

DESIRED AND UNDESIRED EFFECTS OF THE TOURISM DEVELOPMENT POLICY BASED ON MEGAPROJECTS: THE CASE OF VALENCIA (SPAIN)

Julia SALOM

University of Valencia, Interuniversity Institute of Local development, Department of Geography, Spain
julia.salom@uv.es

Maria D. PITARCH

University of Valencia, Interuniversity Institute of Local Development, Department of Geography, Spain
maria.pitarch@uv.es

Juan M. ALBERTOS

University of Valencia, Interuniversity Institute of Local Development, Department of Geography, Spain
juan.m.albertos@uv.es

Abstract

The metropolitan area of Valencia is a second-tier city in the Spanish urban hierarchy which has been significantly affected by the recent crisis. Following the urban management business focus, local and regional governments implemented a policy that, through the promotion of major events and the development of prestigious architecture megaprojects, aimed to achieve economic growth and urban revitalization. The declared objective was to enhance the visibility and international role of the city in order to attract foreign investment, professionals and tourists. The balance achieved is uneven: Although there has been a strong growth in tourism, the model has also had important negative repercussions in both the financial and social spheres, as well as not being effective in promoting the international role of the metropolis.

Keywords: *tourism development; megaprojects; international role; urban management; Valencia*

1. INTRODUCTION

Since the 1980s many cities in Europe and elsewhere have opted for policy strategies trying to improve the urban image in order to promote economic growth. Many of these cities have made major infrastructures, emblematic projects and hosted big events with international projection, as core components of their strategy and new urban agenda. Doing so they try to overcome recession, loss of economic competitiveness and the restructuring of urban systems arising from the new socioeconomic context and increasing globalisation.

In Spain, these neoliberal entrepreneurial approaches to urban management are inextricably linked to urban growth and property speculation. This is because under permissive national (the Spanish Land Act 6/1998) and regional (the Valencian Regional Government's Urban Development Regulation Act 6/1994) legislation, urban development, which is regulated and planned by local government in Spain, is largely subordinated to the interests of entrepreneurs and property developers (Romero et al., 2016). Urban planning no longer seeks territorial coherence and the protection of general interests. Instead, it becomes a tool of specific economic interests in which the role of the public sphere is reduced and, in

contrast to traditional planning, strategic planning and the implementation of individual projects and author architecture come to the fore in order to address the challenges of and international urban competition. This model fuelled the Spanish speculative bubble until the advent of the 2008 international economic and financial crisis.

Starting in the mid-1980s, and particularly following the triumph of the conservative party in local (1991) and regional (1995) elections, the city of Valencia implemented an urban development policy based on big international events. This policy was designed to overhaul its economy after the decline of traditional sectors by building an attractive environment that would draw external investment, professionals and tourists.

The recession which began in 2008 hit the region especially hard. Its negative differential with the rest of Spain has progressively worsened, particularly since 2009, so that regional GDP per capita has fallen well below the national average and the Valencia Metropolitan Area is one of the Spanish urban areas having undergone the greatest recession in recent years. Against this backdrop, the urban development policy undertaken is being now criticised for its inefficiency, the enormous public debt it has run up and its relationship with cases of clientelism and corruption. This has triggered a political and social reaction that resulted in major political shift in the city and in the region, which have been governed by a coalition of left-wing parties since the 2015 elections (Rius et al., 2016).

The purpose of this paper is to present a critical overview of the impact the Valencia's urban policy has had in recent years on its stated objectives: tourism development and promoting the city's image. In the next section, we briefly describe the entrepreneurial urbanism policies based on large projects and mega-events and their outcomes and then we outline their application in the case of the city of Valencia. After that, we present the results of this policy in the city before finishing with some conclusions.

2. ENTREPRENEURIAL URBANISM POLICIES AND THEIR ECONOMIC AND SOCIAL OUTCOMES

Since the 1980s, European cities have been increasingly concerned to explore new ways of driving local development and employment growth in order to counteract the erosion of their economic and tax base resulting from global socio-economic changes. In most cases, this has involved the implementation of an urban development policy that has been called "entrepreneurial", to distinguish it from previous "managerial" policies typical of the 1960s (Harvey, 1989). Thus, in recent years, there has been some consensus around the idea that urban governments need to be more innovative and entrepreneurial with a focus on finding new ways to improve the economy, either by playing a direct role in setting up new businesses, or by creating a more prone environment to the development of new economic activities. These new policies are the urban expression of the 'New Economic Policy', the political platform of conservative neoliberalism, which seeks to reorient state intervention towards support, finance, subsidise or promote new forms of capital accumulation. This entails a shift from distributive policies, which gave priority to welfare considerations and direct service provision, towards more market-oriented and market-dependent approaches. As a result, urban renewal becomes just an intermediate objective, a necessary precondition for economic regeneration (Rahmani et al., 2016; Swyngedouw et al., 2002).

Entrepreneurial urban development policy is directly designed to reposition the city in the new competitive scenario in which innovation and knowledge take precedence. Hence, in the search for new competitive specialisations, strategies related to the city of knowledge and training, the entrepreneurial city, the city of leisure and quality of life, and the cultured and creative city come to the fore (Rausell, 2006, 2010). This approach highlights the importance of re-imagining and recreating urban space, not only in the eyes of planners and residents but

mainly in terms of foreigners, investors, businesspeople and wealthy tourists. Consequently, strategies are not merely economic as they are also concerned with handling the symbolic dimension and the construction of identities. Therefore, major emblematic projects, promoting events with great media impact (Marchena, 1998, Fernández, 2014) and place marketing constitute fundamental tools to attract investment and enhance urban vigour (Kavaratzis and Ashworth 2005). The city brand seeks to compete in the global market for resources, investment and tourism but also to enable residents to identify with this new construct. In this way, city marketing and brand management become part of local politics, and the spectacularisation process associated with events and large projects help to create this urban brand.

In terms of the social and governance implications, Swyngedouw et al. (2002), based on their analysis of large-scale urban development projects in twelve European Union countries, summarised the main characteristics of these policies in the following points:

- Large-scale urban development projects have increasingly been used as a vehicle to establish exceptionality measures in planning and policy procedures, involving the subordination of formal government structures to new and highly autonomous institutions and agencies.
- Projects reflect the aspirations of a particular group of local, regional, national and sometimes international players and lobbyists who use their political, socioeconomic and cultural power to shape the developmental trajectories of the area.
- Local democratic participation mechanisms are not respected or are applied in a very “formalist” way. Participation is often limited to selected professionals.
- The trend towards a more proactive approach of local authorities is reinforced; they act simultaneously as enablers, partners and clients.
- Despite the market-led orientation and dominant entrepreneurial discourses, most of these projects have been decidedly and without exception led by the public sector and often financed by it. There is often socialisation of cost and risk and privatisation of potential profits.
- Projects are presented as a viable alternative to the comprehensive Fordist plan combining the advantages of flexibility and targeted actions with an enormous symbolic capacity.
- Most of the projects heighten social polarisation through the operation of real estate markets (rising prices and displacement of low-income and social housing), and changes in public spending priorities away from social objectives.
- The projects are addressed to places rather than people; given the reduction in universal welfare programmes, the “territorial” or “targeted” approach replaces universal social support structures.

