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Governance challenges in metropolitan areas: the case of the industrial ABC Region in São Paulo, Brazil.

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Abstract

The essay narrates the attempt to build an alternative regional governance system in the ABC Region, an old industrial area in the mega-city of São Paulo, Brazil. Initially it sets context of the complex administration of metropolitan conurbation brought about by the Brazilian federalist arrangement. Following, the regional governance system is briefly described and analysed, mainly with focus on how actors from progressive political parties in the ABC Region have been leaders of the formation of innovative regional institutions that, on the one hand, represent an advance in political participation of civil society in the regional decision making and planning, but on the other hand have not achieved to empower marginalised groups or to properly tackle social-environmental problems.

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Introduction: Governance challenges in the Metropolitan Area of São Paulo, Brazil

Governing urban agglomerations has enhanced complexity if there is no metropolitan governance or governing institutions. This becomes even more intricate in the case of conurbations composed of different political-administrative autonomous units, congregating different political views, in a system that privileges competition instead of cooperation, as in the case of Brazilian Federation. Brazilian Constitution gives federal status to municipalities in addition to the usual National and States levels. This, among other elements of Brazilian political culture, has led to what Daniel (2001) called as “autarchic municipalism”, i.e. the discourse and belief that local problems are delimited by the geographical boundaries of municipalities and should be solved by the mayors. Therefore, of cooperation between municipalities in Brazil habitually lack and civil society participation is neglected, despite the recurrent and acclaimed experiences of Participative Budget².

In this sense, the governance challenge in the metropolitan area of São Paulo requires scrutiny, not only due to the size of the conurbation that is home to almost 20 million people³ or to the well-know social environmental problems of the area, but also because of the legal-political arrangement of governing. Accordingly, this paper is dedicated to the analysis of the regional experience of the ABC Region, an association of seven of the thirty-nine municipalities of the metropolitan region. Different regional actors in ABC Region were gathered together striving for regional development. Social organisations, enterprises associations, labour unions and above all (progressive) local governments launched a set of innovative regional institutions that, on the one hand, represent an advance in political participation of civil society in the regional decision making and planning, but on the other hand have not achieved to empower marginalised groups or to properly tackle social-environmental problems.

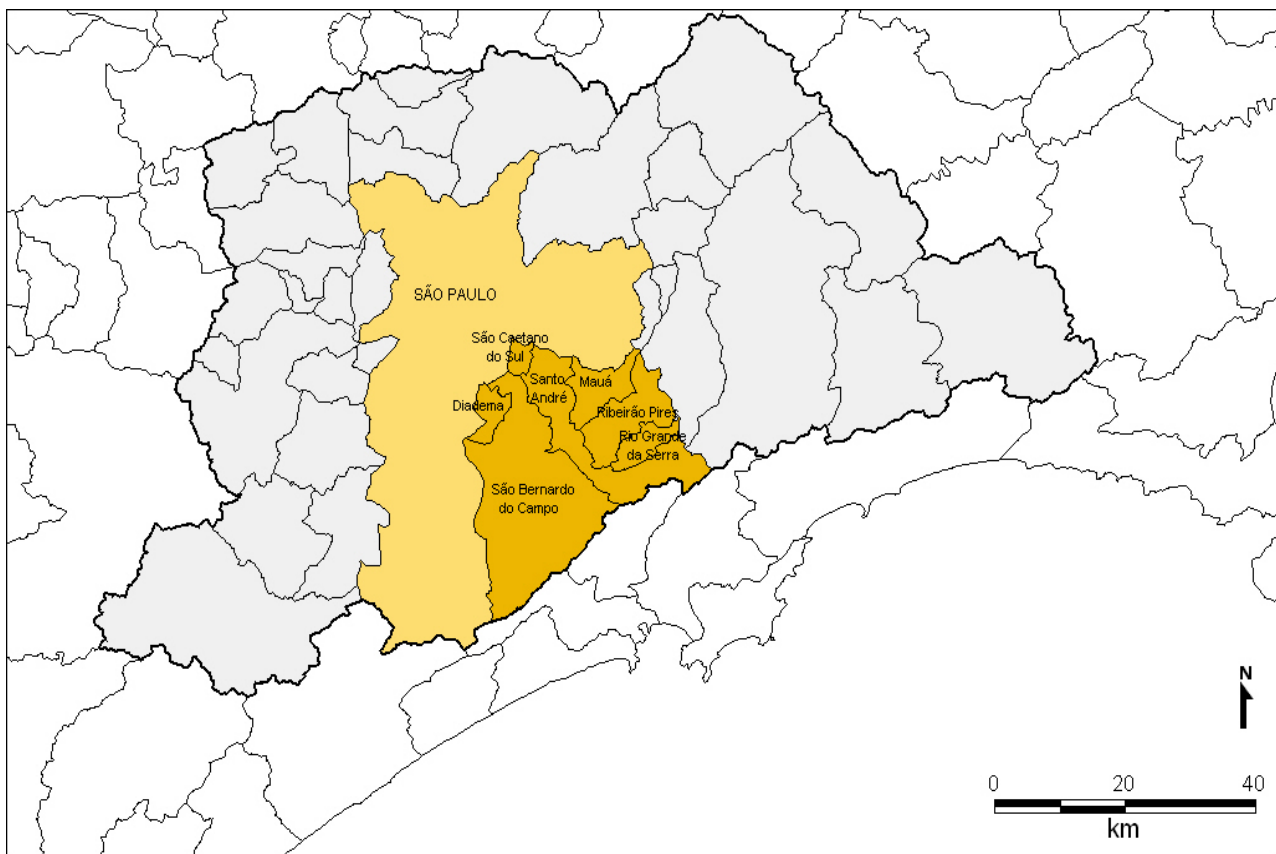
² For a critical assessment of the democratization of Participative Budget, see Leubolt 2006.

