**Barcelona in the Great Reset**

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My visit to Barcelona this past spring was my first time back to the city since 1987. I had come to give a lecture but had time to wander around and see for myself the incredible progress the city and region has made. I was also fortunate to meet with your mayor, deputy mayor, business and economic development officials and leading academics, who updated me on Barcelona’s economic transformation and ongoing economic strategy. While the economic crisis brings a host of challenges, as it does to all cities, Barcelona is well-positioned to survive and prosper over the crisis and the coming Great Reset.

Barcelona already ranks as one of the world’s most beautiful and creative cities. It is culturally cosmopolitan and open-minded. But it is also a major commercial center - the fourth richest city in the EU and the 28th in the world, according to a ranking by Citymayors.com.

The Nobel Prize-winning economist Robert Lucas has argued that it is the process of urbanization itself, the geographic concentration and clustering of human beings, that is the true source of productivity and competitive advantage—the factor that brings together economic opportunity and talent, the jobs and the people required for creativity, innovation, and growth. This is especially true in a post-industrial economy, when creativity, knowledge, and ideas are the key factors of production.

While it once made sense to ascribe the success of cities to their God-given locations or their proximity to raw materials and fertile soil, what makes the difference today are the people who live in them—their creativity, their entrepreneurial vigor, their knowledge and productivity. Barcelona is not a sleepy place—its people are *busy*. The constant buzz of traffic; the countless Vespas whizzing by with briefcases strapped to the backs of their seats; the intensity of the conversations you see taking place in sidewalk cafes, all bear witness to the city’s entrepreneurial energies.

Globalization seems to stretch the world apart and make it flatter, but at the same time both people and economic activity are concentrating on a never-before-seen scale. In truth, the world is becoming spikier by the day. Blackberries and the Internet notwithstanding, people want to and need to cluster, to share physical space. When smart people rub together, they spark new ideas; when banks and marketers and media and logistics expertise are close-by and plugged in, those ideas can be actualized and monetized that much faster and efficiently.

More than a century ago, the world’s cities saw tremendous sudden growth as agrarian culture gave way to the industrial age. Now, at the beginning of a new century, cities are once again on the rise. More than half the world’s population currently lives in cities—that’s more than three billion people—with an estimated sixty million more moving to cities every year. Without question, cities—and the expanding sets of connected cities that are coming together as “mega-regions”—are replacing nation-states as the primary social and economic organizing units of our time.

Some of our cities, especially those in the advanced world from New York to London, Amsterdam to Tokyo, Silicon Valley and Paris to Seoul, are centers of incredible wealth, commerce, and innovation. But despite that wealth, they suffer from pollution, traffic congestion, a lack of affordable housing, and growing economic and social inequality. Other cities across the advanced world – from Detroit and Pittsburgh to Nagoya and to the shrinking cities of Europe – face the decline of once high-paying factory jobs and the demise of a once prosperous way of life. Barcelona is experiencing all these trends at once—industrial decline; the rise of creative industries (high-tech, medical/scientific, media, design); and the stark inequities that result as one socio-economic class overtakes another.

Great cities and urban regions must succeed on three key dimensions, what I referred to in my book *Rise of the Creative Class* as the “3Ts” of economic development – Technology, Talent and Tolerance. Barcelona stacks up well on each and all of them.

The city has made great strides in technology and innovation, especially around IT and telecom. I was especially struck on my recent visit by the new technology and innovation district, Barcelona@22 in the old Poblenou area. The last time I was there, the neighborhood was a wasteland of run-down factories. Now, after a decade’s worth of planned renovation and new development, it is both a talent incubator and a model of thoughtful urbanism. It’s home to ten universities with more than 25,000 students, 12 R&D research and technology centers, 1500 new technology, biotech, and other innovative companies, and more than 40,000 new jobs. Not all of the growth comes from renovation; and not all of the tenants are high-tech startups. They also include established companies like Agbar, Gas Natural, Amper, Retevisión, and multinationals such as T-Systems (Deutsche Telekom), and General Electric. It is filled with amenities like hotels and shops and restaurants and green spaces; it is walkable and well-served by mass transit. With the bike lanes, boardwalks, and sidewalks—and the opening up and development of the old port and waterfront—the transition from city to shore feels perfectly seamless. With its bustling combination of locals and tourists, Barcelona feels just as authentic and even more cosmopolitan than ever. And of course there are thousands of new or newly-renovated homes and apartments (many of them high-quality rentals, an important factor for attracting today’s increasingly mobile knowledge workers). Immigration, as I have often noted, is a key to competitiveness in today’s burgeoning new post-industrial knowledge economy.