As a consequence, along with the decadence of the former managerialist policy paradigm there is the clear risk a new more fragmented city –both socially and spatially emerges. Economic and international success of this kind of policy should be taken as granted. In that context many “ordinary” cities (Robinson 2006) which could be tempted to follow this new kind of strategy should be more careful given their high cost in financial and social terms.

3. URBAN DEVELOPMENT POLICIES IN THE CITY OF VALENCIA 1995-2015

In Spanish democratic history, urban policies were focused in an initial stage just after the end of Franco’s regime (1978) on solving the severe shortcomings in public facilities and services following the paradigm of traditional management policies. But soon, in late 1980s and early 1990s a new paradigm emerged trying to foster urban and economic regeneration in

line with the new urban marketing. Among many others, that was the case of Bilbao in 1991, with the regeneration of former industrial sites (Guggenheim Museum by Frank Gehry), and Barcelona, which used the 1992 Olympic Games to carry out an urban renewal programme as part of its first Economic and Social Strategic Plan drawn up in 1988.

Valencia is part of this group of Spanish cities which shifted to this new paradigm carrying out emblematic projects. Thus, in the late 1980s, still under a socialist administration a number of projects were implemented along with the redevelopment and greening of the old riverbed of the Turia River placing nearby a number of cultural facilities: Valencian Institute of Modern Art (1989), Palau de la Música concert hall (1987) and the City of Arts and Sciences whose construction began in 1991. However, it would be the conservative governments that ruled the city from 1991 to 2015 (and regional government since 1995) which would bring this approach to its culmination as part of a neoliberal urban policy (Torres and Garcia, 2013).

In the words of the previous conservative mayor, Rita Barberá, it was about “putting Valencia on the map” by building an attractive urban environment. Indeed, a number of studies of the European and world city system during the 1980s and 1990s (Brunet, 1989; Cattán et al., 1994; Halbert, Cicille and Rozenblat, 2012) describe the Valencia metropolitan area as a second-tier city showing a lower functional level than would be expected for its demographic size, especially if we look at its poor performance in all the specialised functions that enable cities to excel in global competition: international relations, communications, economics and finance, research and technology, cultural sectors, etc.

Moreover, the Valencian Territorial Strategy approved by the Regional Government in 2011 was aimed at positioning Valencia as one of the great European benchmark areas. That would be accomplished by turning it into a European Union knowledge hub, i.e. a centre playing a key role in the global economy on the basis of its ability to attract creative professionals. This approach was directly inspired by Richard Florida’s proposals and allegedly would lead to consolidate the city as a “cultural cluster” which was seen as the strategic sector of the future (Rausell, 2010).

In order to implement this strategy, the local conservative government set up a number of agencies during the twenty years it was in power. It deserves special attention the *Valencia 2015 Strategic Plan Association*, founded in the late 1990s and converted in 2004 into the *Valencia Strategies and Development Centre (CEyD)*. This centre operated until 2012 when it was replaced by the *InnDEA Valencia Foundation* and drew up a long-term strategy using the conceptual apparatus of ‘New Urban Politics’, a triumphalist rhetoric and an economic discourse that linked up with the dynamics of globalisation and some strongly rooted collective feeling about the rest of Spain’s underestimation of Valencia’s assets and values (Cucó, 2013). As part of this approach, an aggressive urban brand creation policy was implemented to present it as a spectacular, cosmopolitan and creative city which was supported by carrying out megaprojects, globalised events and promotional campaigns.

The megaprojects conducted during this period were located in two nearby built-up areas. The first one is by the mouth of the River Turia, where the City of Arts and Sciences architectural, cultural and leisure complex designed by architect Santiago Calatrava was built. The complex was first opened in 1998 and consists of several parts: *l’Hemisfèric* (an IMAX and 3D cinema), the *Príncipe Felipe Science Museum*, the *Umbracle* (a landscaped walk), the *Oceanogràfic* (a giant aquarium) and the *Palau de les Arts* (an opera house). The total cost of this city of Arts and Sciences is estimated in €1.3 billion and was entirely funded by the Regional Government. The second area is the old port (*the Juan Carlos I Royal Marina*), where a number of successive interventions have recovered the inner docks serving as a urban stage for two successive and partly overlapping events: the America’s Cup sailing competition, and the Formula 1 European Grand Prix, which entailed building a street circuit,

reconverting several avenues near the port into high-speed tracks and reducing the areas of the Marina initially conceived as green zones. The amount of public investment reached €2,0 billion in the Marina and America's Cup organization and €350 million in the street circuit and Formula 1 Prix. These two areas have been the venue for a series of global events designed to build a powerful urban brand. Thus, the City of Arts and Sciences hosted: 5th World Meeting of Families held on 2006 with the presence of Pope Benedict XVI, open-air music MTV Winter Festival, held in 2008 and 2011, Global Champions Horse Riding Competition in 2009, The Valencia Open Tennis from 2008 to 2016. The new Marina area hosted two global events: The 32nd and 33rd America's Cup in 2007 and 2010, and The Formula 1 European Grand Prix, from 2008 to 2012.

All these global events were financed directly and indirectly by public funds, especially from the regional government. They were carried out on the basis of consortiums between companies, the City Council and the Regional Government. The public support was not only through capital but also drawing up Zone Development Plans and Integrated Development Plans closely connected to the creation of new real estate developments. The existing regulations allowed these interventions modifying the framework established by the existing General Urban Zoning Plan of 1988 (Herrero, 2003)

The combination of large projects and events with international visibility was conceived and implemented as part of an urban marketing strategy aimed at creating the "Valencia brand" as an advertising approach designed to drive global tourism (Ruiz and Garcia, 2013). This conjunction of highly attractive tourism activities and elite architectural venues was intended to position the city in the elite of world cities (Santamarina and Moncusi, 2013).

4. TOURISM AND INTERNATIONAL POSITIONING OUTCOMES

In general terms, this model is nowadays viewed as a failure. Big events have progressively disappeared as public subsidies dried up. Against a background of recession, the city managers faced serious difficulties in making cost-effective and viable use of the buildings and infrastructures which have largely become "empty containers". All the mega-events have proved to be loss-making and are connected with funding practices that are ruinous and opaque if not actually illegal or corrupt. As examples, the debt of the Royal Marina consortium amounts to €427 million, and the contract to organize the European Formula 1 Grand Prix had to be terminated in 2012 and the regional government assumed a debt of €65 million. The large quantity of public resources ploughed into these projects has led to a huge municipal debt that by the end of 2010 came to €976 million.

