



Richard Florida  
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Since moving to Toronto, people often ask me two questions. The first is predictably: "So, tell me really why did you come here?" The second, which usually comes up later in the conversation especially if we're around friends or the wine is flowing, is more interesting: "What's going on with America?"

Maybe it's the twilight of the Bush administration, the Iraq debacle, or the decline of the U.S. dollar. Whatever the reason, it's not just our new Canadian friends, but leading pundits and prognosticators in the United States as well as outside it, who are speculating about what comes "after America."

Case in point: two new books - "The Post-American World" by Fareed Zakaria and "The Second World" by Parag Khanna.

Zakaria believes that we are experiencing modern history's third great power shift, after the rise of the West from the 15th century on and then the rise of the U.S. in the 19th century. But he argues that this latest transition is not so much about the decline of America as it is about "the rise of the rest," and by that he means much more than simply China or India. The end result will be a "landscape that is quite different from the one we have lived in until now - one defined and directed from many places and by many peoples."

Khanna similarly predicts that when the dust settles, we will find ourselves in a "global, multi-civilizational, multi-polar" world with three superpowers: the U.S., China and the European Union. Each of the Big Three powers will assert its influence differently but the intense demand for energy and resources means the underlying goal will be the same. And the main battlefield for this geopolitical competition, Khanna argues, is the "second world" - some 40 or so strategically important "transition" states whose relationships with the superpowers have the capacity to tip the balance.

Like Khanna and Zakaria, I agree that it's a big mistake to view power in this new world as a competition confined to only to large nations. (After all, England's fairly tiny scepter'd isle dominated early capitalism.) In fact, small states will find themselves with more influence and more room to maneuver. Their competitive position will be strengthened and they will have the opportunity to act as important stabilizers in the global system.

They are already doing very well, economically speaking. According to my Global Creativity Index, Sweden (1st), Finland (3rd), Switzerland (5th), Denmark (6th), Iceland (7th), Canada (11th) and Australia (12th) are right up there with the U.S. (4th) and Japan (2nd). Interestingly, Russia, China and India sit a long way down the list - 25th, 36th and 41st, respectively.

Canada and Australia are seen as models for open immigration and talent attraction, Ireland as a prototype for economic revitalization. Denmark and Sweden show how markets and welfare states can work together and why high taxes do not necessarily mean low competitiveness. In my view, these small states and several others are already the best places to look for innovative, alternative models of economic prosperity and social cohesion.

A big reason for the improved competitive stature of smaller nations stems from the shifting nature of global competition. Today, competitiveness no longer turns on market size, raw material, control over natural resources, or even business costs, but rather on which places can best attract and retain global innovative and entrepreneurial talent.



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In fact, the best way to understand the past century of U.S. global hegemony is through this lens. It's not the size of America's market or its natural resources or its military supremacy that defined its ascendance and dominance. Rather, it is America's role as an attractor (and haven) for the world's top talent. That history includes many great entrepreneurs from Andrew Carnegie (born in Scotland) in steel to Andy Grove (Hungary) in semi-conductors, as well as the incredible influx of scientists (Albert Einstein, Enrico Fermi) and artists (Marc Chagall, Igor Stravinsky, Ludwig Mies van der Rohe) who fled Europe in the 1930s and 1940s. In Silicon Valley, a third to a half of all start-ups have someone born overseas on their founding team.

But, my own take is that even the most thoughtful commentators like Zakaria and Khanna remain overly enthralled with the power of the nation-state.

In today's increasingly spiky world, cities, regions, and mega-regions composed of two or more cities and their suburbs have become key competitive players alongside global companies and nation-states. Ultimately, it is less in nations and more around these regional locations that talent wants to be and where it clusters. Canada and the U.S., for example, are not competing against the nations of China and India. Rather, specific regions in North America are competing with dynamic regions like Bangalore and Shanghai as well as others around the world.

Our system for informing global affairs and making global policy shows little sign of adjusting to this shift. That system remains overwhelmingly organized around heads of states, foreign affairs ministers and central bankers. Zakaria worries that even though U.S. companies help to pioneer globalization and while America remains in his words "the most open, flexible society in the world," America's national government is impeding the country's ability to adapt. While regions like New York, San Francisco, Los Angeles and Chicago remain well-positioned to compete for global talent, restrictive U.S. government policies on immigration and homeland security make it harder for them to do so.

Mayors, premiers and governors are much more in tune with global trends. Figures like Michael Bloomberg in New York City or Richard Daley in Chicago, Job Cohen in Amsterdam, and Ken Livingstone, the former mayor of London, have taken the lead on everything from new approaches to education, crime, gun control and smoking bans to environment and climate change - even bringing modern management techniques to government. While there remains more work to do, their efforts and those of their peers have made their jurisdictions safer, smarter, greener, more aesthetic, more efficient, wealthier and more globally competitive.

U.S. presidential candidate John McCain says a new "League of Democracies" - composed of some 40 advanced democratic nations - is needed to inform global policy-making and bring stability to the world system. While national leaders have shown themselves to increasingly be ineffective and out of touch, it's mayors, premiers and governors who have consistently demonstrated their ability to navigate today's wrenching economic and social shifts. For my money, a "League of Cities and Regions" - made up of the world's largest cities, regions, states and provinces - is more in tune with what the emerging "post-American" world really needs.

*Richard Florida is the author of "Who's Your City?" and director of the Martin Prosperity Institute at the University of Toronto. Assessment, (November 1991)*