right Bank, remain functionally assimilated to the Left Bank.

Industrial decline and tertiarization dynamics are closely related to changes in the occupational structure, which also contribute to redefine socio-spatial segregation and polarization patterns in the city. Table 3 reveals fundamental shifts in the

Table 2  Employment distribution by sectors in Metropolitan Bilbao by sub-areas 1981–96 (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>Agriculture</th>
<th>Manufacturing</th>
<th>Building industry</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilbao</td>
<td>0.2 0.3 0.4 0.4</td>
<td>37.9 30.9 31.3 24.6</td>
<td>8.5 6.0 8.5 6.9</td>
<td>68.1 70.5 81.7 80.1</td>
</tr>
<tr>
<td>Left Bank</td>
<td>0.5 0.5 0.5 0.5</td>
<td>60.8 48.7 48.8 35.8</td>
<td>12.2 9.2 12.4 10.3</td>
<td>41.5 47.0 60.6 63.7</td>
</tr>
<tr>
<td>Bajo Nervión</td>
<td>0.1 0.1 0.2 0.2</td>
<td>17.2 14.0 14.1 11.6</td>
<td>2.8 2.3 3.0 2.8</td>
<td>9.9 11.9 16.8 18.2</td>
</tr>
<tr>
<td>Margen</td>
<td>0.2 0.3 0.3 0.3</td>
<td>38.3 30.2 27.1 20.7</td>
<td>8.1 6.1 8.1 6.4</td>
<td>28.4 31.3 38.6 39.7</td>
</tr>
<tr>
<td>Izquierda</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zona Minera</td>
<td>0.2 0.1 0.1 0.1</td>
<td>3.3 4.5 4.2 3.5</td>
<td>1.3 0.8 1.3 1.1</td>
<td>3.2 3.8 5.2 5.8</td>
</tr>
<tr>
<td>Right Bank</td>
<td>0.8 0.8 0.7 0.6</td>
<td>17.4 16.7 17.3 14.6</td>
<td>4.2 2.7 3.6 3.2</td>
<td>21.0 26.1 34.0 38.2</td>
</tr>
<tr>
<td>Margen Derecha</td>
<td>0.3 0.4 0.3 0.3</td>
<td>8.2 8.7 9.3 8.1</td>
<td>2.5 1.6 1.9 1.7</td>
<td>13.6 17.4 22.4 25.3</td>
</tr>
<tr>
<td>Txoriherri</td>
<td>0.5 0.4 0.4 0.3</td>
<td>9.2 8.0 8.0 6.5</td>
<td>1.7 1.1 1.7 1.5</td>
<td>7.4 8.7 11.6 12.9</td>
</tr>
<tr>
<td>Total</td>
<td>1.6 1.6 1.6 1.5</td>
<td>116.1 96.3 94.0 75.1</td>
<td>24.9 17.8 24.5 20.3</td>
<td>130.6 143.4 176.3 182.0</td>
</tr>
</tbody>
</table>


Table 3  Changing occupational structure in Metropolitan Bilbao, 1986–96 (% of total employment)

<table>
<thead>
<tr>
<th></th>
<th>Specialists</th>
<th>Managers</th>
<th>Administrative</th>
<th>Commercial</th>
<th>Services</th>
<th>Manual labour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilbao</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Left Bank</td>
<td>19.7 26.5</td>
<td>1.2 3.9</td>
<td>19.8 19.6</td>
<td>14.3 12.1</td>
<td>12.6 12.4</td>
<td>33.3 25.6</td>
</tr>
<tr>
<td>Bajo Nervión</td>
<td>11.3 16.6</td>
<td>0.5 2.1</td>
<td>12.7 13.9</td>
<td>10.8 11.3</td>
<td>11.6 13.4</td>
<td>53.0 42.8</td>
</tr>
<tr>
<td>Margen</td>
<td>9.3 16.6</td>
<td>0.6 2.3</td>
<td>13.8 15.4</td>
<td>11.5 12.2</td>
<td>10.2 11.8</td>
<td>54.7 43.7</td>
</tr>
<tr>
<td>Izquierda</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zona Minera</td>
<td>12.0 17.5</td>
<td>0.5 2.0</td>
<td>12.5 13.5</td>
<td>10.4 11.1</td>
<td>12.3 13.9</td>
<td>52.3 42.0</td>
</tr>
<tr>
<td>Right Bank</td>
<td>33.5 37.9</td>
<td>2.3 7.1</td>
<td>18.9 17.3</td>
<td>14.9 11.4</td>
<td>9.1 7.9</td>
<td>21.0 18.5</td>
</tr>
<tr>
<td>Margen Derecha</td>
<td>25.9 30.7</td>
<td>1.7 5.6</td>
<td>16.7 16.2</td>
<td>13.5 11.1</td>
<td>10.4 10.3</td>
<td>31.7 26.0</td>
</tr>
<tr>
<td>Txoriherri</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>17.3 23.3</td>
<td>1.0 3.6</td>
<td>16.4 16.7</td>
<td>12.7 11.6</td>
<td>11.8 12.3</td>
<td>40.7 32.5</td>
</tr>
</tbody>
</table>

occupational structure of metropolitan Bilbao between 1986 and 1996.

These data show that there is a significant increase in the absolute numbers and proportion of specialists and managerial occupations throughout the city; people employed in the metropolitan area as managers almost tripled and the number of specialists increased by one third in that decade. All the sub-areas, without exception, increased the number and share of jobs in these occupations. Growing professionalization runs parallel to a reduction in the numbers and proportion of manual labour in all sub-areas.