Nor have the outcomes in the labour market been particularly good since the model has demonstrated its inefficacy to generate skilled and long-term jobs. The employment created has been mainly in temporary work in hotels and food services. In the social field, the urban area is today strongly fragmented and increasingly dualised (Pitarch, 2013; Torres and Garcia, 2013) and territorial contrasts have intensified (Salom and Fajardo, 2017). There has been an increase in poverty: since 2013 the presence of families in soup-kitchens has increased by more than 60% (Casa de la Caridad, 2017), unemployment (according to official registers the city has lost 76,500 jobs over the last 10 years) and job insecurity among the most vulnerable groups (young people and women) has risen. Furthermore, corruption cases have damaged the city's image and generated a poor reputation that makes it difficult to attract investment. Dissatisfaction with the economic situation and the outcomes of the policies implemented together with the signs and evidence of political corruption led to a social protest movement. It culminated in the victory in municipal and regional elections

(may 2015) of left-wing parties which have formed alliances to jointly run the regional and municipal governments.

The consequences of this urban policy encompass very diverse areas. However, in this paper we will look at its outcomes in two of the aspects that were stated at that time as the objectives of this strategy: Valencia's tourism development and its position in the international arena.

4.1. The impact on tourism

The combination of unique urbanistic and architectural projects and hosting big events was justified by their alleged enormous ability to attract tourists and generate spending in the city due to the increased attractiveness and visibility both in domestic and international markets. Concepts such as revitalisation, growth and renewal have been part of discourses aimed at making Valencia an international and spectacular city (Boira 2010, Rausell 2010, Santamarina and Moncusí, 2013, Gaja 2016, Sorribes 2016). The tourism impact of this strategy can be seen in the city's image as a tourist centre, the increase of visitors and even on the emergence of new types of tourism such as cruise tourism.

Traditionally, the city of Valencia had been promoted by its institutions through its traditional festivals and historical heritage. However, in the last ten years the municipal government image policy relied almost exclusively on the City of Arts and Sciences as the greatest achievement of Valencia's ultramodernity, creativity, innovation and avant-garde. Moreover, its skyline has been used as an indisputable icon of the new times (Santamarina and Moncusí, 2013). This new approach has led to neglect of local hallmarks and has consumed their cultural potential, overshadowing any other local cultural or heritage event. This has resulted in some disconnection with the cultural practices of many residents who do not identify with these projects or associate them with negative connotations of corruption and waste. For some authors this new brand image is, as Puche and Obiol (2011, 193) note, "unrelated to Valencian authenticity", which means the city still lacks a genuine and accepted brand that reflects its identity. Nevertheless, the construction of the tourist imaginary sometimes overlaps with the city perceived by its residents and eventually supersedes it, in spite of being an image created just for visitors. However, tourism is a powerful brand or image creator, so it may be that over time, as has happened in other destinations, the city's residents will eventually come to identify with this image of modernity (Marzo et al., 2013).

It seems clear that the impact of hosting major sports events in Valencia and its showcase architecture has been crucial to grasp the tourist transformation that the city has undergone since the beginning of the 21st century. The suitability of this tourism growth model can and should be discussed, but it is undeniable that the growth experienced by the arrivals of tourists and overnight stays (especially by foreigners) has been impressive, and this was the case in spite of the recession, the limited accommodation capacity at the start of the boom, and competition from other, more attractive nearby destinations, like Barcelona. That change has been driven not only by the transformation of the city's image but also by improved connections (cheap flights by Ryanair and high-speed train link with Madrid) and Erasmus tourism, trade fairs, conferences and congresses, etc.

Indeed, over the last 20 years, the city has changed its tourism model (Rausell, 2010) It is featured as a highly recommended destination on numerous travel websites, and excluding capital cities it is one of the ten must-visit cities due to its festivals and cultural activities as an emerging destination in Europe. The number of tourists has increased dramatically till 2016 (Figure 1) and visitors from abroad are a growing part of the total. Furthermore, although the majority of tourists are Spanish, foreign visitors between 2005 and 2018 have increased twofold (Figure 2).

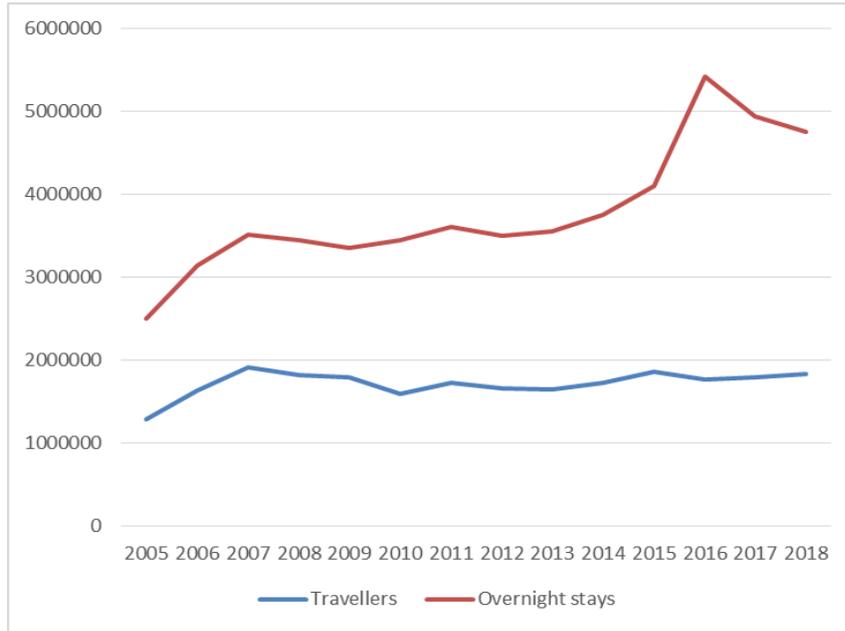


Figure 1. Evolution of the number of visitors and overnight stays in the city of Valencia.

Source: Spanish National Statistics Institute (INE)

