

TOM COCHRAN: Good morning. I'm Tom Cochran, executive director of the United States Conference of Mayors. On behalf of my president, Mayor Don Plusquellic of Akron, Ohio, we welcome you to the U.S. Conference of Mayors' Forum on the New American City, sponsored by the Council for the New American City, who is chaired by the Detroit mayor, Kwame Kilpatrick, and our staff director is Dave Gatton, who is with us today. We have another sponsor today, KnowledgePlex. Today's forum is webcast live from usmayors.org, the award-winning website of the United States Conference of Mayors, Mr. James Welfley, Director.

We are pleased to have as our guest today Mr. Richard Florida, author of a new book, "The Flight of the Creative Class: The New Global Competition for Talent," which is released today by Harpers Collins in bookstores across the United States of America. Mr. Florida is the Hirst Professor at George Mason University here in the Washington-area School of Public Policy. Mr. Florida is the best-selling author of "The Rise of the Creative Class," which is awarded the political book award by Washington Monthly and named one of the top breakthrough ideas of 2004 by the one and only Harvard Business Review.

Mr. Florida's groundbreaking work identifies a new creative class in the United States, which has challenged traditional views of our economy and highlighted the importance of cities in the world of the three T's: technology, talent and tolerance. Today Mr. Florida addresses new challenges of our nation, which we face in a shrinking world. The global competition for talent and the importance of cities who are vying for the best and the brightest people, not just from their individual cities in America but from countries throughout our globe. More importantly, Mr. Florida's new work looks at the creative talent in all of us and how we can release that talent within every person on the face of the Earth.

We're also joined today by the great mayor of Providence, Rhode Island, Mayor David Cicilline, who, following Mr. Florida's presentation, will talk to you about how some of Mr. Florida's ideas are really helping him continue to make Providence, Rhode Island a destination city in the world. Following both presentations, we will take questions here from our audience in the headquarters of the United States Conference of Mayors, and also from our webcast audience from within the United States and around the world. To submit your questions via Internet, simply send in a question by clicking on the "Ask a question" button at the bottom of your screen.

Richard, we welcome you to the headquarters of the United States Conference of Mayors to release this breakthrough book that you've got today. We appreciate very much your partnership with us. We remember in the winter of 2003 when you came to us, we had you in a small room to talk about your new book and it was overflowing from mayors who embraced your ideas, and we sought you again at our Denver meeting in the June of that year where we engaged you with mayors from the United States and mayors from around the world at our international conference of mayors. And we had a wonderful telecast. So, Richard, it's so good to have you here and we'd like to hear from you now about this book that you're releasing to the world today.

RICHARD FLORIDA: Thank you, Tom, and thanks to the U.S. Conference of Mayors and your entire team. It's just been spectacular in helping – working with our team to organize this terrific event.

And thanks to David – Mayor Cicilline from Providence. I showed him a funny picture this morning, but it was a picture from my last book-tour opening event, and guess where it took place? In Providence, Rhode Island, and I just want to thank the mayor and the people of Providence for being an example of how to build the creative city that not only attracts the high-end creative-class people but does exactly what Tom said – works on harnessing the creative energy of each and every single human being, which is the main message in “Flight of the Creative Class.” It's a mistake to just think you can recruit a software engineer or biotech person, or even a great artist to build your city. It comes from harnessing that creative energy of each and every one of us.

And dealing with some of the troubling problems that face American cities – we'll talk about income and equality, housing affordability. Providence has spent more than a decade – a decade of my working with you and your colleagues, peers, folks like Kip Bergstrom and others up in Providence, but you've become a real beacon for the United States and for the world in building a creative economy, and doing it in a town that was an older industrial town that most people, I think, would have counted out when I used to live in Boston 20 years ago, but has made this transition.

I want to talk very briefly – I know that's hard for all of you who know me to believe – and lay out the three major themes of the book and then hear from mayor and hear from all of you and folks listening in and get a dialogue going, because that's what it's about. That's what I learned since writing “Rise of the Creative Class.” It's not so much about my ideas; what's been the great, great, great, fabulous thing about that book is it's created a debate. I don't have all the answers. I don't know everything. I'm not omniscient. There is lots of perspectives out there, and what's been great about working with you in the U.S. Conference and engaging mayors – and people who disagree with me – is that we need to have a real debate – a real debate about the future of cities and the future of national economies.