However, overall trends in the occupational structure of the city also present an uneven spatial distribution. In the Right Bank and, especially, in the municipality of Bilbao, these changes involve a fundamental redistribution of jobs away from manual labour in manufacturing activities (cf. Table 2) towards qualified specialists and, to a lesser extent, medium and low qualification service jobs. As a result, occupational change is contributing to strengthen these areas’ original specialization in technical, professional and managerial occupations.

In contrast, manual labour remains the largest occupational category in the Left Bank areas despite the absolute loss in the numbers employed and the falling share of these occupations in the employment structure. In the Left Bank, occupational change involves a more levelled redistribution to tertiary occupations: administrative, commercial and services. Nonetheless, the proportion of specialists and managers in the Left Bank increases significantly although the weight of these higher qualification jobs remains low. In sum, occupational shifts over the last decade encroach upon and provide for new socio-spatial polarization patterns within the metropolitan area.

A measure of increasing inequality and polarization dynamics within the metropolitan area is also provided by the distribution of poverty. Table 4 reveals the higher incidence of poverty conditions, real and potential, in the Left Bank and in the municipality of Bilbao.

In 2000, 12.5 percent of the Left Bank households lived in poverty or were coping with severe difficulties to meet basic needs (potential poverty). A similar proportion of households in the municipality of Bilbao lived, or were dangerously close to living, in poverty. Together, the Left Bank and the city of Bilbao concentrated in 1996 almost 60 percent of all households in the Basque Autonomy suffering from poverty and half of the most vulnerable ones. Significantly, the extension of vulnerability among the Bilbao municipality’s households in the last four years takes place during a phase of economic dynamism and of massive investments in urban renewal. In contrast, the Right Bank shows very low levels of real and potential poverty, although the trend is towards a rising proportion of households living in poverty.

Finally, the evolution of average per capita income among the different sub-areas also provides a dimension of changing inequalities in metropolitan Bilbao. Table 5 and Figure 2 reveal a dynamic of increasing differentiation and polarization between 1982 and 1997.

While average per capita income for metropolitan Bilbao doubled during this period, this increase was not distributed evenly. Starting from a below-average position, the Left Bank registered a reduction of average per capita income both in absolute and relative terms during this period. In contrast, the Right Bank maintained and even strengthened its advantage, increasing almost 10 percentage points and thus expanding the income

Table 4 Poverty conditions, 1996–2000 (% of households)

<table>
<thead>
<tr>
<th></th>
<th>Potential poverty</th>
<th>Real poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilbao</td>
<td>5.7</td>
<td>8.9</td>
</tr>
<tr>
<td>Left Bank</td>
<td>6.7</td>
<td>8.3</td>
</tr>
<tr>
<td>Right Bank</td>
<td>3.6</td>
<td>3.9</td>
</tr>
<tr>
<td>Basque autonomy</td>
<td>4.6</td>
<td>5.5</td>
</tr>
</tbody>
</table>

gap relative to the Left Bank. Polarization dynamics were particularly intense during the 1980s, as shown by the high standard deviation, when the gap between the Left and the Right Bank increased every year until 1988. During the 1990s, however, differences between the two areas remained constant.

This trend is also confirmed by the evolution of income distribution as shown by Martínez and Vicario (1997). According to these authors, between 1982 and 1988, the critical period of restructuring, social inequality increased as the top income segments increased their average income by 97

<table>
<thead>
<tr>
<th></th>
<th>1982</th>
<th>1988</th>
<th>1997</th>
<th>variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bilbao</td>
<td>111.4</td>
<td>117.5</td>
<td>111.0</td>
<td>209.3</td>
</tr>
<tr>
<td>Left Bank</td>
<td>86.1</td>
<td>77.6</td>
<td>81.3</td>
<td></td>
</tr>
<tr>
<td>Bajo Nervión</td>
<td>85.8</td>
<td>82.7</td>
<td>84.0</td>
<td>204.0</td>
</tr>
<tr>
<td>Margen Izquierda</td>
<td>86.0</td>
<td>79.0</td>
<td>80.1</td>
<td>189.2</td>
</tr>
<tr>
<td>Zona Minera</td>
<td>84.4</td>
<td>76.5</td>
<td>79.5</td>
<td>192.9</td>
</tr>
<tr>
<td>Right Bank</td>
<td>109.1</td>
<td>115.2</td>
<td>118.9</td>
<td></td>
</tr>
<tr>
<td>Margen Derecha</td>
<td>123.5</td>
<td>134.3</td>
<td>137.4</td>
<td>245.2</td>
</tr>
<tr>
<td>Txoriherrí</td>
<td>87.3</td>
<td>82.1</td>
<td>88.9</td>
<td>216.1</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>16.8</td>
<td>24.2</td>
<td>23.0</td>
<td>–</td>
</tr>
<tr>
<td>Max – Min difference</td>
<td>39.1</td>
<td>57.8</td>
<td>57.8</td>
<td>–</td>
</tr>
</tbody>
</table>

Source: Own calculations. Diputación Foral de Bizkaia (1997).

Figure 2  Average per capita income growth, Metropolitan Bilbao municipalities 1982–1997

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percent while the lowest income increased only 26 percent. As a result, the top 20 percent increased their wealth share from 44 percent to 47 percent while the lowest 20 percent decreased their proportion from 7 percent to 5 percent.

