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“Determining institutional factors in intermodal transport in a node on the Spanish Mediterranean coast: private and public initiatives to coordinate public transport in Valencia (1876-2000)”

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Good morning and thank you for inviting me to speak at this meeting.
[Diapo 2]

Valencia is currently the third Spanish city in terms of number of inhabitants, after Madrid and Barcelona.

In addition to this significant population, it is also a communications hub or node on the Spanish Mediterranean coast. In 2003, nearly 6,800 merchant vessels entered its port, making it the 3rd largest port in mainland Spain, after Algeciras and Barcelona. It was the 2nd port after Algeciras in terms of total movement of merchandise, with nearly 35 thousand million tons. As far as passenger numbers are concerned, Valencia is the 4th Spanish mainland port, after Algeciras, Barcelona and Almería-Motril, with around 300 million passengers passing through it. In the near future, it will also become one of the most important Spanish marinas, as a result of hosting the “America’s Cup” in 2007.

Valencia’s Manises Airport is the 6th mainland airport in terms of the total number of aircraft and passengers passing through it – after Madrid, Barcelona, Malaga, Alicante and Bilbao - and the 4th in terms of cargo after Madrid, Barcelona and Vitoria.

The current railway stations link Valencia to Andalusia, the centre of Spain, and, through Aragon and, in particular, Catalonia, to France and Europe, apart from serving the local region. A new station, known as the "Parque Central", will shortly become operational, where high-speed trains will link the city to Madrid and Europe, through Barcelona.

The city of Valencia also has a coach station, from where the majority of the coaches in the province of Valencia operate, and which is

the fourth largest coach fleet in Spain. Nearly one and a half million cars and a quarter million industrial vehicles travel along its roads and motorways, which link the city to the south, north-west and north of the country. This makes it the 3rd largest Spanish fleet, after Madrid and Barcelona.

Finally, as a modern city and with the consequent traffic problems, a number of institutions have been created over recent years to regulate and coordinate its metropolitan transport. These include the urban underground/suburban railway services, metropolitan buses, urban buses and a large fleet of taxis.

But this regulated and coordinated approach has not always been the case. We could even go as far as saying that this has only been the case for a relatively short time. This is precisely what I wish to discuss today. I am going to analyse the process so far, especially from the point of view of the intermodality of passenger transport. In order to do so, my starting point will be the first port-city centre tramway, which came into service in 1876.

I would like to start by stating what is possibly my main conclusion: that **intermodal coordination of passenger transport in Valencia was less perfect when the public powers were less involved in regulating the transport. Or to put it another way, while the interests of the private concessionary companies of the various means of transport prevailed over the public interests, in fact up to 1941, the strong competition between them seriously harmed intermodal coordination. When the competition decreased, as the result of mergers or absorptions, it led to the creation of a de facto quasi-monopoly. The struggle between public and private monopolistic interests, which would last for two decades, was resolved once and for all around 1963/64, in favour of the public sector. This was achieved by means of a process that would continue throughout the rest of the 20th century and which would include the municipalisation of the various types of passenger transport, the creation of semi-public or totally public companies and, finally, the setting up of comprehensive intermodal coordination entities and corporations.**

The combination of at least two means of transport (by sea and by road) is a historical constant of all port cities. [*Diapo 3*]. This was even more so in the case of Valencia, an important and very old port, which was at its most glorious during the 15th century, although mainly in the Mediterranean. Like other Spanish ports along the same coast, Valencia increasingly traded with the Atlantic ports from the 17th century onwards, and the distance between the port and the urban centre made the

combination of a sea and road transport system indispensable. The road traffic along the so-called “Camino Viejo del Grao” was traditionally intense, due to the type of raw materials and agricultural merchandise from its extensive hinterland that the city exported.