And we're saying this this morning – kind of the sad thing is that mayors are leading that debate. Mayors get it but unfortunately it's hard to find, in my newly adopted home of Washington, D.C., very many national-level politicians who get it. So another objective is to bring the debate out of the city halls from Providence and Austin and Seattle and Pittsburgh and Cleveland and all those towns and bring it to Washington, D.C. and to the nation's capital.

I've been a student of urban affairs; I've been a student of economic competitiveness for, believe it or not, 25 years; I've studied high-technology America. I wrote a book in 1990; 1993 I wrote a book on the Japanese challenge. I wrote about the role of the university in American society, about American manufacturing competitiveness, and I think all of those challenges America faces – we talked this morning about Sputnik and the hydrogen bomb and after World War II. My dad used to tell me about the challenge of World War II and of enlisting in the Army as a young

person – being outfitted with a Doughboy helmet and hand-me-down boots and a wooden stick replica of a gun, and how America met its competitive challenges time and time again, has this American – this amazing transformative capability. But for the first time in my life I'm scared, and I think – and we talked about this this morning, and everywhere you go, this country faces the most significant competitiveness challenge of its life, and unfortunately all too few people are aware of it.

We've taken it for granted. We thought that what made America great was we had raw materials. We thought that what made America great was we had big markets. We thought that what made America great is that we had something called American ingenuity. But in reality what made America great was the fact that we could attract the best and brightest people from around the world – the people who built our steel industry, Andrew Carnegie; the people who built our food and beer industries, from Heinz, Adolphus Busch; the people who built our cosmetics industry, like Helena Rubenstein; the people who built our electronics industry; the founder of our venture capital industry, General George Astoria; the founder of American research and development, a French man; to the people who built American high technology – you wouldn't have Hotmail, you wouldn't have Google, you wouldn't have eBay, you wouldn't have any of those companies if it wasn't for talented people. We've taken it for granted for too long.

Now, for a long time I thought we could build a strong American economy on the backs of strong cities. I wrote a book about it called “The Rise of the Creative Class,” and how these growing high-technology, innovative cities were powering our economy and powering us into the new 21st century of the creative economy. And then something happened that changed it. Right after “The Rise of the Creative Class” was published I got the opportunity to go to Wellington, New Zealand. I was there for a conference called the Knowledge Wave conference. It was mayors and political officials, the prime minister and premiers of New Zealand and its provinces. There was a discussion about the future of New Zealand, and after the conference we went down to Wellington to meet with the mayor of Wellington, Kerry Prendergrast, and we spent a half a day and a morning with her and her counselors and after that we went off to lunch with a fellow named Peter Jackson. Peter made a few pretty popular movies. You might have seen “The Lord of the Rings,” or he's making “King Kong.”

Well, when we went around Peter's studio, the thing that struck us was not just the technical quality and the great digital animation and the artistry and the great model-making and the great sound stages, but the fact that in that studio were talented and creative people from all over the world, including software engineers and digital animation people from Berkeley and MIT and Stanford. And when we asked Peter why he had done it in Wellington, he said, I knew I could build the world's greatest digital film complex in Wellington, New Zealand. You see, we used to think that American cities competed one against another – Austin against Pittsburgh, Providence against Cincinnati, Seattle against St. Louis, but just like the auto industry and the steel industry and the electronics industry faced global competition in the '80s and '90s, so too do our cities.

The competitors to Providence are no longer just American cities. Everywhere we go and everywhere we talk to people, in every city in the United States and around the world, when we ask people the cities that they're looking at they don't just rattle off cities in their own country; they rattle off an international list of cities. And in that sense, the competition that lies at the crux of American competitiveness, the competition for talent has gone global. And that's not to say that all is lost here, by any means, but it's to say that if we don't get hip to this and don't begin to act on it, we're going to see our competitive position decline, for three reasons – and the book makes three points, and I just want to make them very, very quickly.

