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Madrid

A Tale of an Ambitious City that Failed to Fulfill its Global Vision

José Miguel Fernández-Güell

For nearly two decades, Madrid followed a very aggressive strategy to position itself at the top of the global city rankings. This strategy was primarily focused on building large transport infrastructures and promoting urban megaprojects so as to make the city attractive to investors, companies, tourists and citizens alike. At the beginning of the 21st century, the strategy seemed to be working, fuelled by an unprecedented favorable economic context. However, this was just an illusion. In reality, Madrid’s development model was plagued with excesses and imbalances, which became quite evident after the eruption of the 2007–2008 economic crisis and left multiple economic, social and physical scars on the city, which will require not only time to heal, but also courageous policy initiatives. This paper describes Madrid’s ambitions during the golden years of high economic growth and unparalleled building sprees, exposes the effects of the economic recession on the urban fabric, explores future development opportunities and suggests urban policies for the city’s comeback.

Fig. 1: Municipality of Madrid.
(Source: Ayuntamiento de Madrid, 2013)
Understanding Madrid and its Context

A brief overview of recent developments, the present situation and future prospects of a metropolis like Madrid, which is physically large, socially heterogeneous and economically diverse, is not an easy endeavor. Nevertheless, the case of Madrid can be intriguing to a foreign observer because its immediate past has been full of excesses, its present is dominated by a deep recession, and its future is faced with major challenges and uncertainties.

Under these premises – and from a personal perspective based on several years of consulting practice with Madrid-related projects – this essay sets out the ambitions, troubles and expectations of the Spanish capital in the last twenty years. The sequence of events is organized into three periods. First, the golden years of high economic growth and an unparalleled building spree are analyzed and assessed. Second, the economic recession and its aftermath are forthrightly exposed. Finally, future prospects for the metropolis are explored and some suggestions for policymakers are given.

Before starting the analysis, some clues about the nature, limitations and general context of Madrid should be given. First of all, the city is the political capital of the nation but, at the same time, it is also the capital of an autonomous region with comprehensive political powers. The 8,028 km² Madrid Region is in the center of the Iberian Peninsula and has a population of 6.49 million inhabitants. Although the region only occupies 1.6% of the national territory, it accounts for 13.8% of the Spanish population and generates 19.6% of the gross national product (Comunidad de Madrid 2013a).

Within the region, the municipality of Madrid occupies 604.3 km², holds 3.23 million inhabitants and generates 11.7% of the gross national product (Ayuntamiento de Madrid 2013a). At the European level, Madrid is the third largest urban agglomeration after the Ile de France and Greater London. Despite its vigorous growth since the late 1990s, the city has managed to preserve large natural areas and urban parks within its limits thanks to the maintenance of a highly compact dense urban fabric (Figure 1).

To properly understand the city’s spatial and socio-economic transformation, we must look beyond its political boundaries. In fact, Madrid is the center of a functional urban region that extends into cities such as Guadalajara and Toledo, which are located outside the limits of the Madrid Region. Therefore, the regional, metropolitan and municipal statistics are used either way to explain the evolution of the city.

Madrid lacks the strong, distinctive socio-cultural identity that other Spanish cities, such as Barcelona and Bilbao, can project to outsiders. This can be evaluated as both a weakness and an asset. On the one hand, a strong identity reinforces the social capital and tends to pull citizens together in search of a common goal, which is missing in Madrid. On the other hand, this missing attribute opens up the city to foreigners and increases Madrid’s cosmopolitan atmosphere.

Lastly, Madrid has to attend to two major roles, which are sometimes contradictory. One is that, as a capital city, it must provide a whole range of services to a country with very distinctive regional features, while also leading the development of a relatively small region that competes at the national and international level.

A City in Search of a Global Position

Since the 1990s, Madrid’s politicians and economic agents have been transfixed with the idea of placing the city at the top of the global urban hierarchy. This obsession may well have started in 1989 when the famous French study on 165 European agglomerations was published and widely distributed on the continent (Brunet 1989). This study had considerable media impact as it was the first appearance of a comprehensible breakdown of the continent’s city hierarchy. It also identified the “backbone” of European development, popularly known as the “Blue Banana”, where most decisions are still taken and productive forces are concentrated (Faludi 2010).

