

# New economy, new governance approaches? Fostering creativity and knowledge in the Barcelona Metropolitan Region

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## ABSTRACT

*Changes in governance are fostering the creative and knowledge economy around Europe. The aim of this article is to show how different institutions and governance mechanisms contribute to promoting the creative and knowledge economy as the cornerstone of economic growth in the Barcelona Metropolitan Region (BMR). Not only will the involvement of public, private and societal actors be explored, but also the relationship between different municipalities and geographical scales.*

*Departing from an institutional and economic perspective, our analysis aims to answer the following research questions on the basis of the comparison of two case studies: the 22@, the digital district of Barcelona, and the Consortium of Employment and Economic Promotion of the Vallès Occidental (CEDEVO). The article considers whether there is any common path (an agreement, a clear leadership, involvement of private funding) followed by institutions to promote the creative and knowledge economy. It questions to what extent experience can be transferred between different situations, and how existing context and embeddedness should be taken into account.*

*As this article will show, governance arrangements and adjustments to the existing context have played a key role in both experiences in promoting the creative and knowledge economy.*

## CONTRIBUTOR DETAILS

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## 1. INTRODUCTION

Spain and, in particular, the Barcelona Metropolitan Region (BMR) have suffered a delay in economic transformation towards the service economy, beginning the shift in the late 1980s. Many reasons explain this: the inheritance of a rudimentary industrial fabric after Franco's dictatorship (1937–1975), the scarce pressure for competitiveness before 1986, and the urge to use public money to solve long-standing unsettled social conflicts instead of economic issues up until the mid-1980s. However, the new economy, services oriented, driven by key sectors with a deep penetration of digital technologies and with a noticeable change towards flexibility and adaptation in labour relations, is currently predominant in the BMR. This economic shift has been simultaneously accompanied by a social and institutional transformation that has facilitated the emergence of a varied range of new governance mechanisms, which have certainly played a key role in the success and failure of different initiatives to foster creativity and knowledge in the region since the new economic model emerged.

Governance approaches are, by definition, rooted in the institutional and social substratum (Healey 2004; Elander 2002; Jessop 2000). Nevertheless, strategies adopted to stimulate creativity and knowledge in the economy might profoundly differ depending on specific issues, which, in turn, might change the final outcomes of these strategies. The time frame of the strategic objectives (long or short run), the degree of involvement of each actor and/or the degree of agreement on the strategic steps to be taken are, among others, elements to be taken into account when analysing the governance dynamics of specific initiatives.

This article presents the analysis of two experiences aimed at boosting the transformation of the economic system of the BMR:

- The well-known international project 22@: a long-term strategy to regenerate a former industrial area defined by the Municipality of Barcelona by the end of the 1980s; and
- CEDEVO: a joint initiative to promote economic development and innovation operating since 2004 and including several actors representing a wide range of interests in the Vallès Occidental county.

These two case studies have been selected because of their similar strategic objective, i.e. fostering creativity and knowledge to cope with the economic downturn of former industrial areas, and because of their distinctive governance approaches. In addition, they are embedded in the same metropolitan region and have been influenced by the same historic and economic context, at least up until the 1980s. Within the framework of governance, the comparison of these two experiences helps identify some of the key factors that facilitate success in the adoption of creativity and knowledge as flagships of the new economy, and, simultaneously, diagnose the disadvantages/failures that they might convey. In addition, the article explores the extent to which the existing institutional context influences the achievement of certain objectives.

First, the article provides the theoretical framework used to examine the various governance approaches supporting strategies to foster creativity and knowledge. The second section briefly presents the two case studies, while section three compares them focusing on the concept of institutional thickness. Section four concludes by identifying the factors contributing to their success or failures.

## **2. THEORETICAL FRAMEWORK: THE CREATIVE KNOWLEDGE ECONOMY AND GOVERNANCE**

At present, urban competitiveness requires adapting and transforming the existing industrial fabric of cities and regions to meet the challenges of the new economy mainly based on creativity and knowledge (Knight 1995). Global competition and economic downturns have a direct impact at the local level by strengthening endogenous resources and capabilities, and highlighting the importance of creative and knowledge businesses. Overall, access to knowledge seems to positively contribute to the economic performance of cities and regions (Lever 2002). However, these sectors require the support of policy and strategies to develop and enhance collaborative mechanisms based on the networking of actors (under the practices, for instance, of the clustering of activities, industrial districts or science parks).

Economic competitiveness has exceeded comparative advantages, and is at present focused on the ability of cities and regions to collaborate around shared targets and strategies (Leibovitz 2003). The recognition of existing challenges and interests among local actors is a first step in initiating the reformulation of a city's priorities and in elaborating a strategic approach to support local development. New concerns such as inclusive and accountable institutions, flexible public departments or trust between public and private actors are decisive issues to promote, rather than good infrastructures or acceptable salaries, to enhance local competitiveness. In the same vein, the aforementioned trends that characterize the 'good' performance of governance (transparency, collaboration and flexibility) additionally require the awareness of new global competition rules, establishing a new ensemble between public and private interests and actors (Malecki 2002).

