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[CALIFORNIA SAID BEST STATE FOR INNOVATING ECONOMIC GROWTH](#)

From California to Virginia, Richard Florida ranks the most innovative states in the country to find out where good ideas are generating economic growth.



By Richard Florida
[The Daily Beast](#)

California and Massachusetts rank 1st and 2nd on our [new list of America's most innovative states](#).

That's not surprising. California is the home to Silicon Valley and Stanford University and is the birthplace of innovative companies from Intel and Apple to Google. Massachusetts has MIT (among dozens of other universities) and an innovative cluster of companies in Cambridge and Boston as well as the high-tech companies located along the fabled Route 128.

Idaho ranks third. That may seem more surprising to some, but Boise has long been home to a vibrant, high-tech scene of big and small companies alike. Idaho beats out 4th place Washington state, home to Microsoft and Amazon, and Colorado in 5th—Boulder recently topped the list of BusinessWeek's best place for startup companies.

The location of American innovation has shifted significantly over the last several decades. From the late 19th century to the middle of the 20th, the major centers of

innovation were in the Midwest—the great industrial belt stretching from Pittsburgh and Rochester through Cleveland and to Detroit and Chicago. But as the nature of innovation changed and become more closely tied to high-tech clusters, states like California and Massachusetts with their great hubs of academic research have become the innovation powerhouses in America.

Innovation has become the key driver of economic growth in today's knowledge economy. And if it's important in regular times, it's essential in periods of economic crises like today.

The brilliant economist Joseph Schumpeter showed how the rise of new innovations and innovative companies give rise to the great gales of creative destruction which create new industries and revive old ones. The Panic and Long Depression of the late 19th century saw the rise of game-changing innovations like Thomas Edison's electric light bulb and Alexander Graham Bell's telephone.

The Great Depression of the 1930s gave rise to such a powerful wave of innovation that the historian Alexander Field dubbed it “the most technologically progressive decade of the 20th century”—far more innovative than the high-tech boom of the late 90s and early 2000s.

Though some argue that the rate of American innovation has declined recently, our economic recovery depends on a renewed investment in and commitment to innovation. The rate of innovation is likely to accelerate in coming years, as capital shifts back to invention and entrepreneurship in the real economy.

Our ranking of the most innovative states is based on two metrics: (1) the number of patented innovations per capita, and (2) the share of high-tech companies.

Charlotta Mellander crunched the numbers, based on data from US Patent and Trademark Office and Bureau of Economic Analysis.

Richard Florida is Director of the University of Toronto's Martin Prosperity Institute and author of *The Great Reset*, published this month by Harper Collins.

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