The first is that other countries in other cities are increasing their ability to compete for talent. We measure countries around the world on our creativity index and our creative class measures. Now, the United States has about 40 million people in the creative class. That's about 30 percent of the world's total. But the world has, according to our estimates, about 150 million people in the creative class. When you look at the creative class as a percentage of a national workforce, the United States doesn't rank first, it doesn't rank second, it doesn't rank third, it doesn't rank fourth – it ranks 11th in the world. If you take our global creativity index and a composite measure of innovation and high-technology, talented and creative people – and how tolerant a country is, the United States doesn't rank first; it ranks fourth.

So already, on these simple measures, the United States is no longer alone in an unambiguous leadership position, and other countries – Australia, Canada, and many others, the United Kingdom – are catching up or surpassing us, when you talk about cities – cities like Toronto. We just finished a major project in Montreal; Vancouver in Canada are attracting people from around the world. Do you know that the United States is no longer the most immigrant-open country in the world? The United States has about 13 percent of its population composed of immigrants. The Canadians have 18 percent and the Australians have 22 percent. When we looked at cities in the book and compared them, cities like Amsterdam, Sydney, Melbourne, Toronto, Vancouver have percentages of immigrants that not only rival but outdistance cities like New York or Washington, D.C., Chicago or Los Angeles.

So other countries are getting hip to this. They're increasing their competition, they're positioning their cities to compete, and they're going like gangbusters after the category of people we consider to be the real canaries – like the canaries in the mineshaft – the canaries of talent flows, these international students. As international student flows slow down and decrease in the United States, they are rising abruptly and significantly, again, in places like Australia, Canada and the rest. That's the first point: other countries are increasing their ability to compete.

The second point is that the U.S. is undermining – we are undermining our own ability to compete for the best and the brightest that made this country economically powerful and successful. The book goes into all kinds of detail on what we're doing in terms of policy. We spent a day on the Hill yesterday talking to Senate and House staff about this, but no matter what measure you use, talented and creative people are slowing down and coming here. Restrictions on visas, talented – the recruitment of talented – the

best and the brightest scientists and engineers, biotech people, they're choosing, because they're restricted in coming to the United States, choosing to go to other countries.

The statistics and the facts and figures speak for themselves, but what came out of our discussion on the Hill yesterday was something very interesting. It's not so much the particular policies that are a problem, it's the sense that the United States is no longer as open, as tolerant, as friendly; that we're more isolationist, that we act more unilaterally, and that we're no longer alone at the cutting edge, that there are many other countries and cities that are at the cutting edge of science, of technology, of artistic and cultural creativity. We saw it in Montreal where the New York Times report that Montreal has become the most important new music scene in North America. We see it in Sydney, we see it in Melbourne – aggressively going after international institutions, international arts and science. If we continue to restrict stem cell research, it's likely that whole institutes at our major universities – not only individual scientists like Roger Peterson, the great scientist who left the University of California San Francisco to go the Cambridge University – whole institutes may have to relocate.

So the U.S. is undermining its position in competing for talent, which leads me to the third point and the point I want to emphasize today, and I hope it doesn't get overwhelmed by the first few points and the title of this book, "The Flight of the Creative Class," because the third point is what's important for mayors and for folks concerned about cities, and it's something else. If I learned that the competition for talent is not simply between regions in the United States in the discussions and debates in the wake of "Rise of the Creative Class," I learned something else that's very important: our great cities, particularly the great centers of the creative economy – San Francisco, Austin, Seattle, the Greater Boston Metro, Chicago and the like – are seeing their position at the forefront of the creative economy erode because we are not aware that the creative economy, in addition to generating all of these wonderful benefits – innovation and entrepreneurship, new firm formation, company formation and wealth generation – the creative economy left to its own devices also generates tremendous tension, problems, difficulties – what we call externalities.

In the very places that gave rise to creative economy, we see these externalities manifest. I'm just going to name two really quickly. Income inequality in the United States is a byproduct of the rise of the creative economy. Income inequality is the greatest in the very places that gave rise to this creative economic transformation. Look, the way to make this plain is we are living through a period of economic transformation that is completely analogous to the rise of the industrial revolution. When it gave rise to the steel and auto, electronics and chemical industries it also gave rise to great wealth and productivity concentrated in the hands of a very small group of robber barons and the folks who worked for them. Workers were paid next to nothing. The rise of any new economic system has this inherent characteristic. The creative economy is benefiting right now a very narrow group of people and creating a real class divide in American society, manifest in the very centers of the creative economy.