In the context of the knowledge economy, clusters (Porter 1990) and industrial districts (Becattini 1979) emerge as spatial concentrations of interdependent firms that favour the transmission of information and simultaneously support innovation by stimulating competition through collaboration and the sharing of knowledge (tacit and explicit). As Gertler (2003: 79) points out, the context-specific nature of actors' knowledge is 'spatially sticky'. Forms of governance or the quality of linkages and the dimension of spillovers between firms are very important in this context.

Therefore, urban contexts have changed and so have governance approaches. The increasing difficulties in governing cities are determined by expanding complexities not only in terms of social life, but also in business interdependencies and companies' relations. As Raco (1999) points out, the way in which globalization is transferred and assumed at the local level basically depends on a range of social, economic and political factors. Thus, in addition to national strategies, all-embracing local governance emerges as the cornerstone for success in approaching competitiveness.

As mentioned previously, creativity and knowledge are currently the main pillars for local specialization and, simultaneously, competition. Both elements

are intrinsically associated with the inherent social capital of cities and regions: in this sense *'strengthening the knowledge base requires strengthening all aspects of the city's cultural base'* (Knight 1995: 226). This is determinant in terms of governance.

According to Kearns and Paddison (2000), three aspects should be considered when discussing governance – these adopt a particular meaning when analysing initiatives that foster creativity and knowledge as the basis for competitiveness:

- The 'multi-layered' dimension of the new forms of governing cities include vertical and horizontal institutional bodies. As we will see later, the involvement of different local governments to promote knowledge in the Vallès County has counterbalanced the lack of tradition in this activity. In addition, the 22@ experience has been somehow forced to include the citizen's perceptions of the changing process of their neighbourhood. Networks and flows of interaction are essential for adequate governance functioning from this perspective.
- Political and administrative processes decidedly contribute to the efficient articulation of governance. In this sense, strong leadership – the 22@ – or a strongly agreed-upon development project – CEDEVO – together with a clear timeline and milestones might define accountable commitments and easily provide the satisfactory (or not) evaluation of progress towards the target.
- Local endogenous development and the necessity to support new activities to support economic competitiveness constitute key starting points in this new era of globalization. The transfer of existing local businesses' traditions and know-how into the creative and knowledge economy not only avoids the waste of existing resources, but also supplies the uniqueness and distinctiveness that support better competitiveness.

Knight (1995) provides several favourable conditions for the knowledge-based development of cities and regions – some are particularly relevant to the governance of initiatives fostering creative and knowledge industries:

- The perception of knowledge as a community added value, bonding knowledge workers to the region and strengthening ties and synergies between sectors in the community
- The association between knowledge workers and the production of regional wealth
- The existence of institutional linkages between civil society and the production of knowledge
- The existing capacities, powers and administrative boundaries should not restrict the ability to think strategically.

Consequently, regions with mindful and perceptive institutions that facilitate the exchange of information, knowledge, skills and finance are better positioned to develop geographically clustered activities, in particular those related to knowledge and creativity. 'Institutional thickness' is, therefore, a facilitator in creating a thriving environment for governance. As Amin and Thrift (1995) summarize, the presence of a wide range of institutions, transversal and vertical networks, different power structures among institutions

and actors and the existence of a local common enterprise are pre-conditions to the successful governance of creative city-regions. As shown in Section 4, the comparative analysis of the embeddedness of these items in each of our selected case studies will provide an accurate evaluation of their contribution to the functioning of governance.

### 3. THE BARCELONA METROPOLITAN REGION: A HISTORICAL APPROACH TO SOCIO-ECONOMIC DEVELOPMENT

Since its beginning, the process of industrialization in the Barcelona area was based on the development of textile industries to a great extent. In Catalonia, there had been a long tradition of wool clothing manufacturing since the middle ages, whose production and distribution was mostly controlled by the traditional guilds of craftsmen. In the nineteenth century, the arrival of new production techniques and cotton from America gave rise to the development of modern processes of production without the control of the guilds. Whereas in Barcelona and the coastal cities traders became entrepreneurs in these new industries, in the inner cities the old guilds transformed themselves into modern institutions and started to adopt modern forms of production. The two main cities of the Vallès Occidental County, Sabadell and Terrassa, are two good examples of this process. These cities started to concentrate the production of wool based on small companies, mainly family-owned, producing high-quality wool clothes (Figure 1).

Since the nineteenth century, the main cities of Vallès Occidental and Barcelona have followed different patterns of industrialization. In



Figure 1: Map of the Metropolitan Region of Barcelona.

1. The Civil War in Spain (1936–1939) was the result of the military *coup d'état* against the Republican government that resulted in 40 years of Francoist dictatorship until the death of the dictator in 1975.