In sum, over the last two decades, industrial decline and economic restructuring have contributed to heighten social and spatial divisions in metropolitan Bilbao. Contrasting demographic, employment, sector and income dynamics along the historical divisions provide the conditions for the reproduction of uneven development. The relative structure of differentiation is consolidated as a decaying Left Bank continues to drift apart from the dynamism of the Right Bank. Moreover, changes in the urban economic base during the last decade have created the conditions for new forms of segregation and polarization in the city.

New Urban Policies (NUP) for urban regeneration

Urban regeneration in the 1990s: the search for growth and competitive restructuring

Throughout Europe, urban regeneration has become the primary component of urban policy. The changing socio-economic realities of the 1980s have gradually shifted the focus of urban policy away from managing city growth and the negative externalities of accelerated urbanization towards coping with the consequences of economic crisis and restructuring (Moulaert and Scott, 1997; Fainstein, 1991). The strategic shift in urban regeneration has evolved in the context of a critical reappraisal of the form, functions and scope of urban policy and the rise of new forms of urban governance (Brindley et al., 1989). And, while a variety of competing styles of planning and governance coexist throughout the urban landscape, urban regeneration is, nonetheless, framed in a common language of flexibility, improved efficiency, competitiveness, state entrepreneurship, partnership and collaborative advantage (Healey, 1997; Jessop, 1998; Oatley, 1998). The emerging governance system places urban policy developments of the last decade and a half in line with what Cox refers to as a 'New Urban Politics' (Cox, 1993), a view that subordinates urban government strategies to the imperatives of globalized capital accumulation. Indeed, the shifts in policy are underlined by the increasing pressures for cities to perform effectively in an increasingly competitive global environment dominated by the globalization of economic activity and the growing internationalization of investment flows. The 'New Urban Policies' are therefore fully inserted in the macroeconomic and regulatory changes of the global space economy and liberalized Economic Policy. They imply a radical redefinition of objectives but also of forms and patterns of intervention as well as institutional relations (Moulaert et al., 2000).

Under the new agenda, enhancing the competitive advantage of cities has meant the need to adapt their built environment and socio-economic conditions to the demands of the new growth sectors and investment dynamics (Fainstein, 1990; Judd and Parkinson, 1990). This is especially true for old industrial cities where a weakened economy and a deteriorated physical base severely undermine their capacity to attract new functions and economic activities. In this case, competitive advantage means strengthening the local basis of advantage relative to other cities by finding new roles in the functional hierarchy (Porter, 1995). The emphasis on inter-area competition for the attraction of capital, innovative sectors and command functions makes 'putting cities on the map' a strategic imperative that provides the rationale for place marketing initiatives, flagship projects and emblematic operations (Ashworth and Voogd, 1990).

On the other hand, internalizing the goals of competitive restructuring has contributed to the emergence of a more proactive and entrepreneurial approach on the part of urban governments (Harvey, 1989; Albrechts, 1992). In the name of improving public sector performance, new interorganizational bodies are set up, displacing traditional planning institutions and subordinating formal government structures in policy design and implementation processes. The new governance system often involves massive redistribution of policy making powers, competencies and responsibilities away from local governments to partnership agencies, a process that has been described in terms of deregulation and 'privatization' of urban policy making (Jessop, 1998; Harvey, 1989). Paradoxically, the focused and
fragmented character of many of these urban operations contrasts sharply with a strong emphasis on co-ordinated action, partnerships, networks and support coalitions (Leitner, 1990; Healey et al., 1995). Thus, the imperative of efficiency in management and competitiveness in urban performance compounds a framework dominated by the emergence of a more assertive style of urban governance where a multiplicity of agents, including the local government, compete for access and control over the urban policy agenda (Healey, 1997).

In sum, urban regeneration is located at the core of urban policy change, spearheading the shift to a post-Keynesian mode of urban intervention (Gaffikin and Warf, 1993). In this mode, the primacy of economic performance and competitiveness takes over, displacing the integrative functions of urban intervention to the limbo of trickle down redistribution. The overwhelming concern with physical factors and a marked downtown bias create the conditions for the concentration of public investments in central locations and the redistribution of resources away from other less conspicuous uses and areas. Not surprisingly, the benefits of renewal among neighbourhoods and social groups tend to reflect an equivalent distribution. Indeed, a pattern of two-speed revitalization has come to be increasingly associated with urban regeneration as downtown regeneration proceeds alongside continuing unemployment, widespread poverty and environmental degradation in its surrounding area (Hula, 1990; Fainstein, 1991; Holcomb, 1993).

The changing context of urban policy in Bilbao

Until the mid-1970s, urban plans in Spain were mostly concerned with coping with accelerated economic and urban growth, allocating land uses and providing the necessary infrastructure for metropolitan expansion. Yet, by the end of the decade, radical economic, social and political transformation brought about significant changes in urban planning practice. First, economic crisis and restructuring forced cities and localities to concentrate on consolidating the existing urban structure, paying special attention to critical deficits and problems derived from accelerated and disorganized urbanization. Second, the transition to democracy enhanced the means for political and social representation; the effective pressure of rising urban social movements succeeded in securing greater popular participation in urban planning and management as well as shifting the emphasis of planning towards the provision of services and social infrastructures.