The second point – and for all of us in the audience here, we know about this because we live in Washington, D.C., and many of you listening in will experience it –

the very centers of the creative economy are experiencing a level of housing unaffordability which is beyond the pale. When 55 percent of all new homes sold in the state of California last year go for over \$1 million, there is a real problem. How can a Silicon Valley, how can a San Diego, how can a Cambridge, Boston, how can an Austin, Texas, the areas where housing affordability is the worst, how can they attract new generations of scientists, engineers, technically competent people, artistic and cultural producers when they're being priced out? We are having virtually no discussion about these issues in the United States and they are slowing and threaten to bring much of our creative energy to a halt. Why? Because it's not enough to just tap and harness the creative talents of a high-end group. The real key to building a truly creative economy is to build a creative society.

And I want to end on this point and I want to say what the challenge to America is. Sure, we have to remain open. Sure, we need to attract foreign talent. Sure, we can't run our economy without it when 50 percent of our computer scientists are foreign born, 50 percent of our Ph.D.s in the life sciences are foreign born, 50 percent of our Ph.D.s in the physical sciences are foreign born, and most of the people that hold those positions in the United States today, who are natives, are baby-boomers who are set to retire in the next 10 to 20 years. So we face a talent crisis – what we've come to call a third deficit, a talent deficit which is bigger and more important and more threatening than the budget deficit and the trade deficit. But in order to address that talent gap we're going to have to begin to harness the talent and capabilities of the people who make up our cities, make up our urban fabric.

Here's the challenge: politically we can't build a creative economy on the backs of 30 percent of the population. And this is the most important message I want to leave everybody with. We couldn't do it in the industrial revolution. It took a leader on the order of Franklin Roosevelt to say, what we need to do in the United States is build not just an industrial economy; we can't let class warfare get in the way of this, we can't let labor and business beat themselves over the head; we have to expand the industrial economy in ways that allow more and more people, working-class people, to participate and benefit. That's the challenge that "The Flight of the Creative Class" raises and particularly in its last chapter. The real key is not only to attract the creative class to the United States or even to attract them from other places in the world to the United States and to our great cities; we have to build a creative economy that many, many more people can participate in and benefit from, one that truly taps and harnesses the creative capabilities of everyone if we're going to be successful.

That's the political challenge of our day. That's what mayors around the country, like Mayor Cicilline are working on, and that's the challenge that our country has to step up to the task and face.

MR. COCHRAN: Thank you, Richard.

And, Mayor Cicilline, do you want to comment on some of Mr. Florida's idea and how it's manifesting itself through your leadership and talent in Providence?

DAVID CICILLINE: Thank you, Tom.

We actually feel very fortunate to have had Richard in Providence more than a decade ago to really talk about ways that we can promote the rise of the creative class in our city. And this book that he's releasing today is a really important book for mayors all across the country. But as Richard said, it's really mayors that are doing this work right now. We understand the importance of promoting the creative class in our cities and we know the challenges.

One of the things that we're doing in Providence is we're really focused on sort of the basic things that people expect in a place that they want to live: good schools, good public space, safety, a vibrant arts and cultural scene, and a tolerance – an inviting and embracing kind of environment so that it's an attractive place for creative, talented people to want to live. And sort of by focusing on those investments and really building partnerships with some of our great universities like Brown university and the renowned School of Design, and Johnson & Wales, we've really begun to work to develop that kind of an economy, and we have now in the city of Providence almost \$2 billion of investment happening right now, which is enormous in our city, of new development, and it's because of the kinds of things we've done to really demonstrate that Providence is an exciting place to live, it's a safe place to be, there's a vibrant arts and cultural scene.