Barcelona, traders associated with craftsmen became capitalists who created their own companies. In contrast, in Sabadell and Terrassa, the traditional producers of wool clothing modernized their businesses and became traders. As a result, a local bourgeoisie strongly embedded in the territory emerged. This bourgeoisie created cultural and political institutions, and controlled the political life at the local level independently from Barcelona until the second half of the nineteenth century. In this way, Sabadell and Terrassa became sub-centres of economic activity, relatively autonomous from Barcelona.

The huge industrial development of Barcelona generated an important urban expansion, resulting in the creation of an industrial neighbourhood in the eastern part of the city from 1864 on. The so-called Poblenou included the main factories of the city and low-quality housing for workers, and was an example of the social fragmentation created by the first industrial revolution in Spain. During the Civil War (1936–1939),<sup>1</sup> the neighbourhood was heavily bombed as the epicentre of the revolutionary movement and the location of army factories. The cities of Vallès, especially Sabadell, suffered less social fragmentation between workers and owners in this first industrialization period due to the presence of small companies and a certain social mobility. Nevertheless, after Franco's victory in 1939 most of the owners recovered their factories and controlled the city hall.

During the second half of the twentieth century, the Spanish economy underwent a deep transformation. The second half of the 1950s and the 1960s witnessed the economic recovery from the Civil War based on a Fordist industrialization framework, accompanied by huge migration flows from the Spanish countryside to the city. This process resulted in the diversification of industry, with the demise of the textile industries, and in new metropolitan dynamics with the creation of new infrastructures and investments based on private transport (roads, highways) connecting the different municipalities of the metropolitan region.

This process meant a weakening of the embeddedness of economic actors in the territory. For Sabadell and Terrassa, this involved the arrival of capital and companies from outside the county of Vallès, as well as a loss of influence of these two cities on smaller cities in the south of the county, such as Sant Cugat del Vallès, Cerdanyola, Rubí or Montcada i Reixac. These cities became increasingly dependant on Barcelona in terms of work and equipments, and most of their residents started working in Barcelona. Simultaneously, industries moved out of the city, abandoning Poblenou and settling in the peripheral municipalities, especially in the abovementioned small cities of the south of Vallès Occidental.

At the end of the dictatorship, in the late 1970s, the city of Barcelona had lost both industry and inhabitants, and had to face a lack of equipment and social infrastructures. The cities of Vallès were facing a crisis in the textile industries, but were still benefiting from the delocalization of firms from Barcelona. Nevertheless, these firms were not completely anchored in their new territory, and retained links with Barcelona in terms of services. For instance, most of the companies that moved out of the city kept their central offices in Barcelona.

The 1980s and 1990s were characterized by industrial restructuring and the growth of the services sector. This process was possible due to Spain's entry into the European Union in 1986 and the celebration of the Olympic Games in Barcelona in 1992. These two events led to new market possibilities for local industrial products, the attraction of massive tourism flows to Barcelona, and the emergence of services as a key element of the local economy. In Vallès

Occidental, attempts to modernize the textile industries failed because of the increasing competitiveness of emerging countries. While the county continued to be the second most important industrial contributor after Baix Llobregat in the BMR, its main cities, Sabadell and Terrassa, started the tertiarization process following Barcelona.

In spite of these profound transformations, both Barcelona and Vallès Occidental started developing economic development strategies focused on knowledge and innovation in the second half of the 1990s. Whereas Barcelona started to plan the transformation of the old industrial district Poble Nou into an innovation district called 22@ in 1996, in Vallès Occidental local actors started to develop innovation partnerships and strategic plans through the coordination of a Consortium for Economic Development and Employment of Vallès Occidental (CEDEVO) in 2006. As we shall see in the following sections, while the 22@ project aims to develop and attract new creative and knowledge companies to the Poble Nou district, by means of creating infrastructures and offering services to these companies, CEDEVO promotes knowledge building on the companies already settled in the territory by trying to adapt them to the creative and knowledge economy.

### **3.1 The emergence of the Consortium for the Economic Development and Employment of Vallès Occidental (CEDEVO)**

In 1997, the county of Vallès Occidental started an initiative focused on local consensus based on the Territorial Employment Pacts Initiative<sup>2</sup> (TEPI). The Territorial Employment Pact of Vallès Occidental was re-edited three times (in 1998–1999, 2000–2003, 2004–2007) and was considered a success by the actors involved. Although the experience was negatively assessed due to its weak impact in terms of jobs creation, it paved the way for the involvement of local actors in local policy-making and the development of shared strategies.

The actors involved in the Pacts were the main Trade Unions (CC. OO and UGT)<sup>3</sup> and the two local entrepreneurs' associations (Cecot and CIESC<sup>4</sup> – *Consell Intersectorial d'Empresaris de Sabadell i Comarca*–), as well as the 23 municipalities of the county. This experience allowed for a more ambitious project than the usual TEPI, a Consortium not only oriented towards employment policies, but also towards economic development, both considered in close association. Hence, CEDEVO was created in 2006, with the participation of several actors from different levels of government (see Figure 2).

