

LOCATING “MEGA-REGIONS” OF OPPORTUNITY

Richard Florida

Richard Florida, author of Who's Your City? and The Rise of the Creative Class, and director of the Martin Prosperity Institute, University of Toronto, asserts that the world is “spiky” — with talent, innovation and creativity clustering in mega-regions that are increasingly powerful drivers of the global economy.

Q: Given the current economic climate, how will Access shape the dynamics of where we choose to live and work?

A: At the turn of the last century, New York was about a million people, and now it's a 50 million person mega-region, including New York, Washington and Boston. The gap between the mega-regions and the rest of the world creates a world that is extremely spiky. Economic opportunity concentrates in places like Shanghai, Beijing, Mumbai, Bangalore, Moscow and São Paulo. There are 40 mega-regions that drive the world economy. They account for less than 18 percent of the world's population but produce two-thirds of its economic output and nine in 10 of its innovations.

If we're going to adjust to this economic downturn, people will have to move to where the opportunity is. They're going to have to be more mobile, and housing costs can't consume 38 to 60 percent of their income. They're also going to have to consider tradeoffs. Many people who move for their careers will give up being near friends and family. And those of us who stay close may give up economic opportunity. You have to determine what's important to you.

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We grew this creative economy very powerfully, but the real change point happened in 2001 when technology stocks crashed. Instead of continuing to grow the creative economy by investing in new transportation, mobility, technology, media and entertainment, all that capital went flowing back into real estate — clicks to bricks. Instead of putting that capital to use, we put it to speculation.

What's going on now is forcing us to realize that the real way to create wealth is not by sloshing money around in the financial markets or by speculating on real estate. It's by investing in real people and real communities — it's the only way out of the crisis.

— as told to Jennifer Soong