But all of that work that's happening in Providence and all the success that's happening in Providence and that's happening in other cities around the country, really guided in large part by Richard's work, is really being done on our own. We don't have, at the national level, a national urban policy. In fact, I think as the book "The Flight of the Creative Class" points out, there are many federal policies that are actually undermining the work that we're trying to do to attract the kind of talent that will fuel the 21st century economy.

So we're having great success in Providence and there are other cities that are having this great success, but we don't have a partner at the federal level. In fact, we're always responding to federal policies, kind of which fundamentally undermine what we're trying to do in terms of promoting this economy. And so I hope what this book will do is allow us to really engage our national leaders in this work and recognize that – we see it on the ground in cities all across this country what it means to have an economy made up of the creative class and the benefits that inure to the rest of the community with a robust creative class. But we're seeing this loss of, as Richard said, the kind of cutting edge, this notion that America is not inviting and not embracing, that we're not looking for the best and the brightest and people are going overseas to study at other universities. Those are things that ultimately are going to be felt in American cities.

So I really want to compliment Richard. I think this book comes at a very important time in our national politics, that we really need to have a better understanding at that level, at the national level, of how important this is to American cities.

MR. COCHRAN: We want to here from you out there, so send in a question by clicking on the “ask a question” button at the bottom of your screen. We have a studio audience today, and before I hear from them, I would like to make a few comments.

Richard, if you look at what you’re saying in your book, and you alluded to it, you’re saying that one quarter of all our scientists and engineers, 40 percent of all engineering professors, and more than half of all Ph.D.s and engineering computer sciences hail from foreign countries. I quote you in your book, “You don’t need to be a rocket scientist to figure out there’s one particular effective way to fill this gap: foreign talent.” I want to take the word foreign – foreign talent. Where is the icon in the public image that we have to bring foreign talent into the United States of America? I want to insert some numbers into this discussion: 9/11.

Before 9/11 we were very encouraged with the census that showed, for the first time in 50 years, more people were coming back to Chicago than were going out. But we have images on the television screen as we speak in Arizona where you’ve got a vigilante group stopping foreigners from coming into our country. We have an incredible situation where 9/11 and the Patriot Act has really made us ask some serious questions because of this terrorist situation we’re in.

Recently I was in Warsaw, Poland with the ambassador, Mayor Victor Ashe, and he said, I want to come and show you something. And he said, one of my big problems – I mean, you know, the Polish people are supporting the war in Iraq and they’ve been our friends; they fought with us in the revolutionary war, you’ve got statues around the White House, but the Polish people want to come to America. We saw lines of people lined up trying to work with their visas. We’ve also heard it from the tourist industry.

But what do we do – let’s get right down to the politics and how it affects the breakfast room table. You’re saying to us, come on in; bring your foreign talent on it, and Lou Dobbs every night is talking about outsourcing and how we’ve lost jobs in Ohio. And so there is confusion, and where is the icon? And we’ve got Oprah, some basketball players, football players and a few others, but where is the icon that says, bring your foreign talent? You’re saying in America today we have a talent gap. Has Georgia Tech failed us? Has Auburn failed us? Has MIT failed us? Bring in the foreign talent; we can’t produce it here. Bring them in from other countries. What is your comment to that?

MR. FLORIDA: Well, the federal government’s failing us because the federal government is saying that Georgia Tech and to MIT and to University of California Berkeley at Carnegie Mellon, where I taught for 20 years, even if you want them, you can’t get them in. And if you’re an eminent – we used to have a fast-track green card. If you were an eminent scientist or an eminent artist or an eminent musician and you came to the United States, you can get a green card. We heard yesterday from leading attorneys it takes those people five years to get a green card. They’re going to go back home or go to Australia, go to Canada.

I actually think the icon is George Steinbrenner. Take a look at the Yankees. You know, take a look at the Yankees. The Yankees and the baseball teams got this right. Somehow they're managing to get in the Matsuis and the Rivas and all of the Dominican and Latin American and Mexican and Japanese players. Take a look at the National Hockey League where 30 Finns play hockey in North America. So I actually think we could take a page from our sports teams that seem to have much less of a problem. I mean, if we can let in the basketball players and the baseball players, why can't we focus on the science and engineering? But I think it's a real crisis.