The Consortium must be understood as a platform that coordinates the different initiatives developed at the local level. The consortium develops a strategic plan every two years with the objectives of improving competitiveness and employment in the county. Whereas for large municipalities the consortium is a tool to coordinate policies, for smaller municipalities it is a source of funds and resources for the implementation of policies oriented towards entrepreneurship and active employment policies. In this regard, the consortium provides advice to the unemployed and entrepreneurs of small municipalities that are not able to develop their own economic development skills.

The creation of CEDEVO did not mean the creation of a new tier of government; it is a means of coordination between existing modernization efforts developed by municipalities in the county. Therefore, CEDEVO can be qualified as a meso level of governance between the local and the regional levels. As a soft coordination mechanism, CEDEVO tries to give some coherence to

2. A pilot programme of the European Union aimed at improving the implementation of labour market activation policies through the involvement of local actors in the policy-making.
3. Comisiones Obreras (Workers' Commissions) and Unión General de Trabajadores (General Union of Workers) are the main trade unions of Spain, and are specially rooted in industrial territories.
4. Cecot is the local entrepreneurs' association of Terrassa, whereas CIESC is the local entrepreneurs' association of Sabadell, with a long trajectory in the territory.



5. An illustrative example of this process is the reorientation of a traditional clothing company towards the health care sector, investigating and manufacturing new kinds of bandages and other textile materials for this sector.

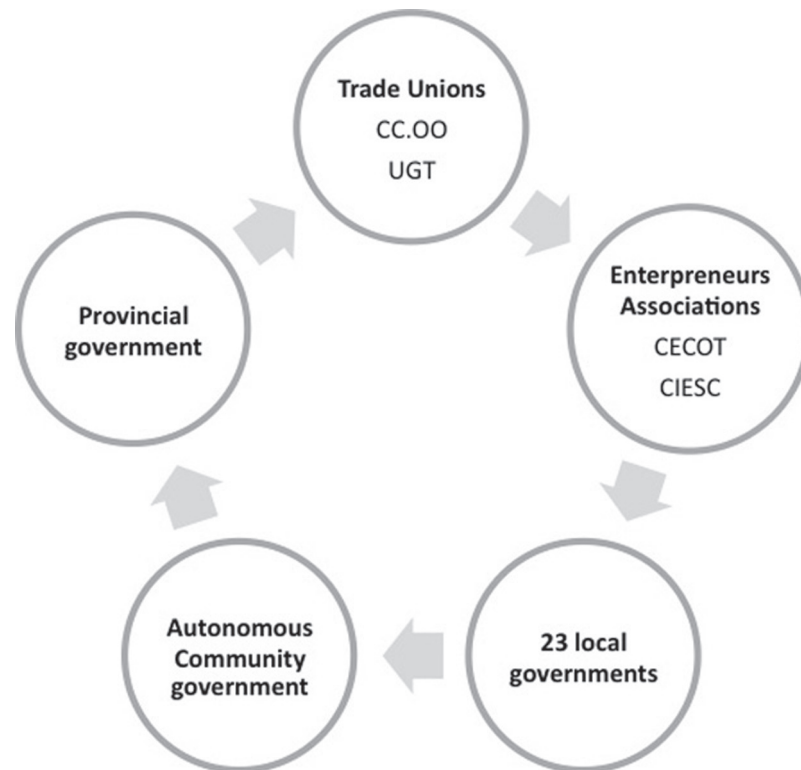


Figure 2: Actors involved in CEDEVO.

the different investments in knowledge and creativity made in the territory, and tries to coordinate common demands to higher tiers of government.

It is important to point out that the cities of Sabadell and Terrassa have a strong role in the overall strategy and the structure of the consortium. These two cities have developed their own competitiveness and have innovated strategic plans consistent with the overall county strategy. These plans are based first on the transformation of their old industries into added-value industries such as fashion design, health care, media, music, leisure, aeronautics or sustainability.<sup>5</sup> The second part of the strategy is to attract new companies from abroad by developing new infrastructures and equipment, following a similar approach to the 22@ project. As the two cities have a strong industrial past, they hold several faculties of the Polytechnic University of Catalonia, an institution strongly involved in the development of the local strategic plans and the selection of clusters. This process has been accompanied by the emergence of culture as a central element in urban policies. In this regard, Sabadell and Terrassa have followed the steps of Barcelona, reassessing its industrial heritage and transforming it into a cultural asset.