³ The metropolitan area of São Paulo had 19.677.506 inhabitants in 2006, according to the estimation of the National Statistical office – IBGE (http://www.ibge.gov.br/home/estatistica/populacao/estimativa2006/POP_2006_DOU.pdf)

ABC Region: Revitalising an old industrial area

The “ABC” is the industrial core of Brazilian’s metropolis São Paulo. Founded in 1554 by Jesuits, São Paulo remained a minor village until the coffee boom in the 19th century. From the turn the 20th century onwards it became the industrial centre of Brazil, overtaking bureaucracy-centred Rio de Janeiro (Townroe/Keen 1984; Storper 1984). In the 1950s, a corporate pact was sealed, which attracted multinational investors, especially the automotive industry. Ford, Volkswagen and other leading multinationals chose the periphery of São Paulo as production sites. The region composed of the cities of Santo André, São Bernardo and São Caetano became known as the ABC. Today it has approximately 2.5 million inhabitants and congregates seven municipalities: Santo André, São Bernardo do Campo, São Caetano do Sul, Mauá, Diadema, Ribeirão Pires and Rio Grande da Serra.

Map 1: The Metropolitan Area of São Paulo. City of São Paulo and the ABC Region in darker colours



The strong regional identity is due to the common industrialization process fostered in the 1950s by the federal government. The ABC region is in a privileged logistical position, as it connects the city of São Paulo and the port of Santos. Therefore, it received massive

incentives and subsidies to develop industries, mainly automobile, metallurgical, and later on, petrochemical industries (Scott 1999; Sacramento 2002). The automobile industry gave a special sense of identity to regional actors, who are proud of having a “manufacturing culture” (Cocco 2001). Since the 1970s, the workers organized and started to identify themselves with the region. New actors entered the public arena (Sader 1988). At the end of the 1970s, still during military dictatorship, a vigorous workers’ movement organised three huge strikes for higher salaries, human rights and democracy that became known all over the country and the reference for the creation of a proper party of the workers, the PT (*Partido dos Trabalhadores/ Workers’ Party*), which main leader was the present Brazilian president Luis Inácio Lula da Silva.