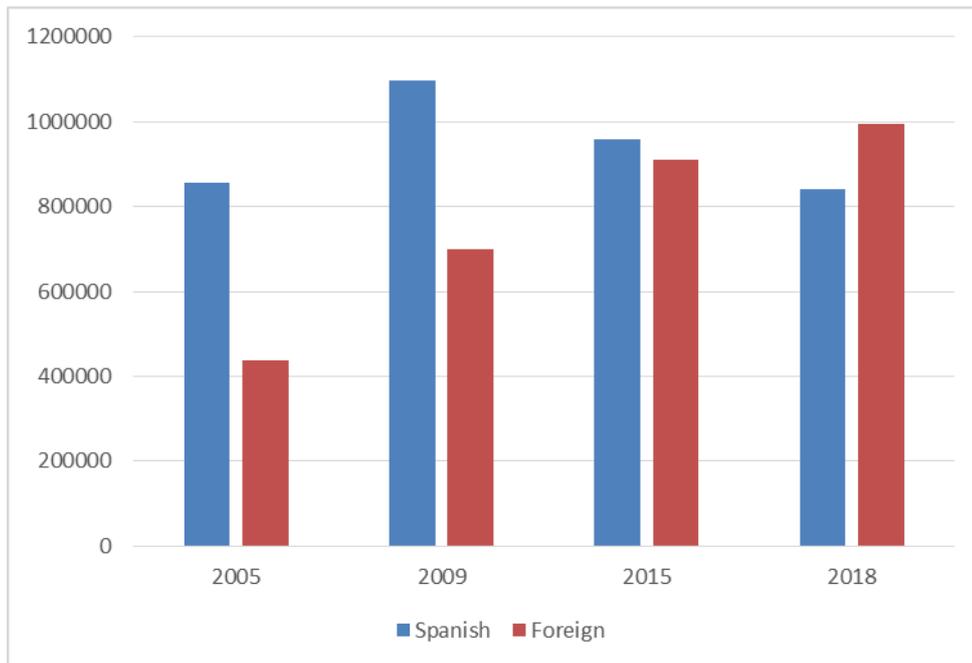


Figure 2. Geographic origin of the tourists in the city of Valencia.

Source: Spanish National Statistics Institute (INE)

At the same time, the city has undergone significant change in terms of tourist facilities, particularly in accommodation and restaurants. Accommodation has risen from 7,200 hotel beds in 1996 to more than 16,000 in 2016, increasing continuously and showing only a slight stagnation between 2008 and 2012 (Figure 3). Investment has been addressed particularly to high-class hotels (4 and 5 stars) in line with the city’s image, although in recent times some of the higher class hotels had to downgrade to a lower category due to low demand (Figure

4). Simultaneously, non-hotel accommodation has soared in the tourist apartments sector with two turning points in 2007 and, especially, 2015.

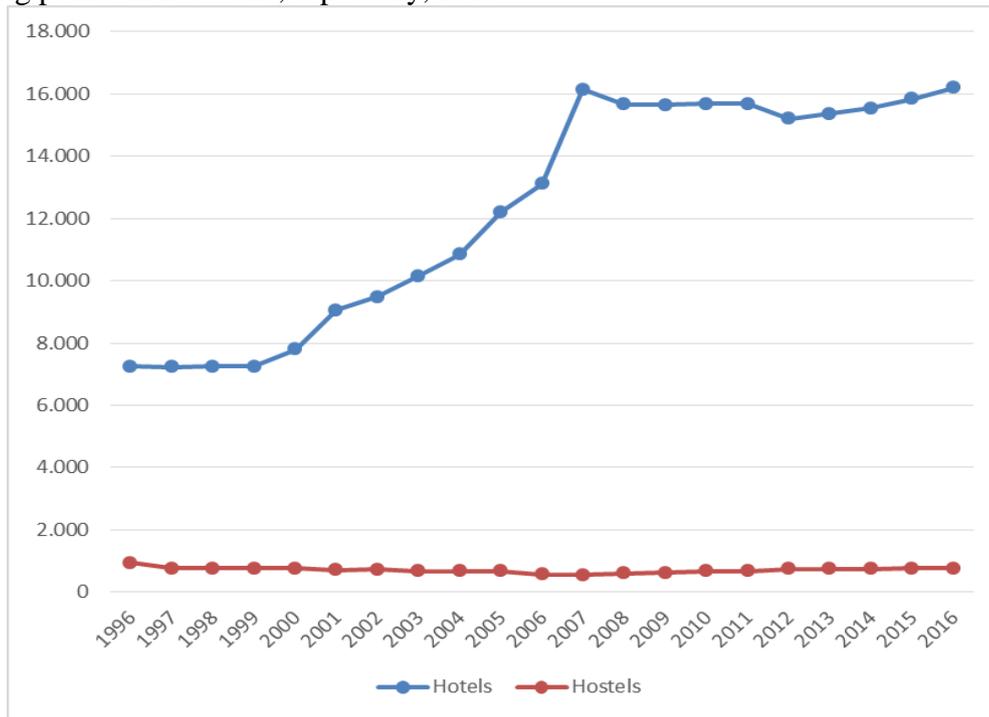


Figure 3. Evolution of the number of beds in hotels and hostels in the city of Valencia

Source: Valencia Tourism Agency

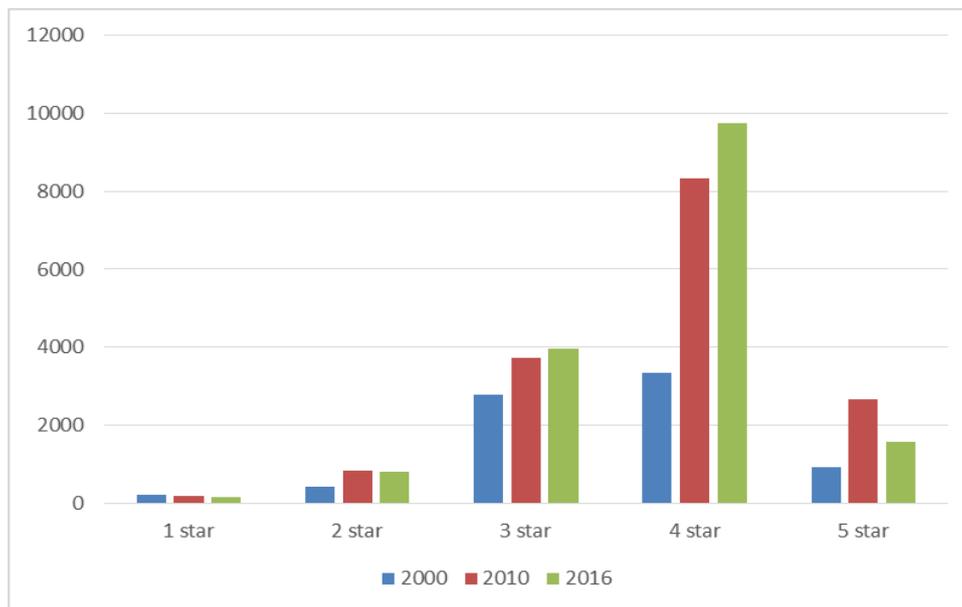


Figure 4. Number of beds according to hotel category in the city of Valencia

Source: Valencia Tourism Agency

Throughout this process the city has been opened up to new demand segments such as cruise tourism. This type of tourism has appeared in the city due to its improvement position in international markets related to the new image projected (Sanz and Zhelyazkova, 2014) but also due to the support of public drive (Tourism Valencia Foundation and Port Authority of Valencia) which has improved the port's infrastructure taking advantage of external factors

such as cruise traffic congestion in other European Mediterranean ports including Barcelona, Palma de Mallorca and Livorno. The number of cruise passengers has increased threefold over the last 13 years and their presence in the city has become much more visible (see Table 1) with an economic impact of more than €45 million per year according to the Chamber of Commerce and the Valencia Tourism Agency (Camara de Comercio, 2016).