In addition to the new economic activities developed by Sabadell and Terrassa, the county of Vallés hosts a new pole of centrality in the Metropolitan Region of Barcelona, that is, an alternative to the political and economic centre of Barcelona, based on innovation and creativity. This new axis, called Catalonia Innovation Triangle partnership, is promoted by the municipalities





*Figure 3: Autonomous University of Barcelona.*

of Cerdanyola, Rubí and Sant Cugat in order to create a new knowledge district (often referred to as the 'Silicon Vallès'); these municipalities are located south of Sabadell and Terrassa. This innovation triangle includes a business park (ESADE-Creapolis), the second largest university in Catalonia, the Autonomous University of Catalonia, a new Synchrotron (under construction) and a Technology Park (Figure 3).

In summary, the CEDEVO experience is an example of successful coordination under a common framework of efforts developed by small and medium municipalities to transform their economy from low productivity patterns to added-value production such as the knowledge and creative economy. This transformation is based on shifting from a classical Spanish economic model based on competitive advantage based on low wages to new patterns of economic growth based on innovation. Not surprisingly, these initiatives are strongly developed in the most services-oriented municipalities, and are more timid where industrial companies are still large in number. Despite the efforts of social agents such as trade unions and entrepreneurs' associations, some companies have difficulty transforming their way of thinking, especially small and family-owned companies, which find it more difficult to innovate and to transform their business model (see Box 1).

### **3.2 The 22@ initiative**

During the second half of the 1990s, Barcelona had to face a severe economic crisis and a wide debate on its future and model of economic growth. In a

<b>Territory</b>	The County of Vallès Occidental is a land-locked territory in the north of Barcelona. It is formed by 23 municipalities and has two capitals, Sabadell and Terrassa. The county has a population of approximately 850,000 inhabitants, 500,000 of them concentrated in the two main cities.
<b>Background</b>	Departing from an EU-funded pilot programme, trade unions, entrepreneurs' associations and municipalities of Vallès Occidental county created a consortium in order to implement active labour market policies and coordinate local economic development within the county.
<b>Objectives</b>	To promote innovation and transform the county's economy towards knowledge and innovation, and at the same time to provide social inclusion through active employment policies and territorial balance between small and large municipalities.
<b>Actors</b>	Regional government (Generalitat de Catalunya); the 23 city councils of the county; local federations of the two main trade unions of the territory, CCOO and UGT; entrepreneurs' associations from Sabadell and Terrassa (Cecot and CIESC); and the association of small and medium companies of Catalonia (PIMEC).
<b>Organization</b>	The consortium coordinates the implementation of active employment policies at the local level, avoiding the duplication of functions between municipalities. At the same time it acts as a forum for the coordination of local economic development policies.
<b>Funding</b>	All the actors involved participate in the funding scheme (10 M EUR). The Generalitat is the main contributor, but municipalities and social actors also contribute.

*Box 1. CEDEVO: Consortium for Economic Development and Employment of Vallès Occidental.*

context of the growing use of the Internet and ICTs, local actors decided to make the transformation of Barcelona into a 'digital city' a main objective (PIRMB 2001). The city council planned a project of urban renewal in an area to the east of the city, aiming at transforming its economy into creative and knowledge sectors.

In July 2000, the modification of the Metropolitan General Plan for the renovation of the industrial areas of Poblenou or '22@bcn activities district' was approved with the support of all political groups. At the same time the 22@bcn Private Municipal Corporation was created and charged with the mission of managing the process of transformation. The modification of the Metropolitan General Plan meant that, despite the desires of real estate developers, the former industrial land of Poblenou (labelled as 22@ in the General Plan) was not going to be converted into a residential area, but rather into a special industrial district with a great variety of uses (housing, non-polluting industries, offices, hotels and so on), where only the so-called '@ activities' were going to be allowed: ICT sector, research, design, multimedia, data management and so on. In addition, the modification allowed an increase in building coverage and reserved spaces in the district for the '@ facilities' linked to training, research and business, placing special emphasis on the implementation of practices related to collaboration between universities and businesses (Figure 4).



*Figure 4: Works at the 22@ district.*

The development of the project has taken place through two different stages. During the first stage of the project (2000–2006), the main infrastructures and buildings were developed, guided and led by the city council, with, at its heart, real estate initiatives that were seen as the transformational motor of the district. After the development of the Olympic Games and under a period of fiscal austerity, the Barcelona Council could not purchase private land for public use, and therefore negotiated favourable conditions for development in the area with real estate agents.

Simultaneously, the Council started to develop a strategy to attract creative and knowledge industries to the district; however, this strategy was not consolidated until the second stage of the project. The city council's ambition was to promote four strategic clusters: ICTs, biomedicine, energy and media industries.<sup>6</sup> The selection of these clusters was not based on existing activities or traditional sources of growth in the territory, but rather on their role in the future of the area and the desire of certain large companies to settle in the territory. These ambitions generated discussions with universities and other public institutions linked to research, knowledge and creativity in order to locate them in the district. Consequently, the city council, with the support of regional and national governments, moved some public companies and universities to the district to support industrial clustering. At the same time, some private actors developed related infrastructures. For instance, the private company Mediapro contributed to the development of the Barcelona Media Park, the centre of media industries in the area, in exchange for favourable conditions of usage.