However, we usually consider that the inception of the railway in the middle of the 19th century underlies the introduction of the modern concept of intermodality. [*Diapo 4*]

In the case of the city of Valencia, this was true from at least 1851/54, when Valencia's first railway was built and opened: the Grao (Valencia Port)-Játiva railway was built by the Valencian banker, José Campo, over 60 kilometres and its first stretch between Valencia-Grao in 1852 was the third railway to be opened in Spain (after Barcelona-Mataró (1848) and Madrid-Aranjuez (1851)). This railway would soon form part of the AVT (Almansa-Valencia-Tarragona) line, which was fully operational along its 460 kilometres by 1867. It belonged to the "Sociedad Valenciana de Fomento" and ended up forming part of the Compañía Norte network in 1891. The same that, one year later, the Valencia-Utel railway opened in 1887 by the Compañía del Este de España. Another railway ran from Valencia to Liria. It was opened in 1890 by the Sociedad de los Ferrocarriles de Valencia y Aragón and agreements had to be reached with Norte for to run to El Grao.

As was the case in Catalonia, narrow-gauge secondary railways also underwent an earlier and more intense development in Valencia than in other Spanish regions. Special mention should be made, due to their interest in relation to the city and its port, of the 65 kilometres from the Carcagente-Grandía-Denia line opened in 1880, the Silla-Cullera railway in 1877 and the Valencia metropolitan area network (Liria, Bétera, Rafalbuñol) from 1885 onwards, owned by the Sociedad Valenciana de Tranvías (SVT). (Comín, Martín Aceña, Muño y Vidal, 1998, I, 78-79, 265). I will be mentioning the SVT a number of times during this talk.

Undoubtedly, even though road traffic continued to be important, the railway and economic growth helped the notable increase in port traffic.

[*Diapo 5*] The Grao of Valencia multiplied goods traffic by fivefold between 1877 and 1910, where merchandise such as wine, rice and other cereals, and increasingly oranges, formed the bulk of the exports. Organic fertilisers – guano - shortly to be followed by inorganic fertilisers – phosphates and nitrates - and wood represented a significant proportion of the imports.

The increased port traffic led to a great demand for urban transport to El Grao. This also explains the reason for the Grao of Valencia stretch being the first tramway line – with animal traction – opened in Valencia in 1876. This line was initially run by the “Sociedad Catalana de Crédito”

and then by the recently created “Sociedad Valenciana de Tranvias” (SVT) from 1885 onwards. The latter also owned several of the capital's tramway lines (diagonal, interior or circular routes). In 1891, a new transport company was set up in Valencia known as the Sociedad General de Tranvías (SGT). This company fiercely competed with the SVT right from the start and some stretches of the urban tramway lines were even partially duplicated. This was the case with the two lines between Valencia and El Grao, where the SVT line used animal traction and the SGT ran the line using steam traction. In 1898, the “Compagnie Générale des Tramways de Valence (Espagne) Société Lyonnaise”, “La Lionesa”, was founded to run the tramway business in the city of Valencia. It purchased the SGT concessions and began to electrify that company's old tramway lines and acquired all the tramway concessions in the capital and the outlying districts, except for those that belonged to the SVT. By 1911, La Lionesa had total control of the tramway and metropolitan railway transport, when it leased all the SVT lines. *[Diapo 6]* However, a new company was set up in Valencia in 1917, the Compañía de Tranvías y Ferrocarriles de Valencia (CTFV), after which there would be no changes until the concession was municipalized. Three factors led to the merger and disappearance of La Lionesa and the SVT, and to their integration into the CTFV: (1) La Lionesa's problems regarding the payment of taxes (2) the trend to make the foreign capital in Spanish companies Spanish with the benefits of neutrality in World War I and (3) the difficulties with modernising the lines. (Alcaide González 2000). From 1917 onwards, the CTFV will own the entire tramway system and the future trolleybuses in Valencia, until the network was municipalized in 1964, when 69,777.17 metres of air cables that provided energy to its 12 tramway lines reverted to Valencia City Council, together with the 7,025 metres used by the two trolleybus lines that the CTFV had run up until then.