After a period of highly speculative and disorganized urban growth, the 1980s opened up a decade of increasing concern with social justice and equity considerations in urban planning (Leal, 1989; Terán, 1999). However, the greater redistributive focus did not alter in a fundamental way the character of urban planning and, aside from a few remarkable exceptions, most plans retained a strong physical bias trapped by the logic of urban architectures and short term remedial planning. By the mid 1980s, considerable debate on the ‘crisis of the plan’ was already underway on the grounds of poor results, lack of flexibility of the planning system, lengthy plan elaboration processes and weaknesses in implementation (Campos Venuti et al., 1985). By the end of the decade, challenges to statutory planning extended to its inability to respond effectively to economic and urban restructuring and to lead urban regeneration (Vegara, 1993). The crisis of planning encouraged a search for more flexible and effective modes of urban intervention (Busquets Grau, 1993; Mangada, 1991). Urban operations and emblematic projects emerged then as a viable alternative to statutory plans. And, while municipalities continued to produce statutory plans, the logic of the project imposed itself upon the most conspicuous urban initiatives of the 1990s, displacing regulatory instruments. The urban operations of Barcelona and Seville, driven by international events, inaugurated this new phase of project-led urban policy (Borja and Castells, 1997).

Urban regeneration in Bilbao: waterfront redevelopment

Urban policy in Bilbao was not recognized as a legitimate field of intervention to address urban crisis and restructuring until the late 1980s. On the part of regional authorities, urban decline was generally viewed as the spatial dimension of
structural reorganization processes in the global economy that had to be dealt with primarily at the macroeconomic level. At the local scale, urban planning, tightly contained by the logic of functionalist land use planning, did not seem qualified to lead a process of regeneration of the city’s physical and socio-economic base. A crucial turning point was the drafting of the new Master Plan for the city in the late 1980s that, after years of passivity, opened up the social and political debate.

Figure 3 Abandoibarra waterfront redevelopment project

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on urban decline and the prospects for revitalization
in metropolitan Bilbao. The commission, by the
Basque Government, of a strategic plan for the
revitalization of metropolitan Bilbao to guide the
revitalization process provided further impetus to
this process. By the end of that decade, the new
Master Plan of Bilbao established the basis for
transformation, identifying a series of key locations
(‘opportunity sites’) left out by deindustrialization
and decline that could be redeveloped to lead the
process of urban revitalization. Abandoibarra, a
centrally located area on the river waterfront, was
singled out as the most representative of these
‘opportunity sites’ (Fig. 3).

From the end of the 19th century until the mid
1980s, Abandoibarra developed as an urban enclave
with port and manufacturing activities. Physically
cut off from the surrounding residential areas by a
railroad track, the economic functions of this area
contributed to reinforce its segregated quality.
During the 1970s, Abandoibarra suffered from
steady decline resulting from the transfer of dock
activity to outer port locations and the crisis of
manufacturing that reached its zenith after the
closure of the Euskalduna shipyards in the mid
1980s.

In a context of dramatic restructuring of the
urban economy, the plight of Abandoibarra did not
seem, at first, any different from that of many other
industrial sites in the metropolitan area.4 However,
the drafting of the new Master Plan for Bilbao
identified this site as an opportunity location and
granted it a key strategic role. The Plan highlighted
the paradoxical nature of Abandoibarra as a high
centrality location, in the heart of the bourgeois city,
and its continuing specialization in low value and
obsolete functions. Deindustrialization and the
reorganization of port activity provided a unique
opportunity to correct this ‘dysfunction’. The Plan,
therefore, proposed its conversion into a new
directional area capable of driving the process of
restructuring of the metropolitan economy as a
whole and articulating a leadership position for
Bilbao in the so called Atlantic axis of European
development (Ayuntamiento de Bilbao, 1989).

The transformation of Abandoibarra into a new
business centre involved the creation of a mixed
land use area for advanced services, high-income
housing, retail and leisure areas and cultural
infrastructures. The project was to be the jewel in
the crown of the city’s urban regeneration scheme,
an exemplary operation that would not only
transform the functionality of the area but would
also become a symbol of a renovated, innovative and
successful Bilbao (Rodríguez, 1995). Thus while the
immediate objective of this operation was to reclaim
derelict site and turn it into a new functional pole
capable of attracting local and international capital
investments and key command and control
functions, the symbolic and representational content
of the operation was not insignificant. Indeed, both
in relation to the external projection goals as well as
in terms of internal legitimization, the remaking of
Bilbao’s image, from a declining manufacturing
city into a new post-industrial revitalized metropolis, has
been a critical element of this operation.

The new Master Plan established the framework
for Abandoibarra but the detailed proposal was
defined only after an international competition of
ideas organized by the City Council of Bilbao in
1992. The project presented by Cesar Pelli, the
renowned architect in charge of the Battery Park
regeneration scheme in New York, was the winner
of the competition. Pelli’s initial project fixed the
directional and strategic character of Abandoibarra’s
redevelopment by the designation of over 200,000
m² of ‘high level’ tertiary space and key
infrastructures such as an international Conference
and Concert Hall and the Guggenheim Bilbao
Museum, the flagship icon of the operation.
However, the initial project has seen successive
amendments involving a fundamental displacement
of the Urban Plan’s initial focus on tertiary and
economic uses towards residential and retail
functions (Table 6).