6. Later on, in 2009, a fifth cluster of Design was added.

<b>Territory</b>	Located in Poblenou, a district on the east side of Barcelona, <b>Total planning area:</b> 198,26 ha, 115 blocks, 1.159.626 m <sup>2</sup> 22@ land
<b>Background</b>	A rich and diverse industrial fabric by the end of the nineteenth century. Before the intervention, the district was still highly productive, although with visible signs of decline. The area was known as the 'Catalan Manchester'. The publication of a document elaborated by the Municipality of Barcelona in 1998 is considered the starting point of the project 22@ and the opening of a large debate on the future of the area.
<b>Objectives</b>	Fostering the creative and knowledge economy in the district by means of attracting companies and talent to the area. In particular, the project aims to promote and manage the foreseen transformation of the 22@Barcelona project, which includes the creation of more than 4.000.000 m <sup>2</sup> of new land, the re-urbanization of 35 km. of streets and the provision of approximately 220.000 m <sup>2</sup> of land for new public facilities, green spaces and new homes under the social housing regime in the old industrial areas of the centre of the city.
<b>Actors</b>	Barcelona City Council through the municipal society 22 ARROBA BCN, S.A.U and a diverse range of local public companies involved in the project (e.g. Barcelona Activa)
<b>Organization</b>	A top-down approach based on the local Council initiative.
<b>Funding</b>	Depends on local funding and private arrangements.

*Box 2. 22@ district in Poblenou, Barcelona.*

The second stage of the project (started in 2006) mainly focused on the attraction of companies and talent to the area. At this stage, major urban renewal works were finished, and the main objective was to consolidate and embed companies into the territory, linking them with the existing social environment and local institutions (universities, research centres and so on). To do this, the 22@ corporation developed several programmes to create links between companies and institutions. Box 2 summarizes the 22@ strategy.

The governance of the 22@ district project shows the strong role of leadership from Barcelona City Council, which decided on a framework and objectives for the transformation of the area and sought the collaboration of the private sector afterwards. The city council led the process by creating a publicly funded private company to implement and manage the whole project. The structure of the company (see Figure 5) reflects the two-step strategy of the development by combining both urbanism and economic development dimensions.

#### **4. COMPARING GOVERNANCE APPROACHES THROUGHOUT THE CONSTITUENTS OF INSTITUTIONAL THICKNESS**

At first sight, the two case studies presented in Section 3 are quite dissimilar. 22@ is a single project of urban renewal, whereas CEDEVO is a partnership coordinating different projects, some of them based on urban renewal and others on urbanization. The territories in which the projects are being devel-

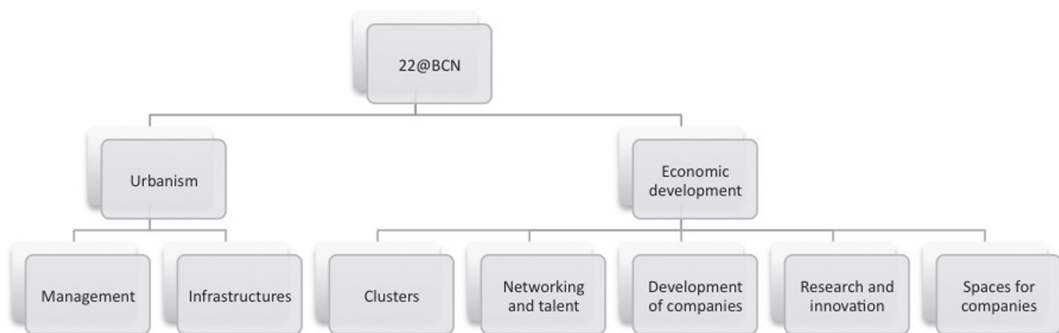


Figure 5: Organisational Chart at the 22@.

oped differ in dimension: the 22@ is developed in a district of Barcelona with 576 ha, whereas CEDEVO includes 23 municipalities and 583.2 km<sup>2</sup>. In spite of these differences, the two experiences provide an enthralling perspective in terms of governance and institutional thickness in relation to the development of creativity and knowledge at the local level.

CEDEVO and 22@Barcelona not only share their main objective – fostering creativity and knowledge – but also both experiences reveal a similar pattern in the way local institutions have tried to achieve this objective, i.e. by attracting companies and promoting entrepreneurship. In addition, in both cases, city councils have displayed strong involvement in the development of the creative and knowledge economy through specific forms of governance. Despite the different forms and scopes of these institutions, we propose to compare the governance arrangements in both cases in terms of the degree of institutional presence, the existence of networks and the extent of local power, paying special attention to the role of leadership and actors' awareness of the project.