Table 1. Evolution of the cruiser tourism in the city of Valencia

	2005	2006	2007	2008	2009	2015	2018
Cruisers ships	110	80	155	164	143	174	194
Passengers	106724	86774	179209	199335	184909	371374	421518
Average number of passengers	970	1085	1156	1215	1293	2134	2173

Source. Valencia Port Authority

However, this tourism growth model based on a spectacular urban postmodern scene is beginning recently to show some exhaustion symptoms. In this way, according to the number of visitors in recent years the tourist resources most demanded have shifted suggesting a slight change in trends. Resources connected to showcase architecture are less popular today than in 2009 (when the image of the postmodern city was at its peak) while more traditional heritage resources associated with a different culture and history are gaining ground. The emblematic buildings of avant-garde architecture such as the Science Museum and the Valencian Institute of Modern Art are losing visitors. On the contrary, more traditional assets such as the Beneficencia Museum (prehistory, archaeology and ethnology), the San Pio V Fine Arts Museum and the González Martí National Ceramics Museum, all of which have developed a range of varied activities for residents and tourists alike, are gaining visitors (see figure 5)

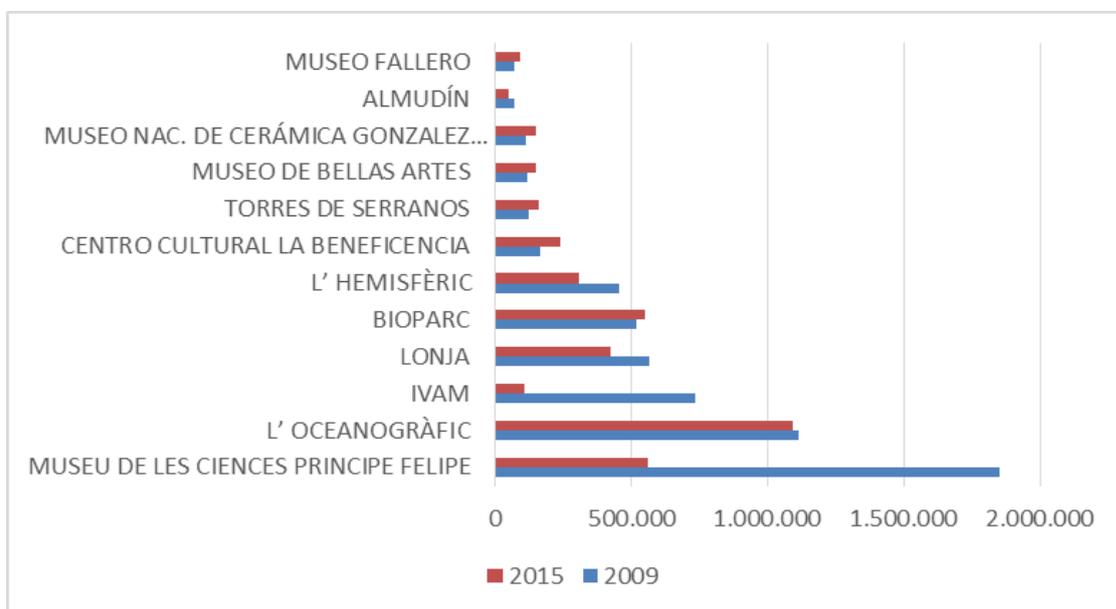


Figure 5. Number of visitors in the major museums in the city of Valencia

Source: Valencian Tourism Agency

4.2. Valencia in the international context

The more ambitious goal of better positioning Valencia in the international context has been less successful. This statement is supported by an analysis of the recent change in the city's international position through the two types of indicators most frequently used in studies about the global city system: 1) global air connectivity and 2) the position within the networks of transnational corporations. In both cases, the results indicate that the Valencia Metropolitan Area is performing worse than the rest of large Spanish cities as a result of the recession.

The existence of a high degree of global air connectivity is usually considered as a mandatory and central attribute of the main metropolitan areas. It is, in fact, one of the factors that are most taken into consideration when identifying the main global cities and their functional rank. Furthermore, the air passenger flows themselves - their intensity, volume and distribution- are often used as a proxy variable for the interactions that take place between the metropolitan areas that constitute the global city network. This means that air passenger flows can be viewed as one of the most evident material bases of the multidimensional flow space proposed by Castells (1996), especially when the nodes that form the global city system can easily be assimilated to the airport system.

Considering the air global connectivity weighted by the functional category of the global cities it is linked with, Valencia is the big Spanish city which experienced the greatest drop during the recession (-40% between 2008 and 2013), whilst recent growth has been insufficient to recover by 2016 its previous levels. Whether we weight this connectivity to global cities based on their role in global production service activities (Taylor, Catalano and Walker, 2002a, 2002b) or whether we use their importance as global command and control centres for large multinational enterprises (Taylor and Csomós, 2012), the result is similar: Valencia's global (weighted) air connectivity has experienced a significant decline recently, greater even than the one which can be deduced from simple observation of the numbers of travellers. In order to explain this result, we need to consider the functional rank of global cities with which connections are made: in the case of Valencia connections with the main European global cities, particularly London and Paris lose importance in a particularly significant way while connections with other second or third-tier European destinations (mainly linked to tourism flows) are maintained or growing. By contrast, in other large Spanish metropolitan areas connections with the two main European nodes of the global city network remain more important, while in the specific case of Bilbao there is also a high level of connectivity with other large European economic and political decision-making centres (Frankfurt, Brussels, Düsseldorf, Munich) which is a remarkable and unique feature within the Spanish medium-sized metropolitan areas (Figure 6).

Similar conclusions can be drawn from an analysis of the network of financial relations of multinational companies (Salom, Rozenblat and Bellwald, 2016, Salom and Fajardo, 2018). The significant role of tertiary and quaternary functions in the communication of information, ideas, knowledge and training has led to an analysis of the position of cities in relation to financial and advanced service flows with special attention to multinational companies. They are generally considered as one of the main components of the network of relationships connecting the global urban system (Alderson and Beckfield, 2004; Wall and Van der Knaap, 2011). The network of financial relations between companies is presented here as a system of channels for capital flows between cities, differentiating between subsidiarity relations (capital inflows), which take the city's companies as a destination for investments, and property relations (capital outflows), which see the city as the source and control centre of the investment. The former type of relationship can be interpreted as a measure of the

attractiveness of the urban area or “relational prestige”, while the latter is considered a measure of control capacity or “relational power” (Rozenblat and Pumain, 2007).