This shift reflected the difficulties perceived by
the managing institutions to valorize Abandoibarra’s
land on the basis of strategic office developments
while the market for high income housing offered
greater financial returns in the short term (Esteban,
1999). Given the constraints on financial self-
sufficiency, the feasibility of the project was then
secured by the speculative increase in housing prices
tagged to the expansion of demand in luxury
housing in the city and the effect of the real estate
boom of the mid 1990s. By 1994, the strategic
character of the project had been minimized despite
an enduring rhetoric of strategic goals, post-
industrial development and supra-regional
leadership. The decision adopted by the provincial
Table 6  Distribution of building areas in Abandoibarra’s Master Plan (PERI) 1999

<table>
<thead>
<tr>
<th>PERI 1999</th>
<th>m²</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Offices</td>
<td>90,575</td>
<td>40.8</td>
</tr>
<tr>
<td>Residential (800 housing units)</td>
<td>72,369</td>
<td>32.6</td>
</tr>
<tr>
<td>Retail</td>
<td>31,121</td>
<td>14.0</td>
</tr>
<tr>
<td>Hotel</td>
<td>13,000</td>
<td>5.9</td>
</tr>
<tr>
<td>Other</td>
<td>15,000</td>
<td>6.8</td>
</tr>
<tr>
<td>Subtotal A (building areas)</td>
<td>222,065</td>
<td>100/52.5%</td>
</tr>
<tr>
<td>Cultural and university infrastructures*</td>
<td>30,354</td>
<td>15.2</td>
</tr>
<tr>
<td>Green and open areas</td>
<td>170,418</td>
<td>84.8</td>
</tr>
<tr>
<td>Subtotal B (open spaces and infrastructures)</td>
<td>200,772</td>
<td>100/47.5%</td>
</tr>
<tr>
<td>Total</td>
<td>422,837</td>
<td>100</td>
</tr>
</tbody>
</table>

*Includes a series of collective infrastructures such as the Guggenheim Museum, the Euskalduna Conference and Concert Hall, the Maritime Museum and several university infrastructures.

Source: Ayuntamiento de Bilbao (1999).

The creation of Ría 2000 can be explained by the combination of three critical factors. First, there was the emerging consensus on the need to concentrate efforts and carry out co-ordinated actions for the revitalization of Bilbao. Cooperation, partnership and collaborative advantage became synonyms of good governance. A second factor was the recognition of extraordinary land management difficulties related to land ownership structure of derelict sites that required ‘concertación’ among the different agents involved. And a third factor involved the extremely high costs of renewal operations and the imperative of financial self-sufficiency as a condition for urban renovation initiatives, a factor that called for more entrepreneurial forms of management. The three factors converge in the complex distribution of competencies, powers and funds created by the decentralization of the Spanish state during the transition to democracy. Far from settled, the administrative/political division of labour creates a constant arena of conflict and negotiation. In the case of urban regeneration in Abandoibarra, this dynamic is further complicated by the location of urban planning powers at the local level and fiscal powers at the regional one while land ownership was overwhelmingly (95 percent) held by public firms and institutions of the central administration.

Following the managing model established in the urban operations of Seville and Barcelona, the Ministry of Public Works, Transport and the Environment (MOPTMA) proposed the creation of Bilbao Ría 2000, S.A., to co-ordinate and carry out regeneration initiatives in Bilbao. Set up in November 1992 as a private firm of public shareholders (50 percent central and 50 percent local and regional administration), Ría 2000 operates in practice as a quasi-public agency, a planning and executive body in charge of specific urban renewal operations in the metropolitan area of Bilbao.

In the aftermath of the post-1992 hangover in Spain, the mandate of Ría 2000 has been to achieve maximum efficiency in the use of resources and financial self-sufficiency so as to minimize the need for public investment. Thus, Abandoibarra’s redevelopment scheme is self-financed through land valorization mechanisms without any direct investment costs imputed to the public sector. The only direct contribution of the public

New governance structures for urban regeneration: Bilbao Ría 2000, S.A.

A critical component of the new urban policies of the last decade has been a shift from urban government to governance. In the case of Bilbao, the Abandoibarra operation inaugurates this shift to a new mode of intervention legitimized on the basis of increased flexibility, proactiveness and efficiency. This emerging mode of urban governance involves notably the transfer of planning and implementation powers traditionally held by local institutions to a new managing institution, Bilbao Ría 2000. The setting up of this organization is the single most important innovation in urban policy in Bilbao and a fundamental component of Abandoibarra’s revitalization scheme.
partners–shareholders (local, regional, central administrations) is the land, which for the purposes of the redevelopment operation is written off assuming an initial value of zero (or negative). Revenues obtained from profitable sales of redeveloped land are used to fund projects that could not be self-financed. This is the case of the Variante Sur Rail line whose reorganization costs are included in the repercussion values of Abandoibarra’s land sales and a third connected operation, Ametzola. Abandoibarra is financially feasible only by integrating costs and revenue flows of the three operations (Table 7).5

The possibility of compensating financial flows from different initiatives confers upon Ría 2000 a unique managing capacity in a context of strained public budgets. This mechanism allows for the extension of regeneration initiatives to other derelict sites in the metropolitan area, especially less central locations. However, financial feasibility in peripheral locations may be severely constrained by two considerations. First, because land valorization and rent-producing mechanisms are more complex in areas that are not only less central but also placed in the midst of low-income and often highly degraded neighbourhoods. And second, because of the unlikely reproduction of Abandoibarra’s extraordinary rent extraction levels in other urban regeneration initiatives, which raises questions about the need for revenue-producing initiatives to fund regeneration in low rent production areas. Thus, the generalization possibilities of this financial scheme are limited. And, for a metropolitan area with an estimated 340 ha of ‘industrial ruins and reconversion sites’, over 20 percent of its total industrial land, these considerations are definitely not a trifling matter.6