### ***Institutional presence***

Given the various dimensions of both strategies, the number of institutions and bodies attached to CEDEVO and to 22@ is diverse. Practices are organized following two completely different patterns.

On one hand, the 22@ shows a single-institution presence, Barcelona City Council, which aims to bring together efforts and programmes through the creation of a private firm, 22 ARROBA BCN, S.A.U, entirely funded by public money. This agency functions as a legal entity and acts as the main driver for action at both stages of the project (i.e. the first phase of urban transformation and the second phase of attraction of creative and knowledge companies). The strong leadership role displayed by the Barcelona Council has facilitated the implementation of a clear strategy, but simultaneously has lacked the explicit consensus of other potential partners.

On the other hand, the CEDEVO experience exhibits a powerful collective of actors, public and private, collaborating to support the transformation of their local economy. The partnership created between these different actors with various interests has required a complex equilibrium balancing this multi-agency approach. The ability to integrate such a diversity of players has necessitated a continuous effort to achieve consensus through dialogue and negotiation. In this case, there is an absence of formal leadership from one

7. Currently, the 22@Network association has 66 members, including technology companies, universities and other public institutions such as Barcelona Activa, among others.
8. For example, in the 1990s part of the industrial area held a cluster on leisure based on discos, bars and pubs. With the enforcement of the 22@ project, this cluster is in decline in favour of knowledge and creative activities.

of the groups involved, which means that the implementation of a common agenda has been slower than in the 22@ case.

### ***The existence of networks***

In the 22@ district, the city council has promoted the creation of *22@network*,<sup>7</sup> which involves more than 200 companies and institutions operating in the district. The aim of the city council was to counteract ‘from above’ the lack of knowledge between participants in the 22@ project by stimulating their interaction in the network through a wide range of activities. Four commissions are currently in operation: Innovation, Talent, Environment and Sustainability, and Human Resources. Once the network is consolidated, the aim of the Barcelona Council is to retire from it and transform the existing partnership into an entrepreneurs’ association of the 22@ district, representing the interests and demands of the companies to the city council. Moreover, the *22@network* tries to involve companies in the social life of the district in order to fill the gap between companies and local civil society associations. This strategy shows that Barcelona City Council not only plays a leadership role in the attraction of companies to the area, but also in promoting their networking and embeddedness in the territory. This is an important objective, as the regeneration process initiated in 2000 expelled most of the existing economic activity of the area<sup>8</sup> at the time.

In contrast, in the Vallès Occidental example, local actors rooted in the territory were essential in the development of CEDEVO. The local entrepreneurs’ associations of Sabadell and Terrassa and the local trade unions started advocating for better coordination mechanisms and the need to coordinate efforts and to avoid duplication of services and projects in the county, based on their existing participation in multiple consortiums. The origin of Cecot and CIESC, the two entrepreneurs’ associations, can be traced back to the traditional guilds of the middle ages. Their existence reveals a strong institutional thickness of entrepreneurs in the territory. In addition, the two institutions are legitimated to participate in the local decision-making processes as representatives of the private sector. Although part of the main national trade unions, the federations of Vallès Occidental are the strongest in Catalonia, which reveal the strong role that industrial workers are still playing within it. Furthermore, the existence of a strong industrial tradition and the implementation of European policies to support consensus at the local level have given social agents a central role in the county.

This difference in terms of institutional context is central in understanding the different approaches to economic development in each case study. In the case of Poble Nou, the existing private actors in the district were not organized as collective actors, and, consequently, they could not fit into Barcelona City Council’s plans of redevelopment of the area; there were no legitimated territorial private actors involved in the process of urban renewal. The local plan was conceived to avoid the leadership of the real estate sector in the urban renewal of the area and to ensure the promotion of the Barcelona city model, in which urban space combines living, commerce and working areas typical of a compact city. Based on this, the city council planned and led a strong urban renewal strategy, deciding on all the elements of the project. Only when the project was under development did the city council start negotiating with actors from civil society and the private sector. Conversely, the creation of CEDEVO is more bottom-linked

(Garcia et al. 2009), with a strong role for the (embedded) local actors in the creation of a partnership in order to foster the coordination of projects and initiatives in which they were involved.

### **The local power**

Resources of existing institutions and actors differ in both cases, as do their incentives to participate in the project. As discussed, CEDEVO evidenced the required consensus between different parties with different visions and resources over the economic future of the Vallès County. All of them were empowered by different collectives, the companies, the workers and the citizens, and they were legitimized to defend their interests in the progress towards the new economy. Incentives for some partners – mainly private – to participate in the negotiation and CEDEVO necessitated that part of the projects and policies implemented be directed to their existing sectors (not exactly knowledge oriented) and interests. Hence, the emergence of new sectors and knowledge and creative activities might have been hindered in two ways: first, policies and programmes are directed mainly towards existing actors of the economy, and second, existing institutionalized and established actors are reluctant towards the introduction of new actors, who are seen as competitors in the decision-making process.