The dynamics of world capitalism permitted that the ABC became the centre of an import-substitution model of national development in the 1950s and turned the ABC into one of the most prosperous parts of peripheral capitalism in Brazil. This successful spatial fix of a highly concentrated industrial cluster of metallurgy and automotive industry became a historical legacy after the end of the economic miracle in 1973. The crisis of the nation-centred mode of development in Brazil had its first local expression in the revolts in the ABC, the most Fordist region (Novy 2001: 250). De-industrialisation affected the ABC more severely than others. The world-wide restructuring led to plant closure, layoffs and wage cuts (Klink 2001). The ABC Region, although a peripheral and cheap location world-wide, became victim of increased international competition and the decentralisation of industrial locations within Brazil. During the 1990s, the federal government supported the “fiscal war” between regions to attract plants. This was to the detriment of the ABC Region, whose image was linked to “high wages, combative labour unions, spatial shortage, elevated and increasing prices of land, and lack of governmental incentives that would have increased the production cost of the regional enterprises” (Jacobi 2000). This resulted, in a regional unemployment rate higher than the metropolitan average. Between 1991 and 2001, more than 120,000 industrial jobs were extinguished; and car factories had a reduction of more than 30% of its work-force (Pamplona 2001; Conceição 2001). In addition, the regional income has fallen as well as the governmental revenue.

The regional environmental peculiarity is the watershed protection area, which covers 56% of the total regional territory in six of the seven cities. Such a huge water reservoir demands integrated environmental policies and is the source of common problems such

as land restrictions, since the area cannot be used for housing or business. However, the area is illegally occupied by socially excluded groups (in slums) notably those expelled from São Paulo's gentrification that resulted from new urbanization projects (Fix 2001).

Local corporatism

The "ABC Region" is not a recognised political-administrative unit in Brazilian governmental system. However, the region is not defined by its population as a project, but as a region. Officially it is an informal regional association, composed basically of a set of articulated institutions for regional development built in particular geographical, social, economical and political conditions.

The regional repercussion of the crisis of Fordist convinced key regional actors of the necessity to cooperate locally to better compete internationally. This typical *g/local* dynamic resulted in the stepwise formation of a regional governance system, with 4 main institutions: (1) the Inter-municipal Consortium of the Greater ABC Region; (2) Citizenship Forum (*Fórum da Cidadania*); (3) The Regional Chamber and (4) the Regional Development Agency.

The Inter-municipal Consortium of the Greater ABC Region is the association of the seven local governments. Its "Board of Mayors", which meets every month to discuss common issues and projects, represents the decision-making level. Created in 1991 to solve a common environmental problem, it has been increasingly concerned with economic development issues (Daniel/Somekh 2001). It is financed by the cities, proportionally to their revenue. Its workforce is partly an established bureaucracy hired by the Consortium and partly collaborators of municipalities.

In a moment of paralysis of the Consortium, civil society organized itself. In 1994, regional media, business associations, labour unions and other civil society organisations were assembled in the so called "Citizenship Forum" to accomplish a broader legislative representation of the ABC Region at the state and federal level, as they believed that their representation was below their economic importance (Abrucio/Soares 2001: 165). Almost a hundred social organisations were gathered in the *Fórum* in 1996, thus giving impulse to a new mode of regional articulation by the revitalization of the Consortium, and culminating

with the creation of a new regional chamber. The launching of the *Regional Chamber of the Greater ABC Region*, in 1997, was the culminating moment of regional cooperation of state and civil society: two governmental scales, business associations, labour unions, NGOs and plenty of regional actors gathered in meetings and working groups.

The Regional Chamber was inaugurated in 1997 which coincided with a revival of the Consortium occasioned by renewed engagement of the major of the seven cities, elected at the end of 1996. The moment was the peak of the regional participation, when the highest number of organisations was involved with regional issues and the institutions created. Mostly celebrated was the rare participation of the main regional industry: the automotive. Nevertheless, this proved to be the only moment of its involvement.