Finally, despite the significance of market-led land valorization dynamics, urban regeneration in Abandoibarra has required more direct public funding than is generally recognized. Thus, collective infrastructures built in Abandoibarra, the Guggenheim Bilbao Museum (GBM) opened in 1997, and the Conference and Concert Hall, which started operating in 1999, required large funding from the public sector. In the case of the Guggenheim, the operation costs amounted to almost 150 million Euros while the Euskalduna Concert and Conference Hall added 56 million Euros for the Hall. Most of these funds came from the Diputación – the county level administration and the tax collecting and fiscal authority – and from the Basque Government. In the case of the GBM, the Basque Government is also committed to finance yearly the operating deficit of the Museum through the General Budget of the Basque Autonomy. To the extent that these investments were considered strategic in producing land valorization in Abandoibarra, we can argue that they represented a vital rent transfer from the public to the private sector.

A key feature of Ría 2000 is that it acts as a form of partnership to manage urban renewal operations in cases where the property or the decision-making capacity is shared among several institutional bodies. It manages the concerted decisions for strategic intervention. Although these operations are determined through standard planning procedures, Ría 2000 retains considerable planning powers regarding priorities for intervention, disposal of land and other property, building characteristics and the management of public funds for redevelopment. And, while regulatory planning instruments are still the legal reference, in the dynamics of implementation their relevance as guiding tools has diminished considerably. Indeed, this agency has gradually displaced the local municipalities’ planning departments to a secondary role by assuming an increasing number of powers related to urban renewal, including the management of the more emblematic operations and projects in the city and the metropolitan area.

In sum, the significance of Ría 2000 lies in its considerable potential as a co-ordinating and executive agency and its capacity to act as a unified

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**Table 7** Costs and revenues associated with urbanization of Abandoibarra, Ametzola and Variante Sur

<table>
<thead>
<tr>
<th></th>
<th>Revenues Million Euro</th>
<th>Costs Million Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abandoibarra</td>
<td>95.4</td>
<td>56.6</td>
</tr>
<tr>
<td>Variante Sur Rail</td>
<td>–</td>
<td>68.6</td>
</tr>
<tr>
<td>Ametzola</td>
<td>41.1</td>
<td>24.9</td>
</tr>
<tr>
<td>EU Structural Funds</td>
<td>24.3</td>
<td>–</td>
</tr>
<tr>
<td>(total 3 operations, 15%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>160.8</td>
<td>150.1</td>
</tr>
</tbody>
</table>

*Source: Bilbao Ría 2000 (1998).*
body in urban redevelopment schemes in metropolitan Bilbao that has vastly improved the prospects of implementation. However, Ría 2000’s status as a private firm poses critical questions regarding the ‘privatization’ of planning and lack of political accountability. Moreover, the self-financing restrictions imposed upon Ría 2000 may drastically limit its capacity to carry out other regeneration initiatives in derelict areas outside of central locations. In fact, the overwhelming concern with financial feasibility as a guiding principle for intervention may well prove this model to be inapplicable to sites other than central areas of high commercial potential. In this sense, the social and political legitimization of quasi-privatized planning, on the grounds of superior technical efficiency, may be jeopardized. Moreover, the imperative of short-term profit logic introduces a speculative bend to the agency’s operation, which severely undermines its regeneration objectives. If urban regeneration means something more than physical renewal, then equity and redistributive considerations must mediate efficiency criteria.

**Speculative renewal and the impact on the real estate market**

For the most part, the impact on real estate markets affects predominantly the neighbouring districts. The overriding tendency in the last four years has been towards reinforcing price increase tensions in the adjoining areas, especially in the most expensive neighbourhoods: Abando-Indautxu but also the Campo Volantín and Duesto, on the opposite side of the river facing the project. This perception is supported by evidence from the dynamics of the housing sector during 1998 and 1999; while housing prices in the city increased an average of 10 to 15 percent, in the Abando district the increase was 30 to 40 percent. A highly contained supply relative to demand, limited land available for construction, and the high expectations created by the Abandoibarra project are considered to account for this differential rise. Already, the estimated price for these units has more than tripled the initial valuation of Ría 2000 from 810 Euros/m² in 1995 to 2,810 Euros/m² in 1999. The diffusion of this increase to the housing market in surrounding neighbourhoods is already underway. In this sense, the permutation of the required legal quota of lower-income housing initially located in Abandoibarra to another urban operation in Ametzola has formidably locked the luxury and elitist character of this development.

**Lights and shadows of success in Abandoibarra**

The Abandoibarra operation is widely presented as a success story of urban regeneration. This assessment rests predominantly on the perceived impact of this development on the physical renovation, functional reorganization and image transformation of the metropolis. However, a detailed analysis of the initiative suggests reasons for a more sober evaluation.

At the level of the city as a whole, the impact of the Abandoibarra operation should be measured against its capacity to achieve its original strategic objectives: enhance the competitiveness of the city, attract international investments, acquire key command functions and high level producer services and diversify its productive base. Since the project is still in its early implementation phase, a whole assessment in these terms will have to wait. Nonetheless, some patterns of change can already be distinguished by looking at the impact of Abandoibarra’s regeneration scheme on real estate markets and on the development of new functions in the city.
part of the housing stock currently being used for office purposes to residential uses as a result of the transfer of service firms to the new facilities in Abandoibarra.

