

# A new model for 21st century Barcelona

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**Barcelona must make a departure from its traditional business model, based on cheap labor, imported technology and market protection, and resolve its political and geographical marginalization with regard to Spain and Europe.**

Globalization stimulates international competition between cities, and even more so now amid the economic crisis. In light of this, Barcelona needs a suitable strategy for competing successfully and meeting the challenges posed by globalization.

According to IESE Prof. [Xavier Vives](#), one of the assets that might help the city to reach this objective is the diversity of its industrial and services base, which makes it less dependent on construction and real estate than the rest of Spain.

Part of its entrepreneurial business tradition includes a segment of dynamic companies positioned for doing business abroad, which give it significant potential for emerging from the crisis.

The Catalanian capital also benefits from other factors, such as: being open to capital and trade flows; its position as a center of trade for Spain, with considerable logistical potential in the Mediterranean region; and an acceptable level of human capital.

The [author](#) goes on to emphasize that research and educational centers of international excellence are starting to bloom in Barcelona, which also benefits from a strong international brand image synonymous with a high standard of living and quality of life, thanks to its ideal location and climate.

Nevertheless, Vives warns that these strengths go hand in hand with certain weaknesses. The economic crisis has exposed serious restrictions in infrastructure. Other problems to consider are its low rate of innovation, a consequence of the lack of sustained investment; a non-cohesive R&D policy; excessive bureaucracy pervading the university and science system; the low productivity of its corporate sector; the absence, save for rare exceptions, of homegrown multinationals; and a poor knowledge of English.

These weaknesses are coupled with the specific problems prevalent throughout Spain, such as the inflexibility of the national labor system; the lack of competition in services; deficiencies in the educational and vocational training system; and an inefficient use of energy.

The economic crisis could be seized to build on its strengths and combat its weaknesses. Moreover, given the industrial weight carried by the metropolitan region of Barcelona, company restructuring, if imposed, would undoubtedly be a painful adjustment, especially among SMEs; but it also represents an opportunity to reorganize the city's industrial and services base, and bring about a sustainable increase in productivity.

Vives notes that the city cannot commit exclusively to tourism and the leisure city model. It must also back industry and advanced services, thereby departing from the traditional business model dating back to the autocratic days of cheap labor, imported technology and market protection.

## **Providing regional leadership**

Now, in order to promote growth in productivity, knowledge and innovation, the city must think in terms of the Euro region. Despite the fact that Barcelona has the capacity to lead a Euro region around itself, it lacks economic centrality in Europe, whose geo-economic center is moving eastwards.

In addition, it lacks political centrality in Spain, which diminishes its attraction as the seat for companies that need to be close to regulatory institutions and the major public contractors and surrounding services.

Consequently, Barcelona needs a regional strategy within Spain, Europe and the world that will boost its position as economic capital for the surrounding regions, so that it can lead the Mediterranean area and position itself advantageously within the international value chain.

One condition is that it should be able to rely on the whole of its metropolitan area, which will

enable it to achieve an adequate economy of scale, maintain and extend diversification and allow experimentation in various fields. It must also achieve a transport and communications infrastructure capable of connecting the Mediterranean axis with the south of France.

Vives argues that Barcelona must draw its inspiration from the spirit that built the Eixample, the 19th century extension of the old city. Its designer, Ildefons Cerdà, bequeathed to Barcelona a heritage of structure, flexibility and collective rationality, which must be preserved as its focal quality.

This heritage suggests some keys for the future. For example, its capacity to assimilate a technology district such as 22@, which clearly shows the need to be ambitious, set goals and focus on the long term, while demonstrating the enormous return to be gained from formulating and implementing innovative ideas.

Vives concludes that, as Cerdà did in his day, Barcelona must take the long-term view and be ambitious in planning its regional strategy, physical infrastructure and human capital.

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