The French analysis placed London and Paris in the first category, Milan in the second category, and Madrid in the third group, together with Munich, Frankfurt, Rome, Brussels, Barcelona and Amsterdam. Madrid was also in a peripheral position with regard to the European backbone. This study caught the attention of Madrid’s stakeholders, who felt that the city should climb up the European urban hierarchy. This belief was reflected in several planning documents in the following years.

During the early 1990s, Madrid drafted a strategic plan (PROMADRID 1993) that pursued a consensus amongst public officials and socio-economic stakeholders about the vision that should guide the city’s future development. Although the plan was never implemented as originally intended, many of its strategies pre-
vailed in the coming years in the minds and agendas of politicians and economic agents. A brief account of that strategic vision follows.

First and foremost, Madrid wished to enter the prime league of global cities by becoming a financial, advanced services and decision-making hub for Southern Europe. The undeclared goal of the Spanish capital was first to get even with and later surpass cities like Barcelona, Lisbon, Rome and Milan. Once its position was consolidated in the Mediterranean Arc, Madrid would then try to get closer to the top rank enjoyed by London and Paris.

In order to fulfill this ambitious objective, among other things Madrid needed to become an airport hub for flights coming to Europe from Latin America and Africa. Obviously, a powerful airport hub would be a prerequisite to transform Madrid into a first rate logistics center, which in turn would attract additional economic activities. High-frequency air connections would also stimulate tourism and help to increase the city’s cosmopolitan character.

At the national level, Madrid wanted to become the integrating link between Spain’s urban system and the European Union. This goal was to be achieved through a high-speed railway system. Madrid would be converted into the hub of a radio-concentric system that would provide high-speed connections to most Spanish cities. Even major Portuguese cities were to be integrated into this system. Thanks to this network, anyone living in a coastal city could travel to the capital in just three hours and on to Barajas airport, with its wide choice of international flights.

In addition to providing an excellent level of transport accessibility, Madrid also needed to build large facilities in order to become a scientific and technological pole, an attractive cultural and tourist destination, a city known for its quality of life and a cosmopolitan metropolis receptive to new trends and ideas. These goals would require large public investments to develop technological facilities, build sophisticated museums, increase office space and improve public zones.

To implement these objectives, the city needed to satisfy three key conditions: a favorable economic context, a friendly planning framework for urban development, and a managerial political style to push complex projects forward. The first condition was met from 1997 onwards, when Spain enjoyed an unprecedented economic bonanza thanks to its entry to the Eurozone and the provision of very cheap financing. During this period, the country was the recipient of large amounts of international capital seeking high returns from a booming economy.

The second condition was also met when a new city plan was approved in 1997. Under Spanish legislation, a city plan is the central instrument for guiding urban development and assigning building rights. The objectives of the new plan were well aligned with the ambitious strategic vision pursued by the city (Ayuntamiento de Madrid 1997): facilitate urban growth in order to minimize real estate speculation, release new land for business activities, regenerate the historical district, build emblematic projects to reinforce Madrid’s capital role, and develop an infrastructure program to support the transformation process.

The third condition was met under the political leadership of Ruiz-Gallardón, President of the Madrid Regional Government from 1996 to 2002 and Mayor of Madrid from 2003 to 2011. Gallardón was clearly determined to build large, complex urban projects before the end of his political terms in order to ensure his re-election and project himself onto the national political arena. This strategy required resolute power brokers and competent technical teams capable of executing very large and complex projects in record times. By the same token, these costly projects also required large financial resources, which were happily met by the Spanish financial system. Consequently, all the enabling factors were set for promoting a development spree in the city.

Reliance on Infrastructures and Megaprojects

The transformation strategy followed by Madrid during the period from 1997-2007 was heavily based on building large transport infrastructures and urban megaprojects. The city strove to overcome its peripheral position in the European Union and emerge as an international reference point in urban culture by upgrading its external accessibility and modernizing its urban fabric. In turn, Madrid was expected to gain critical mass by attracting more residents and economic activity to its urban realm. The following initiatives are illustrative examples of this strategy.
Extension of the metropolitan highway system

In the last 25 years, Madrid has built an extensive radio-concentric highway network that provides greater accessibility and mobility to the entire metropolitan area (Figure 2). Four ring roads, (M-30, M-40, M-45 and M-50), are intersected by twelve radial highways that connect Madrid to the rest of the country. This expensive and environmentally intrusive highway infrastructure has nevertheless provided reasonably good mobility to a highly complex urban region.