The market for retail space is also being affected by the allocation of over 30,000 m² in Abandoibarra. Local retail associations have stressed the threats that the shopping mall poses to traditional commercial areas of the city centre, notably Casco Viejo, Abando and Indautxu. However, it is too early to anticipate the potential shifts and displacements in this market. So far, the most visible is an increase of close to 30 percent in the price of retail spaces in the area next to the Guggenheim as well as the opening up of fast-food places and tourist-oriented shops.

Finally, the spill-over effects of Abandoibarra on the real estate market would depend very much on price-setting dynamics of the final products of the site itself. But some preliminary signs are provided by escalating reference prices last year.

The Guggenheim ‘effect’

Alternatively, the impact of the Abandoibarra development operation can be considered in relation to the effects of the location of one of its most emblematic projects: the Guggenheim Bilbao Museum (GBM). This project was born in the early part of the 1990s, at a time when the whole scheme for Abandoibarra was still being drafted. And, while the decision to locate the Museum in the Abandoibarra site was made a posteriori, the initiative was clearly in tune with the strategic objectives of the urban regeneration operation. In both cases, the search for alternative economic activities capable of replacing the manufacturing sector as the engine of economic and urban growth was part of the general philosophy of the project.

The so-called ‘Guggenheim effect’ operates, firstly, in the realm of the symbolic. Already before its opening date in October 1997, the GBM had become the outstanding icon for the revitalization of Metropolitan Bilbao. Designed by Frank Gehry, this 24,000 m² museum was soon recognized as an architectural landmark and the new icon in the representation of the city. The parallels between the original, innovative and highly seductive design of the building and the city itself have been purposefully underlined as part of an image reconstruction operation and a city marketing strategy. And, indeed, from this perspective, the GBM can be considered a complete success.

However, both the marketing and the image reconstruction aspects are mediated objectives of a strategy aimed at enhancing the city’s capacity to compete for the attraction of international capital investments, the acquisition of key command functions, high level producer services and also visitors. And, from this point of view, the ‘Guggenheim effect’ is still to be shown. So far, the most important positive impacts have to be with the dramatic increase in the number of visitors to the museum/city that has exceeded even the most optimistic expectations. For a city that has been traditionally out of the tourist track, the attraction of almost 1,400,000 visitors during the first year of operation of the museum is considered a big success. The international dimension of the museum is highlighted by the fact that almost 30 percent of the visitors came from abroad; 32 percent came from the rest of Spain and 40 percent from the Basque Country.

A recent evaluation carried out by the international consulting firm KPMG Peat Marwick (1999; also Table 8) estimates that direct expenditures made by visitors to the GBM during the first year of operation amounted to 194 million Euros, that is, almost 180 Euros per visitor. The sectors that have benefited the most are hotels, transport, restaurants, bars and coffee shops and retail establishments. According to the study, the expenses associated with the operation of the GBM during the first 12 months of activity have generated a value added of more than 150 million Euros that amounts to approximately 0.47 percent of the gross regional product. This value is considered to contribute to the maintenance of around 3,800 jobs in the mentioned sectors. At the same time, the value added generated have produced an increase in local fiscal capacity and tax revenues (value added taxes, capital taxes and income tax) estimated at close to 28.1 million Euros. Thus, in financial terms, the operation can be considered a success as the initial investment has been fully recovered.

In view of these results, local and regional authorities have emphasized the strategic significance of the museum for the city’s (and the region’s) development of a cultural tourist industry contributing not only to revitalization but also to the
The possibility that the GBM could act as the propulsive firm for the development of a cultural sector remains indeterminate. The reasons for scepticism exist at several levels: first, the lack of a coherent strategy and the ad hoc way in which decisions have been made without any clear strategic framework. A second factor relates to the narrow focus on consumption-oriented aspects and the disregard for the production-related aspects of the GBM operation. But a production-based strategy would require a more proactive policy of support of local firms and investments in the sector which until now has been missing. Third, the propulsive role of the GBM would depend largely on its capacity to create local upstream and downstream linkages. But in order for these linkages to develop, a carefully targeted strategy but also a greater degree of autonomy of the Bilbao Museum vis-à-vis the New York office is required. So far the Bilbao Museum operates very much as a franchise, a factor that severely undermines its potential multiplier effects. And fourth, the regeneration potential of this project may be also impaired by the internationalization strategy of the Guggenheim Foundation as the serial production of new branches throughout the global urban landscape erodes the uniqueness of the Bilbao branch. The recent agreement passed by the Foundation to build a new Guggenheim in Manhattan in the likeness of the Bilbao Museum is the first in a potentially long list of cities ready to host another branch. In sum, a preliminary analysis of the impact of Abandoibarra’s redevelopment scheme suggests that its success lies predominantly in the consumption and circulation realms. The production side of this project, its directional and strategic quality, has all but disappeared under the dominance of a short-term return maximization logic that has weakened the strategic component of the scheme and heightened its speculative dimension. Socio-spatial considerations have been gradually removed from the debate while diffused growth and trickle down income effects are projected at an even more remote level. This is highly relevant in the context of the socio-spatial polarization dynamics identified above that are under way.

Finally, in terms of attracting international capital investments and key command functions, the impact of the Guggenheim Museum is still very limited. So far, all direct investments associated with the setting up of the GBM have come from the Basque public administration, an event made possible by the special fiscal autonomy status of the Basque region. However, the original expectations regarding the attraction of direct foreign investment and command functions to the city have not been met. Thus far the undeniably strong advertising capacity of the GBM has had little impact in attracting international capital investments for Abandoibarra’s regeneration process itself. Foreign investments are limited to the luxury hotel that will be developed by the Starwood holding that operates the Sheraton Hotels worldwide. Aside from this, only the shopping centre, Ría 21, incorporates a limited presence of international capital. More significantly, the attraction of command functions or headquarters to the site is, so far, nil.