Barcelona has developed and continues to attract world class talent. Great cities are people-magnets: smart people come to them and stay in them because they find a critical mass of other smart people to interact with—in informal conversations in cafes and restaurants and neighborhood parks and through academic and business conferences and the media on a larger scale. Ambitious people come to great cities because they provide jobs and opportunities. Universities are an essential key to competitiveness and Barcelona has a host of them—the world-renowned research institution University of Barcelona, the Polytechnic University of Catalonia, the newer Pompeu Fabra University, and the private Ramon Llull University, which includes the IESE Business School and ESADE Business School. In nearby Bellaterra, there is the Autonomous University of Barcelona. A high-ranking minister of trade from the Netherlands confided privately to me that she is nervous about losing Northern European companies to the greater Barelona area’s climate, physical beauty, and growing talent pools.

I was struck by Barcelona’s tolerance, its evolution as one of the most diverse and open-minded cities on the European continent, welcoming gay and lesbian people and immigrants. Barcelona has indeed absorbed an enormous influx of immigrants. Back in 1999, its metropolitan area counted some 89,000 foreign residents—a number that leapt to more than half a million within the decade. Some of them are wealthy, drawn by the city’s abundant amenities—its mild weather, its cutting-edge restaurants and luxe shopping; its architectural splendor. Some are precisely the young Knowledge Class workers that Barcelona@22 was devised to capture. But more than two thirds of them came from poorer countries seeking factory and service work. Barcelona has thus far been able to retain its stature as an industrial and transportation center, even as it embraces the transition to the knowledge economy. It has thousands of factory jobs and its industrial port, by far Spain’s biggest, services 112 shipping lines that sail to more than 800 ports around the world. 700,000 passengers aboard 500 cruise ships visit Barcelona each year and 30,000,000 travelers pass through its airport, Spain’s second largest. The city is a crossroads of highways that lead to points in France, central Spain, and Portugal.

Cities are more than the sum of their buildings, streets and physical structures. Their very functioning and the well being and productivity of the people who live in them rely on their natural ecosystems and environments. Just as we can no longer afford to waste human talent, so too can we no longer afford to waste and damage our natural assets. Livability and prosperity require preservation and enhancement of the natural environment in and around cities. Physical and emotional well-being turn on a healthy environment and on maintaining a connection with the natural world - something that has become harder to do as cities grow vertically and become more tightly packed, denser, and more polluted. Parks and green spaces, walkways and bike paths, clean air and water, and abundant natural beauty are among the things that urbanites and city residents say contribute most to their physical and psychological well-being, community satisfaction and true happiness.

There is no question that Spain is facing major economic challenges and hurdles. The economic crisis of 2008 is much more than a transitory bump in the business cycle—it is systemic; a broad and fundamental restructuring of the economic and social order. Full recovery will take decades, and it will entail wholesale changes in the ways we live and work. Key to that long-term recovery will be the continuing evolution of our cities and of an even bigger urban unit – the mega-region, which is combinations of cities.

The world’s 40 largest mega-regions produce two-thirds of all economic output and nine in ten new innovations, while housing less than one in five of the globe’s people. Barcelona is an integral part of what I’ve called the bi-national Barce-Lyon, Europe’s true SunBelt, which stretches from Barcelona into Marseille and onto Lyon. It is the eleventh largest such region in the world, 25 million people who churn out $610 billion in economic output, according to our estimates.

Mega-regions require infrastructure to link their major urban hubs and speed the movement of people, goods, and ideas. In my book *The Great Reset*, I identify high-speed rail as a key element of that infrastructure. While the US and North America is lagging, since 2008, Barcelona has become a hub for high-speed rail. Madrid is now less than three hours away by train; by 2012, when the Spanish rail system is connected to France’s, Marseilles, Toulouse, and Lyons will be just as convenient—and Paris will be only five hours away. High speed trains are not just a convenience for tourists. They are the connective fiber that enables mega regions to function as truly integrated economic units. Not only do they shrink time and space, they provide a framework for future in-fill development along their corridors. This is already happening along the route between Barcelona and Madrid, where several smaller cities along the line have begun to experience revival.

In fact, the key to our recovery lies in vital cities and mega-regions. Cities are adaptable, constantly-changing places. Economic development turns on human development. When cities capitalize on the full human potential of their citizens, they enhance both their livability and their prosperity. Human creativity is the great leveler: It does not respect the social categories of gender, race, ethnicity, and sexual orientation that we have imposed on ourselves. Every human being is creative; cities need to develop and harness that capacity. Schools must motivate, rather than squelch intrinsic human creativity, and employment opportunities must challenge and develop human talents. Ensuring that each and every person has the capability to develop and utilize their full talents in socially productive ways must become a basic human right.

For all its architectural wonders and its brilliant Mediterranean sun, for all the countless painters, writers, poets, and artists who were born or moved there, Barcelona has always been as commercial as it is creative. The city of Gaudi and Miro and the young Picasso is also a center of textile, chemical, pharmaceutical, and automotive manufacturing, publishing, finance, telecommunications and information technology, of technological innovation and entrepreneurship. And it’s this combination that the city and region can build on to survive and prosper through the economic crisis and Great Reset.

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