The Chamber is a non-officially constituted discussion forum that gathers government representatives from the local and the state level, private actors mostly from regional business associations, labour unions and regional NGOs, notably referring to environmental issues. It has no physical location or exclusive staff: its secretary tasks are performed mainly by the Consortium. One of the Chamber's main objectives was to coordinate regional planning, which was made in 1999, focusing mostly on regional economic development matters and completed with unbalanced participation, mainly composed of city governmental actors. The contents of the planning document published in 1999 were extremely similar to a regional declaration of 1997: "The Great ABC Letter" which contains the regional vision and strategies to achieve it. In this manner, even with no formal planning, 1997 was a more effective planning moment, as the traditionally absent state government and the automobile industry were participating (Coimbra de Souza 2003).

The *Regional Economic Development Agency*, founded in 1998, is the institution designed to implement regional projects. Aiming to consolidate the participation of business in the regional governance system, it was agreed that the agency would formally be a private entity. This intended to keep civil society organisations (notably enterprises) engaged in regional issues and in the collaboration with governments. Therefore, 51% of the seats of the Agency's Board was for the private actors (regional business associations and labour unions, universities and some NGO's), and the other 49% to the Consortium. Contributions for budget and projects should follow the same proportionality. Although being legally

organized as a private organisation, the Agency has worked mainly as a governmental agency, given the low participation of private actors in meetings (and thus in planning), projects and financing. Most business associations do not pay their monthly contributions and refuse to give additional resources to projects.

Regional discourse was strongly influenced by non-public actors, notably the business associations and labour unions. Furthermore, international organic intellectuals⁴, e.g. planners from Barcelona, have had a huge influence on the construction of ABC's discourse in shaping the "Letter" and their liberal discourse was 'interiorized' by local actors. Although private and civil society actors have formal means of participation and important functions in the regional planning institutions, the Consortium has always played a major role: the "mayors put their personal efforts and a huge number of municipal managers participate in the working groups" (Daniel 1997). In this sense, the governance in ABC regional institutions has been notably unbalanced, with a notable predominance of government.

The strong regional media had a significant role in the construction of regional identity. The regional newspaper "The ABC Diary" and the magazine "Free Market" largely influence the formation of common sense that aims at identifying the interests of local business with those of the whole local economy and society. Their editors have free access to most of regional leaders. Local governments, however, being from the political left – the majority has belonged to the Workers' Party (PT). Therefore, media, which is broadly connected to local capital, has enhanced the conflicts with local governments. The latter, however, has avoided confrontation aiming at consensus building and co-operation within the regional Chamber and Agency.

The regional governance system sharply lost vigour after 2002. One reason was the murder of the most active and reputable local leader, Santo André's Mayor Celso Daniel. The other reason was the victory of Lula and the PT in the general elections. Many local politicians are personally or politically linked to Lula and his closest confidants. Therefore, interests and strategic outlook shifted from the local to the national level. Many politicians and labour union leaders from the ABC became federal deputies, ministers or entered

⁴ Organic Intellectuals are here stated in Gramscian terms (cf Gramsci 1988).

federal bureaucracy. They assumed that the space of manoeuvre is larger at the national than at the local level.

Governance in ABC Region: progress in managing conurbations?

Analysing the experience of the ABC Region in São Paulo metropolitan area, notable is the accomplished advance in the cooperation and dialogue between governments to solve common problems of the conurbation, especially in the context of total lack of metropolitan arrangements that facilitate connection and collaboration of municipal governments in Brazil. Moreover, ABC gave an example to the whole country regarding participation of civil society organisation in institutionalised planning and opening of society-government communication channels. Concerning this issues, we can positively state that the regional attempt represents a success against adverse circumstances. Nevertheless, the limits of the governance system must be also highlighted. The economic crisis was the stimulus of the regional association, but paradoxically it constrained a broader development of the region.

Remarkable is the weakness of governments, even the left ones, in achieving a progressive kind of development. The regional governance in the ABC Region, with its focus in attracting investments, ended up shaping a region for capital as the aim of economic development resulted in strategies centred in reaching the participation of capital in the governance system, to the detriment of other social groups, particularly those marginalised. In this sense, although the cooperation of governments caused administrative progress to tackle some social regional problems, this has been limited, as non-organised and marginalised groups were not empowered nor had their demands stated in centre of regional plans.

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