Enlargement of Barajas Airport

In 2006, Terminal 4, a huge building designed by Richard Rogers and Lamela Architects (Figure 3), was completed and two new runways were added to the existing Barajas Airport. With this new infrastructure, Madrid’s airport can now handle up to 70 million passengers a year. Although the airport enlargement has created an acoustic impact on some nearby residential areas, this infrastructure is considered to be a big asset for the city because of its large capacity and its convenient railway and metro connections to the business district.
Growth of the high-speed rail system

The high-speed strategy followed in Spain has definitely benefited Madrid. Nearly 3,000 kilometers of high-speed track are organized in a radial pattern with Madrid as the central hub. Recently, criticism has emerged concerning the large public investments dedicated to the high-speed network – to the detriment of other transport infrastructures. Despite the economic and political debates, high-speed trains are very popular among travelers and have become a fearsome competitor to air transport on the Peninsula.

Improvement of the public transport system

In the last 20 years, Madrid has made a significant effort to upgrade its public transport system. Presently, Madrid has 10 regional railway lines with 106 stations that annually transport more than 180 million passengers (Renfe 2013), while the metro system has 360 stations and 203 kilometers of lines that moved nearly 602 million passengers in 2012 (Metro de Madrid 2013). The combination of the regional railways and the metro system is an acceptable car substitute for hundreds of thousands of daily commuters.

Madrid-Rio project

By far the most expensive and ambitious project recently undertaken by the city is Madrid-Río (Figure 4). From 2003 to 2007, nearly 25 kilometers of the M-30 along the Manzanares River were moved underground and large spaces were freed from highway traffic. As a result, a large linear park was created and the riverfront area was reclaimed for the citizens. Madrid-Río was finished in 2011 and was almost immediately a great success among the residents of congested neighborhoods nearby, who eagerly enjoyed the new recreational facilities. However, the city will be heavily indebted for many years to come because of this expensive project.

Construction of a new business center

By 2009, four imposing 58-story skyscrapers were completed and stood ready in the extension of Castellana Avenue to house Madrid’s new business center (Figure 5). Their location seemed just right because of their close proximity to Chamartin’s railway station and its excellent connection with Barajas airport. Nevertheless, the towers, finished when the “bonanza” was coming to an end, now with many vacant offices, are waiting for a new growth cycle.

Urban renewal

Significant efforts have been made to embark on an integral rehabilitation of historical districts and run-down neighborhoods. Not only have 17th and 18th century quarters been renovated (Figure 6), the early 20th century Gran Via district has also been restored and brought

Fig. 4: Madrid-Rio.
(Source: Ayuntamiento de Madrid, photo collection)
Fig. 5: New business center on Castellana Avenue. [Source: Ayuntamiento de Madrid, photo collection]

Fig. 6: Historical district rehabilitation. [Source: Ayuntamiento de Madrid, photo collection]
back as one of Madrid most popular entertainment areas (Figure 7). Likewise, vast spaces in central areas have been reclaimed from the automobile for pedestrians in order to revitalize shopping and leisure activities. Renewal has indeed contributed to improving the quality of life in the heart of the bustling metropolis, but it has also ignited a gentrification process that has yet to be assessed.

This short-list of urban and regional projects gives an overall idea of the scope and magnitude of public and private investments during the 1997–2007 period aimed at pushing Madrid up in the global hierarchy. In fact, just before the onset of the economic crisis, there were several signals indicating that somehow these gargantuan investments were paying off. Some global city rankings were placing Madrid in the top categories as an “alpha city” (GaWC 2008), and an updated French study of European agglomerations ranked the Spanish capital alongside Milan and Amsterdam (DATAR 2003). In the Iberian context, by the beginning of the 21st century, Madrid was enjoying an undisputed dominance over the Spanish and Portuguese urban systems.