[Diapo7] From the middle of the 1920s, the “Sociedad Unión Valenciana de Autobuses” was among the first urban bus line concessions. It connected the city with the beach and the port, by introducing the new means of road mechanical transport. At least from 1927, the City Council was facing unfair behaviour from the rival CTFV tramway line and fierce competition to attract passengers between the two means of transport. The Municipal Authorities opted to reinforce the bus line when new terms were approved in 1932 (AHMV, Plenary Session Minutes Book, 11/01/1932). At the same time, a long strike in the CTFV during the winter-summer of 1931, began to reveal the growing opposition of the local politicians to the monopolistic practices of the tramway company, when they disregarded the proposals put forward by the CTFV to overcome the consequences of the conflict. ((AHMV,

Plenary Session Minutes Book, 26/06/1931, 03/07/1931, 11/01/1932, 30/03/1932).

The concession applications for nine urban bus lines, submitted to the City Council several months later by Vicente Clavel Andrés, from Valencia were approved by the City Council on 09/01/1933. A municipal decision that unsuccessfully tried to paralyse the CTFV through the courts, shows how well the tramways were resisting the new means of transport, and also how the competition between the various companies was seriously damaging the necessary intermodal coordination. The City Council authorised the transfer of this concession in 1935 to the recently created Sociedad General de Autobuses de Valencia, S.A. (SOGEA). Despite a challenge to the concession by the CTFV in 1936, the first three fully urban bus lines in Valencia became operational between February and June of that same year. (AHMV Modern part. Railways and tramways. Box 19.10-06&1937. Naturally, the Spanish Civil War affected the whole of the Valencia urban transport system, as the main companies were seized and the war totally paralysed the opening of the rest of the planned bus lines. **So, until the Spanish Civil War, the intermodality, even before the intramodality, in particular with respect to passenger transport, would be strongly conditioned by the competition between the various concessionary companies of the different means of transport.**

Just a few months after the war finished, the pro-Franco Valencia City Council, approved an Agreement to coordinate the urban transport of Valencia and unify the reversion period of the tramway lines, which had 63,366 metres of rails, as of 31/12/1961, and which, in their own words,

“aspire to create an urban transport system that avoids the anachronistic competition procedure whose struggles threaten public interests. The superimposed services are therefore abolished with the sole exception of El Grao, given the vital interest that it has for the City and the means of transport are distributed in such a way that all the areas of the old part of the city and the urban expansion area, have a common means of transport” (AHMV, Plenary Sessions Minutes Book 29/01/1941).

The agreement that would force the three companies, CTFV, SOGEA and Levantina de Autobuses to work together, fixed an annual joint levy of 500,000 pesetas, awarded the El Grao bus line and the future trolleybus lines to the tramway company, established municipal top tariffs and compulsory inspections, and set the future reversion mechanism of the concessions in 1962.

The legal framework to municipalize all urban transport would be finally based on Act 99/1963, of July 6th, "regarding the recovery of urban transport concession in Valencia and the new City Council concession for its better exploitation" (Spanish Official Gazette no. 164, 10/07/1963) and Decree 1358/1964, of April 30th “pursuant to which Valencia City Council is authorised to urgently take charge of the urban

passenger transport service and directly award it to the "Sociedad Anónima Laboral de los Transportes Urbanos de Valencia" (Spanish Official Gazette no. 112, 09/05/1964), SALTUV. In December 1963 SALTUV had over 1,700 workers from the urban service of the CTFV and SOGEA (plus those from two other peripheral companies, TURESA and TRÉVOL). SALTUV was entrusted with operating the all Valencian transport system for the next 50 years, initially using the resources taken over and "recovered" from the former companies, by means of a highly detailed schedule of conditions. (AHMV, Plenary Session Minutes Book, 05/07/1963).

The SALTUV which began to operate as of July 1st 1964, would close the last tramway in 1970 - as was the case in many other Spanish cities - and during the 70s, its recurrent crisis intensified due to the greater use of the private car and the notable loss of passengers.