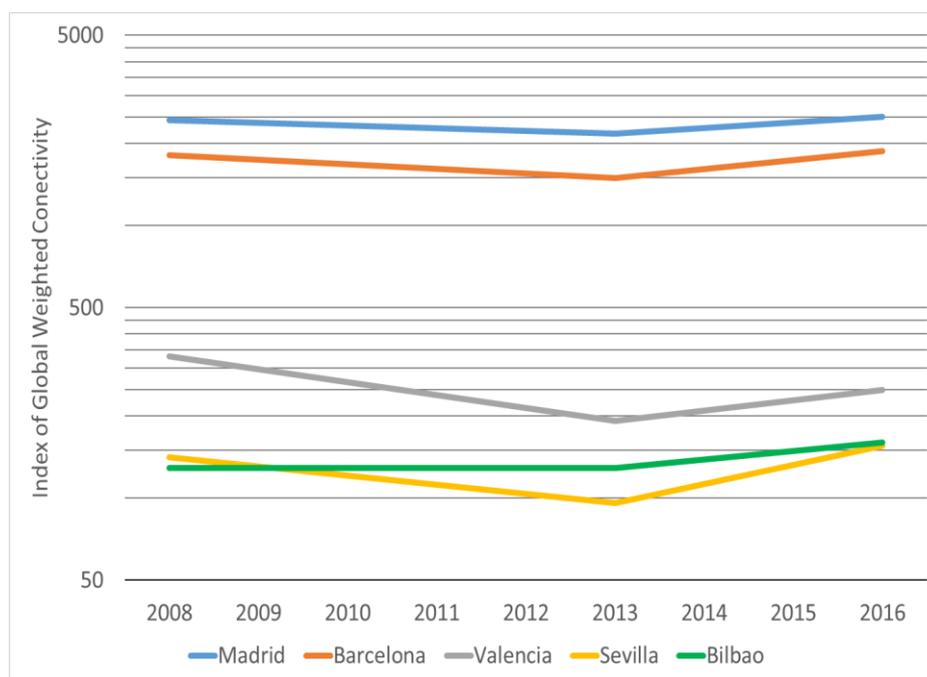


Figure 6. Evolution of the connectivity of the Spanish airports with global cities

Source: Albertos (2016)

According to these indicators, it can be concluded that the economic crisis has resulted in a general reduction in the attractiveness of Spanish cities for financial capital and has led to deterioration in their position in the global urban hierarchy. However, the impact has been particularly significant in Valencia, one of the cities that have been most affected by the bursting of the real estate bubble (see Table 2). In particular, the collapse of construction, concentrating an important and growing part of financial resources and the core of the sector that enabled Valencia to become a second-tier node after Madrid and Barcelona in relation to inter-company financial flows, has resulted in a significant loss of power at national level. Secondly, the decline in external financial participation in local companies shows that the city has lost “attractiveness” from a financial point of view. Finally, the relationship between “outflows” and “inflows”, between “power” and “attractiveness”, has led to an increase in financial dependence and thus a loss of decision-making power. Only part of the network of relations, especially in medium-tech industrial sectors, has been maintained, largely due to a reorientation of strategies at international level, which has entailed their geographical diversification (Salom and Fajardo, 2018).

Table 2. Evolution of the number of inter-firms financial links of the firms in the Metropolitan Area of Valencia according kind of links.

TYPE OF LINK	EVOLUTION 2010-2013 (% increasing)	
	VALENCIA	SPAIN
SUBSIDIARITY		
Local (Subsidiary firm located in Valencia and headquarter located	-27,3	-12,3
	-64,5	-19,1

in Valencia)		
External (Subsidiary firm located in Valencia with headquarter out of Valencia)	-8,2	11,2
OWNERSHIP	-50,1	-13,2
Local (Headquarter in Valencia with subsidiaries in Valencia)	-64,5	-19,1
External (Headquarter in Valencia with subsidiaries out of Valencia)	-23,1	1,3
TOTAL	-24,4	-7,8

Source: Orbis, 2010, 2013 BvD, Univ. Lausanne.

The economic crisis has meant a clear decline in the city’s position in the international and domestic urban hierarchy. As can be seen in the graph 9, Valencia is one of the urban centres to have dropped most between 2010 and 2013 in the ranking of world cities by number of inter-company financial relationships. Although all Spanish cities have dropped in the global hierarchy as a result of the recession, Madrid has gone down three positions (from seven to 10) and Barcelona seven (from 29 to 36), whilst Valencia has dropped 35 positions in the ranking from 129 to 164. This decline is greater than that experienced by cities of a similar size such as Bilbao, Seville and even Saragosse (Salom, Rozenblat and Bellwald, 2016)

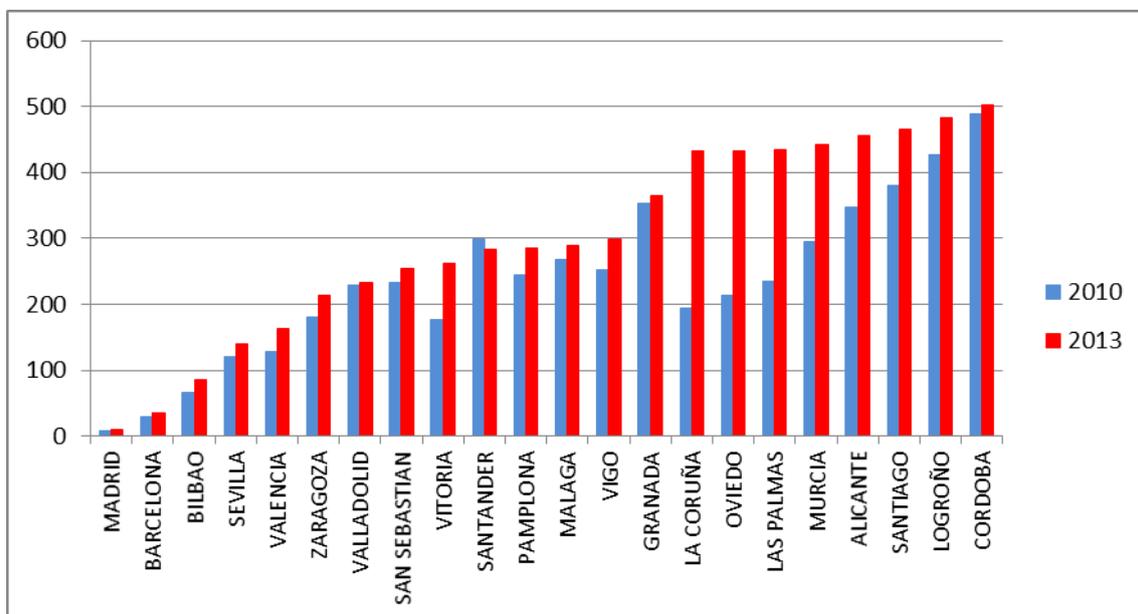


Figure 7. Evolution of the Rank of the major Spanish urban areas in the Global Urban Hierarchy according to the number of interfirm financial links (Orbis 2010 y 2013).