Official statistics also showed Madrid’s rising fortunes. The building spree and frenzied economic activity was accompanied by a slight increase in Madrid’s population, fed by immigration flows that reversed the declining trend of previous decades (INE 2013a). Madrid’s per capita income also rose to the top of Spanish cities and came closer to the ranks of the most prosperous European metropolises (Figure 8). Lastly, the real estate sector joined the party.
by building more than 500,000 dwellings in the Madrid Region between 2001 and 2011 (Del Río 2013). Definitively, by 2007 Madrid was the center of media attention because of its economic momentum and urban mega-proj ects. However, the success was built on weak foundations.

Exposure of a Fragile and Questionable Urban Model

In the summer of 2007, after the collapse of the subprime market, nobody in Madrid’s municipal government anticipated that the coming crisis was going to have such a long, vicious and powerful impact on the city’s development ambitions. By the end of 2008, after the Lehman Brothers bankruptcy, Madrid became fully aware that both its national and local economies were facing serious problems due to structural weaknesses that had been ignored during the previous growth years.

Since then, the trends in economic indicators have been devastating. Madrid Region’s per capita income has declined from 30,944 euros in 2008 to 29,385 in 2012 (Figure 8) and its unemployment rate has skyrocketed from 6% in 2007 to almost 19% in 2012 (Figure 9). The city’s fiscal debt has risen from 1,033 million euros in 2001 to 7,430 million euros in 2012 (Figure 10). As a matter of fact, Madrid has become the most indebted Spanish city in both absolute and per capita terms. Airport traffic in Barajas has decreased nearly 15% since 2007, leaving the brand new Terminal 4 worryingly underused (Figure 11). Lastly, real estate value for residential uses has decreased by 30% on average since 2007 [INE 2013d].

As a result of the enduring crisis, the city has many visible scars in its urban fabric. Large urbanized areas remain empty because there is no demand for real estate products, unfinished building structures can be seen in several sites in the metropolitan area, brand new tollways carry much less traffic than planned, and several urban megaprojects, such as Operación Chamartín and Operación Campamento, have been put on hold because of the real estate meltdown.

From the environmental point of view, the Madrid Region has followed an aggressive urbanization model characterized by the over-construction of infrastructures, housing and business facilities. Despite trying to preserve a compact city model, rapid growth in the metropolitan area has inevitably increased urban sprawl, the duration of commuter trips, the demand for motorized mobility, suburban shopping and leisure centers, as well as the environmental impact generated by an intrusive network of heavy transport infrastructures.

The crisis is not only visible from strictly economic and spatial perspectives, but has also shown a relevant social dimension. The popularly known 15-M Movement emerged in Madrid on May 15, 2011 at a public demonstration against the adverse effects of the economic crisis. For 28 consecutive days, citizens camped in Puerta del Sol Square, the very heart of Madrid, to protest against the crisis and the recovery policies imposed on people by the Spanish government, the European Union and multilateral organizations. Citizens were disenchanted, indignant and resentful about the misuses carried out by the political and economic branches. The pacifist 15-M Movement demanded a more participative democratic system to prevent public corruption and political malpractice.

In brief, it can be said that in Madrid “the streets were not paved with gold,” a reminiscence of Ken Auletta’s book about New York’s decline in the 1970s (Auletta 1980). A fragile, questionable urban model was exposed in the aftermath of the crisis. In economic terms, the city was excessively dependent on construction and on service sectors focused on the local market, while it lacked a stronger focus on high-tech sectors oriented towards the global markets. The crisis thus unraveled in a vicious circle: the real estate market crashed, the financial sector became entrapped, the construction sector collapsed, industrial output decreased, unemployment went up, consumption went down, fiscal revenues diminished, social needs augmented, fiscal debt skyrocketed, and so on.

To make matters worse, in September 2013 Madrid failed in its bid to host the Olympic Games for a third time in a row, another sign of the city’s declining image.

Hope and Future Challenges after the Building Hangover

Confronted with such a gloomy picture, it is timely to ask whether there is hope for Madrid in the near future. At the time this article was written, Madrid had yet to achieve financial stability and economic activities had not recovered from the recession. It is thus difficult to predict whether the exit from the crisis will take place in the shorter or longer term. Nevertheless, several reasons give grounds for hope.
First, Madrid has invested heavily in large infrastructures and buildings that are either idle or have a low occupancy rate. Thus, the Spanish capital has an oversupply of brand new physical assets that provide a competitive edge over other European metropolises with limited capacity for urban growth. Second, Madrid has a diversified industrial fabric, a large concentration of advanced services as well as a broad range of technological spaces. In fact, the city has developed an emerging network of clusters in the aerospace, ICT, automobile, biology, renewable energy, health sciences, logistics and financial services industries (Madrid Network 2013). With the right stimulus, a new generation of entrepreneurs and scientists may be able to lead the transformation of the city’s economy into a vibrant set of innovative industrial and service activities.

