

It's all about location

The world isn't flat in this view of the global economy

BY ANDREW WELSH-HUGGINS • ASSOCIATED PRESS • April 13, 2008

Everyone has heard the theory by now: Thanks to the Internet and other high-tech elements of globalization, the world is flat. Advertisement

That is, economic forces are increasingly spread across a world without boundaries, helped by everything from faster transportation to the Web.



The result? Entrepreneurs in India, for example, are positioned to compete with businesses in the United States as well as if they were physically located here. It's an argument made popular by New York Times columnist Thomas Friedman in his best-selling book, "The World Is Flat."

Hold on, says author and professor Richard Florida.

The world is not flat, he argues. Rather, it's spiky -- spiky as in a few megaregions that dominate the world economy because they draw people whose physical presence contributes to the development of ideas and goods.

Clustering force

"Today's key economic factors -- talent, innovation and creativity -- are not distributed evenly across the global economy. They concentrate in specific locations," Florida writes. It's a phenomenon he calls the clustering force.

"New ideas are generated and our productivity increases when we locate close to one another in cities and regions," he says.

The reality, Florida says, is there are two sides of globalization. On the one hand is the "flat world" spreading of some economic functions around the planet, such as telephone call centers and basic manufacturing.

On the other is the tendency for higher-level economic activities, such as innovation, design and media, to cluster in relatively small numbers of locations.

He proposes that where people choose to live is at least as important as what they choose to do or

who they choose as a life partner.

Florida uses reams of data to show that the world's economy revolves around a relatively few megaregions: greater Tokyo (\$2.5 trillion in economic output) and the Boston-New York-Washington corridor (\$2.2 trillion), among others.

Geeks and grunts

Florida is fond of categories. He divides people trying to improve themselves economically into two classes: the mobile and the rooted. He refers to the rise of two labor groups: "geeks" -- those enjoying higher-paying, higher-skill work; and "grunts," or laborers in the service sector with fewer skills and lower pay.

But the number- and people-crunching can take a toll on the reader at times, and Florida runs the risk of seeing his basic thesis -- spiky, not flat -- drowned in a sea of statistics.