

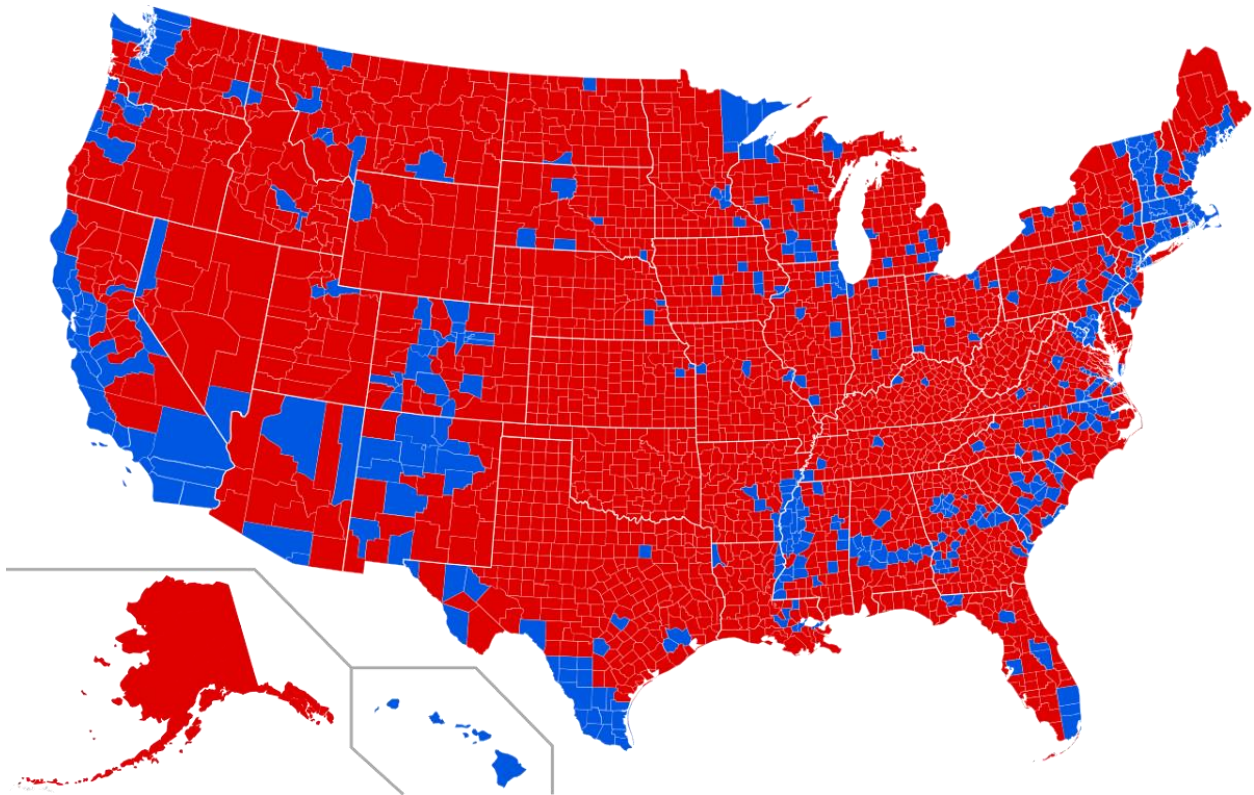


Richard Florida [Follow](#)

Director, @MartinProsperIT University of Toronto, Global Research Professor NYU, Co-founder & Editor ...
2 days ago · 4 min read

The Most Disruptive Transformation in History

How the clustering of knowledge lays bare the need to devolve power from the nation-state to the city



We are undergoing several nested transformations at once that are causing incredible disruptions of the economic, social, and political order.

The first is the shift from an economy that is powered by natural resources and physical labor to one in which knowledge and the mind have become the dominant means of production. This shift has advantaged roughly a third of the population and workforce, while the other 66 percent have fallen further behind.

The second shift is toward urban clustering as the source of innovation and economic advantage. This massively concentrates talent and economic assets in a handful of superstar cities and knowledge-tech hubs.

The world has become spikier and spikier, across nations, across regions, and within cities. The clustering of talent and economic assets also makes the city the new economic and social organizing unit, undermining two core institutions of the old order: the large vertical corporation and the nation-state.

I would suggest that this transformation—the clustering of knowledge over physical labor—is among the most disruptive in recorded history.

So it should not be surprising that so massive an upheaval would generate an equally powerful backlash.

In contrast to claims of American “decline,” the U.S. is perhaps the best-positioned of any place to succeed and compete in this new age. America has research universities, startups, clusters, and is still relatively open to immigration. But many Americans look at this transformation and perceive that their old world is being torn apart—and that they are being left behind.

The right has played this exactly as we should have expected, promising to bring back a bygone era of American Greatness. And, of course, by preying upon our national, racial, ethnic, religious, and gender divisions, also as we should have expected.

The great failure of our time is the failure of the left to outline an inclusive future in this new age of urbanized knowledge capitalism that does not mean reaching backward to placate the forces of reaction, but creating a vision of a diverse, inclusive, and prosperous society.

At the very top of the list, a new vision of how the 70 million members of the low-wage, multi-racial service class can prosper is desperately needed. To make this a reality requires a new social compact for the urbanized knowledge economy.

But even more so, this age of urbanized knowledge capitalism requires a shift in power from the nation-state to cities, which are the key economic and social organizing unit of the knowledge economy. That means also means that cities must take on the outsized power of the nation-state and the imperial presidency. We must devolve power and resources back to the local level—raking back their tax money from the federal government so they can spend it on themselves.

Local empowerment, and with it, deep investments in civic and social as well as physical infrastructure is something that can be organized around in the short term. This would require investment in civic and social infrastructure as well as in physical infrastructure. I believe that a bi-partisan coalition of mayors and other urban leaders can advocate for this successfully.

It is now clear that our economy and our politics are completely out of sync.

My graphs and maps of the metro-level voting in the election over at [CityLab](#) clearly show this. Like it or not, blue states and blue metro areas power the economy, and they are very expensive to operate—they contain research universities and public transit, they require investment in affordable housing, and they must address inequality. But there is now little if any chance for national investment in urban areas, even though they require very different strategies than red-state economies and outlying areas.

Devolution and local empowerment would enable blue-state metro economies to invest their own resources while allowing others to do the same. It would respect local differences, local desires, and local needs. Importantly, it could also enable blue and red America to mutually coexist.

We cannot go through this trauma every four years.

It will tear the country apart. We need a strategy and a system where these two Americas can live peaceably beside one another, and where each can undertake the investments and shape the safety nets and other policy measures they need.

Even more importantly, it would start to shift power away from the dangerous anachronism of the nation-state—and the imperial presidency.