Third, the City of Madrid has recently drawn up two strategic documents that are clearly concerned with the city’s future. The first one Ciudad Madrid 2020 acknowledges the adverse effects of the economic crisis on the city and proposes a new development model (Ayuntamiento de Madrid 2011). The second document is a strategic plan for the international positioning of the city that aims to attract more investments, events and tourists (Ayuntamiento de Madrid 2012b). To a large extent, the successful implementation of these initiatives depends on the support of politicians and the involvement of economic stakeholders.

Finally, Madrid has a new city plan underway that will guide future urban development. Fully aware of past urban excesses and improper policies, the new plan aims to give Madrid better economic opportunities and make it more sustainable, more socially cohesive, and improve its quality of life (Infanzón 2013). If these general objectives are properly developed and implemented, they may become the starting point for a change in urban policies.

Despite these assets and initiatives, there are still many uncertainties about the foreseeable future of the Spanish capital. Assuming the best possible scenario for the city, a number of suggestions can be made for Madrid to take full advantage of the emerging opportunities and therefore make an effective resurgence.

1. Ignore the global race: For the time being, a more humble and pragmatic vision is needed. Madrid should not strive to become an Alpha Global City like London, New York or Tokyo. In the first place, Madrid will never get to challenge these cities, and secondly, the economic gains of becoming a global city will not compensate for social, environmental and governance losses.

2. Turn from megaprojects to human talent: Instead of investing in huge infrastructures and urban megaprojects, the city should pay more attention to promoting and incubating talent. Madrid needs to attract the best and most creative people worldwide to work in advanced industrial and services sectors. These people obviously respond to financial incentives, but they also expect a high quality of life in the form of cultural activities (Florida 2005).

3. Promote innovative economic activities: From the economic point of view, a two-fold strategy should be implemented. On the one hand, existing clusters such as financial and consulting services, aeronautical industries and logistics industries should be made more competitive. On the other, support should be given to innovative sectors such as biotechnology, nanotechnology, hybrid technologies or advanced materials.

4. Decentralize urban growth: The capital city should be generous and share its prosperity with neighboring urban centers. An intelligent economic decentralization policy should be pursued based on the high-speed railway network built in recent years. To avoid increasing congestion and environmental deterioration, Madrid should form a well-articulated urban system in a 100-kilometer radius that can accommodate homes and economic activities.

5. Recharge underused assets: More sustainable development should be pursued in the city and its hinterland. Underused infrastructures and facilities should be filled with new activities or recycled in order to avoid consuming more land and natural resources. Urban regeneration should be given top priority versus new developments.

6. Shift from emblematic architecture to small-scale urban operations: Austerity and sustainability get along better with small-scale operations than with fancy architectural projects. Instead of promoting expensive iconic buildings, the municipality should focus on improving public spaces, public transport and public housing.

7. Innovate in planning: Contemporary cities are plagued with complexity and uncertainty. To operate successfully in this context, cities should roll out innovative planning approaches based on future studies, strategic thinking, integrated planning (social, economic, environmental and spatial) and flexible implementation mechanisms. Madrid should overcome...
administrative and political barriers in order to push planning innovation forward. 8. Develop an advanced governance system. Politicians should not be allowed to impose grandiose, unfeasible projects without being accountable to a wide spectrum of stakeholders and citizens. Moreover, efficiency should not be used as the flagship argument to justify the lack of consultation processes. Critical urban decisions should therefore be taken in a more transparent, collaborative and participative mode.

The fulfillment of these requisites is by no means an easy endeavor. However, strong guidelines have to be provided if past mistakes are not to be repeated. As in any contemporary city, Madrid faces challenges and optional strategies that have to be resolved in a tricky equation: exploit economic opportunities + increase quality of life + guarantee a sustainable environment + improve urban governance – the best possible scenario. The way these, sometimes contradictory, objectives are combined and balanced will be the key to a promising or disappointing future.

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