In contrast, the 22@ corporation represents a uniform structure in terms of power and distribution of resources due to powerful leadership from the Barcelona Council. As discussed, when the city council planned to transform the neighbourhood into a knowledge and innovation district, there was no coherent and articulated private sector in the area to join the initiative. Furthermore, the plan had to fight the desires of land speculators who wanted to transform the area into a high-income residential neighbourhood. While the project involved a large number of municipal actors, the societal and private agents of the district were somewhat reluctant towards the urban transformation proposed. The collective complaints over the absence of negotiation (mainly with neighbourhood associations and creative companies already installed in the district) at the very beginning of the process forced the municipality to reconsider certain positions as the project evolved. For example, the recognition of the need to create some direct benefits for the locals has influenced the establishment of specific programmes oriented towards the citizens of the district. One of these programmes, the Digital Project, carries out innovative actions in order to foster the use of the new information and communication technologies in everyday life and to facilitate communication among people (22@ website, visited on 20 January 2010).

### **Project awareness**

Both experiences started in the second half of the 1990s. The 22@ project started in 1996 with the publication of a report<sup>9</sup> that summarized the need to transform the eastern side of Barcelona. In 1997, the local actors in Vallès Occidental started organizing themselves collectively to participate in the Territorial Employment Pacts pilot programme of the European Union, which was the seed for the future CEDEVO. The main difference between the developments of these two approaches consists in the long-term planning of 22@ and the short-term planning of the Employment Pacts.

9. *Poblenou, La renovació de les àrees industrials. Criteris, objectius i solucions generals* – Poblenou, the renewal of industrial areas. Criteria, objective and general solutions – published in 1998.



The creation of CEDEVO in 2006 was the consequence of three consecutive Pacts and the lack of European funds to develop a fourth one. In this context, the local actors decided to organize themselves formally to create a new mechanism, funded by regional and local levels and by other local actors. Thus, although several projects of the county started to be developed in the 1990s, there was no clear long-term strategy in the original configuration of CEDEVO. The development of mutual awareness during the first stage (Employment Pacts) favoured the creation of a partnership with clear ideas about the interests of its respective participants. The *local milieu* – the existing firms, the trade unions, the firm managers and the political will – was previously identified by the potential partners providing an evident starting point to begin negotiating under the umbrella of CEDEVO. The initial agreement did not include any spatial intervention. However, current development projects such as the Catalonia Innovation Triangle (which includes three participant municipalities of CEDEVO: Sant Cugat, Rubí and Cerdanyola), the Parc de l'Alba (in Cerdanyola), ESADE-CREAPOLIS (in Sant Cugat) and many other local initiatives have started to create a 'visible' new infrastructure of communications and transport and large technological buildings, among others welcoming technological environment for firms and talent.

The initial urban restructuring project associated with the start of the 22@ in the 2000s made the project rapidly visible, at least for the local community in Barcelona. In addition, one of the main attributes of Barcelona City Council is its excellent know-how in selling the image of the city, in this case an image associated with knowledge, creativity and digital technologies. The 22@ international vocation has attracted not only companies, but also researchers to study the phenomenon. In this sense, the 22@ aspires to be recognized as an international urban node in the network of cities and regions supporting knowledge as their main driver for development and expansion.

## CONCLUSIONS

Our conclusions are guided by the three research questions introduced at the beginning of this article. We have compared two distinctive paths in terms of governance to promote the creative and knowledge economy: a bottom-up approach, CEDEVO, and a top-down intervention, the 22@, both aiming at the clustering of knowledge-related activities.

The analysis of institutional thickness in the 22@ and CEDEVO has proved to be a good mechanism in identifying remarkable drivers of success or failure.

The presence of strong leadership eases the implementation of long-term strategies and avoids waste of resources in negotiations between different actors. However, it hinders the inclusion of all sensitivities and interests, and might disguise hidden agendas from some actors.

Reaching consensus and agreements among all actors involved is good for the development of shared projects, but simultaneously makes it harder to keep a balanced development over time. This may result in the downscaling of ambitious targets for development towards more acceptable and easy projects and short-term achievements.

The visualization (awareness) of projects is easier in projects with strong leadership and those involving a regeneration process in terms of the built environment.

Some partnership arrangements, if confined to existing actors rather than welcoming new representatives, might limit the scope of planned initiatives. This is particularly the case in the presence of an unstable equilibrium between different interests. Less public institutional presence might be counterbalanced by a more active involvement of other private actors and prevalence of their interests.

Governance experiences in promoting creativity and knowledge can only be transferred between different situations if they are embedded in the local context and recognize the need for taking into account the changing nature of interests of a varied range of actors. The era of globalization and the new economy certainly requires multiple endeavours from local agents, both public institutions and civil society representatives, to reach a common and agreed target in order to promote competitiveness.

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