Table 8  Estimated impacts of the Guggenheim Bilbao Museum in the Basque Country

<table>
<thead>
<tr>
<th></th>
<th>First year</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of visitors</td>
<td>1,360,000</td>
<td>1,300,000</td>
<td>825,000</td>
</tr>
<tr>
<td>Employment maintenance (jobs)</td>
<td>3,816</td>
<td>3,681</td>
<td>2,636</td>
</tr>
<tr>
<td>Estimated impacts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value added generated</td>
<td>150.3</td>
<td>144.9</td>
<td>103.8</td>
</tr>
<tr>
<td>% contrib.</td>
<td>0.47</td>
<td>0.45</td>
<td>0.32</td>
</tr>
<tr>
<td>Tax revenues</td>
<td>28.0</td>
<td>27.2</td>
<td>19.3</td>
</tr>
<tr>
<td>% contrib.</td>
<td>0.66</td>
<td>0.64</td>
<td>0.46</td>
</tr>
</tbody>
</table>

Concluding remarks

An analysis of revitalization strategies in metropolitan Bilbao reveals critical shifts in the urban policy agenda in line with what we have referred to as New Urban Policies. These shifts include the subordination of statutory planning to the needs of large-scale emblematic projects where focused and fragmented intervention operates as a laboratory for urban policy innovations.

As in other redevelopment schemes, the Abandoibarra project is originally presented as an emblematic intervention firmly anchored in a strategic framework whose final objective is to provide the physical and functional conditions for competitive restructuring in the urban economy. However, the overwhelming emphasis on efficiency and financial feasibility has left the project captive of a short-term return maximization logic that subordinates the strategic component to the requirements of speculative redevelopment. This shift is all too evident in Abandoibarra’s turn from a production oriented development to a consumption based renovated space catering to the demands of the urban elite.

The weakening of the strategic component of Abandoibarra impinges upon the economic objectives of the project and its capacity to lead a process of competitive restructuring of the urban economy. And, while there is some evidence of economic recovery in metropolitan Bilbao, the question remains as to whether property-led redevelopment schemes such as this provide a sound base for urban revitalization. This is a critical issue since this scheme is presented as a test case of a policy to be generalized for the whole urban region.

The speculative character and the potentially regressive consequences of narrow short-term feasibility also challenge the financial sustainability of this model. Thus, the bias introduced by the diffusion of a financial maximizing logic can have extremely negative consequences as speculative increases filter through the metropolitan land market. Needless to say, the consequences on access to housing for less favoured income groups can be devastating. Notwithstanding trickle down effects, the new urban policies epitomised by Abandoibarra’s redevelopment scheme incorporate a not insignificant risk of social and spatial exclusion as uneven redevelopment may exacerbate existing social and functional divisions of space within the metropolitan area.

Finally, improvements in urban policy in metropolitan Bilbao would require overcoming the limits imposed by the overriding emphasis on economic feasibility and short-term maximization and acknowledging the need for a more integrated socio-economic strategy. This means the need to re-focus in a more direct way on the consequences of both economic decline as well as uneven redevelopment; that is, to incorporate both an economic and social strategy for integrated development in the new urban agenda.

Acknowledgement

Elena Martínez acknowledges the support of a doctoral fellowship from the Basque government.

Notes

1 Bilbao, Barakaldo, Basauri, Galdakao, Getxo, Portugalete, Santurtzi and Sestao.
2 In 1975 basic industries and metal transformation activities concentrated more than 70 percent of total industrial employment in metropolitan Bilbao. These activities still accounted for 68 percent of manufacturing employment in 1986, but its share of total metropolitan employment had dropped from 22 percent to 12 percent.
3 Data availability makes it impossible to update the authors’ calculations for the years after 1988. The fiscal statistics no longer contain the personal distribution by deciles.
4 Manufacturing plant closures and rationalization of facilities contributed to the abandonment and obsolescence of numerous industrial locations. By 1989 it was estimated that the volume of industrial ruins surpassed 140 ha.
5 The starting point of the Abandoibarra operation is the removal of a railroad track which acts as a physical and functional barrier between the site and the surrounding urban environment, and the setting up of the alternative new passenger and goods line, the Variante Sur Rail. The investments required for the urbanization and redevelopment of Abandoibarra are estimated at 62.5 million Euro while the repositioning costs of the Variante Sur Rail amount to 56.3 million Euro, which with an effective ‘aprovechamiento’ of 210,965 m² renders a repercussion value of 564 Euro/m² (PERI, 1999). These
costs are absorbed by Ria 2000, which manages the financial gaps between the costs and the revenues that will be obtained from the redeveloped land sales for the offices, housing, hotel, university infrastructures and commercial areas.

6 The update of the ‘Inventario de Ruinas Industriales’ made by the Department of Urbanism, Housing and the Environment of the Basque Government in 1994 estimated that there were 461,600 ha in the Basque Country, 72 percent of which were located in metropolitan Bilbao.

7 General factors have contributed to this increase, notably, changes in the mortgage loan market associated with falling interest rates and the process of European monetary integration and the single currency that is forcing the emergence of black money and undeclared savings. In the case of Bilbao, there is also the prospect of economic regeneration and urban growth.

References


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