When democracy was restored in Spain, the majority Socialist City Council of Valencia withdrew the SALTUV concession and created the Empresa Municipal de Transportes (EMT) with a capital of 60 million pesetas; the latter took over the concession that will end in 2014. The EMT has managed to restore passenger traffic to its previous levels, and since 1991 more than 100 million passengers per year have used the service. Since 1995, the 1969 SALTUV record of 116.6 million passengers has been broken every year.

At the same time, the Generalitat Valenciana (the new Autonomous Government of the Community of Valencia, which includes the provinces of Valencia, Alicante and Castellón) assumed wide-ranging jurisdiction over transport, and in 1986 set up the 'Consorcio de Transportes Públicos Regulares de Viajeros del Área de Valencia'.

One further important step, and the outcome of the regional decentralisation, was the Valencia Area Metropolitan Transport Act 1/1991, of February 14, introduced by the Valencian government, (Spanish Official Gazette no. 80, 03/04/1991) and which would try to establish order among the various authorities involved in the transport sectors (Generalitat, La Huerta Metropolitan Board and city and town councils), and the two most important companies, the Ferrocarriles de la Generalitat Valenciana (FGV), the successor of all the narrow-gauge railways transferred by the State, and the EMT. The Act established that the authorities would jointly act to set up the Metropolitan Transport Plan, whose management and execution were entrusted to the authorities in charge of the services and the companies operating them.

The intermodal planning of the public authorities was completed over the next few years. Thus, in 1996, the "General Regulations of the Metropolitan Transport Services of the Valencia Area" was established, which included the taxi licences and proximity interurban transport

normally run by private companies. This progressively integrated the external form of their buses and coordination of the lines, until the creation of the current Valencia Metropolitan Buses – Metrobus - which was operated by eight private companies. In 2000, it was decided that the price integration would extend throughout the metropolitan area and January 1st of that year was set as the starting date for prices to be coordinated through the ‘Metrobús’ system and the “Transport Season Ticket” (DOGV, no. 3674, 26/01/2000).

Finally, Act 9/2000 of November 12th (Spanish Official Gazette no. 309, 26/12/2000) established the “Entidad Publica de Transporte Metropolitano de Valencia” which was entrusted with adopting the necessary measures to ensure cooperation between the Generalitat and the city and town councils and other public authorities involved in the regular passenger public transport services. Its functions include overseeing price coordination, programming transport inspections, establishing operating subsidies for the operators, granting and modifying taxi licences, as well as executing all the transport agreements between the Generalitat and the different city and town councils.

I would like to finish with this thought. Passenger urban transport, as it is an area that is highly susceptible to the faults or imperfections of the market, is a recurrent topic in the debates that, within the already highly defined field of Transport Economics, have taken place between the different methodological schools, which, at least in their more extreme positions, are usually known as the French or Continental and the Anglo-Saxon schools. The latter tend to see transport simply as just another sector of the economy and therefore usually consider that the market itself will make it more economically efficient, even though they believe some regulation is needed even in deregulated systems (Armstrong-Wright 2001). On the other hand, the Continental school by considering transport as an important input of a wide economic, political and social structure, have treated it almost as if it were a means to achieve various political goals, in particular with respect to the concept of equity, and therefore accept that the sector should be strongly regulated and controlled. (Button & Hensher 2001). Furthermore, the various forms of this regulation and control are justified to try to correct the various market failures in the sector, primarily including the provision of public assets and high-cost infrastructures. It is also part of the argument the fact that, rather than "effective demand" being the guide for locating and sizing the transport resources, social criteria such as the “need for adequate transport” sometimes have to be used, due to failures in income distribution. (Button 1996)

The example of transport in Valencia during the 20th century and the growing efficiency of intermodal public coordination seem to support the Continental rather than the Anglo-Saxon thesis.

Thank you.