Source: Rozénblat, Zaidi and Bellwald (2016)

5. CONCLUSIONS

In their transition to the post-industrial era cities are trying to diversify their economic profile and become service centres. Quite often urban policies are especially designed to attract tourists in order to generate immediate and, allegedly, long-lasting economic benefits. However, this policy commitment to modernisation and to achieve the image of a global city has not been without a cost that is hard to quantify but evident in its impact on people. We have mentioned above some indicators of these economic, social and cultural costs. The consequence is an urban space created by rationalism, individualism and social dualisation, factors that characterise the liquid modernity described by Bauman (2005).

Valencia has undoubtedly seen a substantial change in its international image. However, the total bill it has paid (and continues to pay) for it amounts to €886 million, a figure that encompasses the city's current debt. The Valencian Region's debt amounts to 41% of regional GDP (more than €43 billion), which makes it the most indebted region in Spain (Banco de España, 2016). Given that the Valencian Regional Government has been the main promoter of megaprojects, this internationalisation strategy has meant exorbitant growth in debt that clearly jeopardises development in the coming years. By way of example, the Regional Government contributed 45% of the funding (€1.25 billion) for the America's Cup compared to €70 million from Valencia City Council (2.56%) and €289 million from the central government (8.06%) (Maudos, 2007).

Focusing on the tourist impact, the results have been as follows:

- (1) A significant increase in the number of tourists, especially from abroad, attracted by the city's new and avant-garde image and who rate the city highly and express interest in coming back
- (2) Accommodation infrastructures and facilities have evolved and grown in capacity in line with rising demand.
- (3) A slight increase in average expenditure per tourist and a reduction in seasonality.
- (4) In terms of visitor numbers the recession's impact has not been devastating, as it has been in other economic sectors, and since 2012 has continued to grow
- (5) At present, supply and demand seem to be matching both in volume and in quality.

Nonetheless, there are other contentious issues such as the tourism model of endless growth associated with the serious risk (already experienced) of exceeding carrying capacity, and the need for sustainable growth based on enhancing other tourism resources connected with local culture. Furthermore, the emphasis on tourism promotion and on visitors for whom the end product is intended has led to the consolidation of a city with two sides, two types of unequally appropriated spaces, with a city for living in (local residents) and a city for visiting (tourists), which has meant that in some neighbourhoods the resident population no longer feels the area to be its own. The political choice of a "show Valencia" has meant heritage assets that had hitherto articulated a local identity have been pushed into the background. The ultramodern, creative, innovative and futuristic imposes itself and subtly displaces the Valencia of the Golden Age (15th Century), the Gothic towers, medieval gates, historic markets, *barracas* or typical houses (in the old quarter and the Horta surroundings) and the natural environment (Albufera).

Outside the tourism realm, the city has failed to position itself on a global scale. The loss of global connectivity with the recession and the recent difficulties to recover it are a symptom of the problems Valencia is facing the re-building of its production model and its insertion into the global system. However, the Bilbao case shows that it is possible to carry out this process with some degree of success even for an intermediate-sized metropolitan area located in a relatively peripheral area of the European Union. To this end, a change in the production model that delivers more advantageous integration in the global exchange network and can attract investment and human capital geared towards more productive and value-added activities should be embedded in an integrated policy that provides for a socially inclusive and environmentally sustainable territorial model. Firstly, there is a need for a clear strategy for developing a new production base in which public policies can play an important role (fostering innovation, improving skills and training). Secondly, enhanced positioning of Valencia in the global system can be anchored in attracting talent and foreign initiatives that

result from promoting remarkable levels of wellbeing and environmental quality as a resource. However, one of the lessons that can be drawn from the current crisis is that a strategy based on aspects associated with the city's image centred on quality of life, but which does not adequately address drawing up and implementing a specific strategy for improving the production model, is doomed to failure.

Although there is still no formalised response in the form of a strategy in this respect, it is possible to note a fledgling reorientation of the city model in some recent planning documents and initiatives. Thus Valencia's Metropolitan Territorial Action Plan, which is currently being drawn up, sets as a general objective making the Valencia metropolitan area into one of those with the highest urban quality in the European Union. This entails the configuration of a people-friendly space capable of retaining and attracting talent and creative professionals, which shows solidarity and integrates disadvantaged groups, and which is aware of the great environmental and cultural value of its territorial assets. Hence, in contrast to the tertiary-oriented metropolitan model prevailing to date, a tertiary-industrial metropolitan model is planned that will also preserve a competitive agricultural base, maintenance and innovation in logistics sectors and some industrial sectors, and an approach to the tertiary sector based on the cultural industry that can foster the renovation and regeneration of particular urban networks (Generalitat Valenciana, 2016). That shows the need for a more balanced policy where the promotion and attraction of big events should be integrated into a long term development and more cohesive strategy.

ACKNOWLEDGMENTS

This work was supported by the Spanish State Research Agency and the European Regional Development Fund under Grant CSO2016-74888-C4-1-R

REFERENCES

- Albertos, J.M. (2016). La jerarquía urbana española a través del análisis de los flujos aéreos, *Jornadas sobre competitividad y sostenibilidad urbanas en un contexto de Cambio. Nuevos enfoques de análisis, retos y Estrategias*, Zaragoza, 28 october 2016
- Alderson, A. S. y Beckfield, J. (2004). Power and Position in the World City, *American Journal of Sociology*, 109 (4): 811-851, <http://dx.doi.org/10.1086/378930>
- Bauman, Z. (2005). *Identidad*. Madrid: Losada.
- Boira, J.V. (2010). *Valencia. La Ciudad*. Valencia: Tirant lo Blanch.
- Brunet, R. (1989). *Les villes 'européennes'*. Paris: RECLUS-DATAR, La Documentation française.
- Cámara de Comercio. (2016). *Turismo de Cruceros en la Comunitat Valenciana*, available in: https://www.camaravalencia.com/es-ES/competitividad/turismo/Documents/Cruceros_agosto2016.pdf
- Casa de la Caridad. (2017). *Informe de Casa de la Caridad de 2017*, available in: <http://www.levante-emv.com/valencia/2017/02/15/pobreza-cronica-valencia/1529276.html>
- Castells, M. (1996). *The Information Age: Economy, Society and Culture, Volume I – The Rise of the Network Society*, Oxford: Blackwell
- Cattan, N., Pumain, D., Rozenblat C., Saint-Julien T. (1994). *Le système des villes européennes*. Paris, Anthropos.

- Cucó, J. (2013). Éxitos y perversiones en las fórmulas neoliberales. Los contrastes entre Barcelona, Bilbao y Valencia. In *La ciudad pervertida. Una mirada sobre la Valencia global*, dir. Cucó, J., 213-232. Barcelona: Anthropos
- Cucó, J. dir. (2013). *La ciudad pervertida. Una mirada sobre la Valencia global*. Barcelona: Anthropos
- Fernández, M. T. (2014). El impacto turístico de los eventos deportivos: un estudio de caso, *Cuadernos de turismo*, 33: 59-76.
- Gaja, F. 2016. València, del boom al crac (1979-2007). In *València, 1808-2015: la historia continua...*, 187-205. Valencia: Balandra Edicions.
- Generalitat Valenciana. (2016). *Documento de inicio del proceso de evaluación ambiental y territorial estratégica del plan de acción territorial metropolitano de Valencia*, Valencia: Generalitat Valenciana.
- Halbert, L., Cicille, P., y Rozenblat, C. (2012). *Quelles métropoles en Europe? Des villes en réseau*. Paris : La Documentation Française.
- Harvey, D. (1989). From Managerialism to Entrepreneurialism: The Transformation in Urban Governance in Late Capitalism, *Geografiska Annaler. Series B, Human Geography*, 71 (1): 3-17.
- Herrero, A. (2003). Els estudis de detall i el planejament urbanístic. In *Pensar València. Taller XXI d'Urbanisme*, ed. Gaja, F., 139-160. Valencia: Universitat Politècnica de Valencia.
- Kavaratzis, M., Ashworth, G. J. (2005). City branding: an effective assertion of identity or a transitory marketing trick? *Tijdschrift voor Economische en Sociale Geografie*, 96 (5), 506-514.
- Marchena, M. J. (1998). Patrimonio y ciudad: nuevos escenarios de promoción y gestión del turismo urbano europeo. In *Turismo urbano y patrimonio cultural. Una perspectiva europea*, ed. Marchena, M., 9-37. Sevilla: Diputación de Sevilla
- Marzo, R. et al. (2013). La experiencia turística en la ciudad de Valencia. *Revista de biomecánica*, 59: 63-66.
- Maudos, J. (2007). *Impacto económico de la 32ª America's Cup Valencia 2007. Informe final*. Valencia: IVIE.
- Pitarch, M.D. (2013). Measuring equity and social sustainability through accessibility to public services by public transport. the case of the Metropolitan Area of Valenci (Spain), *European Journal of Geography*: 4 (1): 64-85.
- Puche. M. y Obiol, E. (2011). Procesos de «re-imageneering» turístico: el eclipse de la identidad local de Valencia, *Cuadernos de Turismo*. 28: 191-214
- Rahmani V. A., Zabihi H. & Izad. E. (2016). The role of tourism in the development of coastal villages. A case study in Noortown, Iran, *European Journal of Geography*: 7 (4): 67-79.
- Rausell, P. (2006). Consideraciones sobre el tránsito de Valencia hacia la Ciudad Global, *Ciudades. Políticas culturales para ciudades y ciudadanos*, 71: 26-34.
- Rausell, P. (2010). Valencia desde la huerta al ocio. In *Valencia, 1957-2007. De la riada a la Copa del América*, ed. Sorribes, J., 79-100. Valencia: PUV.
- Rius, J., Hernández, G.M., Torres, F. (2016). Urban Development and Cultural Policy “White Elephants”: Barcelona and Valencia, *European Planning Studies*, 24 (1): 61-75.

- Robinson, J. (2006). *Ordinary cities. Between modernity and development*, London: Routledge.
- Romero, J., Melo, C., Brandis, D. (2016). The neoliberal approach to Valencia and Madrid. In *Cities in crisis. Socio-spatial impacts of the Economic Crisis in Southern European Cities*, eds. Knieling, J., Othengrafen, F., 73-93, London: Routledge.
- Rozenblat, C., Pumain, D. (2007). Firm linkages, innovation and the evolution of urban systems. In *Cities in Globalization: Practices, policies and theories*, eds. Taylor P.J. et al., 130-156. London: Routledge.
- Ruiz, M.A, Garcia, P. (2013). Disolución del lugar y espacios del miedo en el Cabanyal. In *La ciudad pervertida. Una mirada sobre la Valencia global*, dir. Cucó J., 67-94. Barcelona: Anthropos.
- Salom, J, Fajardo, F. (2017): Cambios recientes en la estructura territorial sociodemográfica del Área Metropolitana de Valencia (2001-2011), *Boletín de la Asociación de Geógrafos Españoles*, nº 73, pp. 123-147
- Salom, J. y Fajardo, F. (2018): El área metropolitana de Valencia en el sistema global de ciudades: Los efectos de la crisis económica en la red de relaciones financieras de las empresas multinacionales, *Documents d'Anàlisi Geogràfica*, 64.1, 127-148.
- Salom-Carrasco, J., Rozenblat, C., Bellwald, A. (2016): Las ciudades españolas en el sistema urbano global, en: *Los escenarios económicos en transformación. La realidad territorial tras la crisis económica, VII Jornadas de Geografía Económica*, Santiago de Compostela.
- Santamarina, B. y Moncusí, A. (2013). De huertas y barracas a galaxias faraónicas. Percepciones sociales sobre la mutación de la ciudad de Valencia. *Papers: Revista de Sociologia*, 98(2), 365-391.
- Santamarina, B., and Moncusí, A. (2013): El ensueño de Valencia y sus imágenes, en Cucó i Giner, J. (dir.) (2013): *La ciudad pervertida. Una mirada sobre la Valencia global*. Anthropos, Barcelona, 95-116
- Sanz, S., y Zhelyazkova, D. (2015). Situación actual del turismo de cruceros en la ciudad de Valencia. *Papers de Turisme*, (56), 81-100.
- Sorribes, J. (2016). Los conflictos en la ciudad de Valencia (1975-2015). *València, 1808-2015: la historia continua...* Valencia. Balandra Edicions, 563-573
- Swyngedouw. E.; Moulaert, F., and Rodriguez. A. (2002): Neoliberal Urbanization in Europe: Large-Scale Urban Development Projects and the New Urban Policy, *Antipode*, Volume 34, Issue 3, July, 542-577
- Taylor P.J., Catalano, G. y Walker, D.R:F. (2002a): "Measurement of the World City Network", *Urban Studies*, 39 (13), 2367-2376. <<https://doi.org/10.1080/00420980220080011>>
- Taylor P.J., Catalano, G. y Walker, D.R:F. (2002b): "Exploratory Analysis of the World City Network", *Urban Studies*, 39 (13), 2377-2394. <<https://doi.org/10.1080/0042098022000027013>>
- Taylor, P.J. y Csomós, G. (2012): "Cities as control and command centres: Analysis and interpretation", *Cities*, 29 (6), 408-411.<<http://dx.doi.org/10.1016/j.cities.2011.09.005>>
- Torres, F. y García, P. (2013): La ciudad fragmentada. Análisis comparativo de cuatro barrios emblemáticos, en Cucó i Giner, J. (dir.) (2013): *La ciudad pervertida. Una mirada sobre la Valencia global*. Anthropos, Barcelona, 191-212

Wall, R.S. y van der Knaap, G.A. (2011). “Sectoral Differentiation and Network Structure Within Contemporary Worldwide Corporate Networks”, *Economic Geography*, Vol. 87 No. 3, 267-308. <http://dx.doi.org/10.1111/j.1944-8287.2011.01122.x>