You know, Ken Pruitt, who used to be my professor at Columbia, says that we need replacement people. And unfortunately we do. And what I keep saying is we have to fix our primary and secondary education problem, but we better fix it in the next year if we're going to stop the flow of foreign talent. So that's the first thing.

And, look, I mean, I just have a couple of facts here: a 55 percent decrease in visas issued to foreign students since 2001 – 80,000 scientists and engineers, 125,000 fewer visa applications by foreign students. Applications by foreign graduate students fell 30 percent a year over the past three years, and we know last year one third of foreign students took the GRE. According to industry reports, just visa delays are costing American business \$30 billion. I don't say – this is but the tip of an iceberg. What we're finding is that people simply aren't even taking the time to apply or want to come here. They're saying – we had a conversation in Finland with the publisher of the major Finnish paper, who said to us, when he was young, he and all of his contemporaries did high school exchange in the United – think about this: he and all of his contemporaries did high school exchange in the United States, and in that case, every one of them went to Minnesota, for reasons that should be obvious to anyone who knows Minnesota and the Finnish. And he went to the University of Minnesota. He said not one of his friends is sending their kids on high school exchange to the United States.

This not only impacts our short-term economic performance, our short-term scientific performance, our short-term ability to attract the great artists and musicians and to have this influx of cultures and perspectives that create not only great scientific forums but great artistic and musical forums, it's going to undermine our status in the world as a place that people want to come into and believe in, and even when they go back home say, I had this amazing experience in the United States. I want to partner with the United States, do business in the United States, send my kids to college in the United States. It's this overall erosion.

And you're right, to answer your question: I can't see a single national politician who's willing to stand up and take this on because they're all scared. Every visa officer lives in fear that he's going to let in the next Mohammad Atta when in reality he's going to turn down the next Vinod Khosla, who founded Sun Microsystems and was the original angel investor in Google.

MR. COCHRAN: Well, that brings up – and we have a question from New York, New York from Alpana Sen. “How should our immigration laws be modified to address the challenge of sending jobs overseas?” This is an issue also that's come up with me in

the tourist industry. We are involved in the Travel Business Roundtable. This has to do with post-9/11. The question is, you know, how can we do exactly what you've said, making sure that we use precautions but still, you know, how do you say, make it a more effective way of bringing in talent?

MR. CICILLINE: I just want to say, I think one thing that Richard's – one point that Richard's book makes, and he just made it again, is it's not really so much about changing our immigration law. We have less people applying to come to this country. It's really about how do we create – how do we move away from this image that America now has of being isolationist, less tolerant, less engaged in the world community, more unilateral. I mean, those are the things that are making creative scientists and artists less interested in being part of this economy.

So it's really not so much we have less applications being filed because we are losing not staying in the world as being the place where the top-notch artists and singers, and scientists want to be. And so it's sort of more fundamental I think than just an immigration policy.

MR. FLORIDA: Let me say the ray of hope in all of this. This kind of less progressive feeling about the U.S. in the world – this – you know, we may have taken this for granted; we might have just sat on our butts for a long time and expected all of these talented and creative people to come here. And it may be that now that we have to get off of our butt and compete for them – and it's one thing to blame the federal government – which there is plenty of blame there, trust me. And if they just gave the immigration officers a signal – tone it down and to be nicer to people, and not to be so feared that if they are going to let in this next terrorist – just, you know, not everyone is a terrorist and you can treat people humanely, that would make a big difference.

The thing is that universities have to step up to the plate for the first time. You know, universities can't take for granted that all of these great kids are going to apply; they are going to have to actually go out there and recruit. You know, part of the problem is our universities are setting offshore branches. That is a whole topic for another webcast. But we are going to have to be more aggressive.

Mayors – I mean, I hate to say this but mayors are going to have to pick up the slack. I'm working with the National Council of international visitors right here in Washington, D.C., on their public and citizen diplomacy efforts because individual Americans – and actually there might be a silver lining here in that each of us have to become much more concerned. I think the mayors as a group – and the mayors as a group need to get on this because there are two things.

One, it's great that all of these talented people come to the universities. But Paul mentioned it, what fueled the growth of cities over the course of the 1980s and '90s? It wasn't Americans relocating. The cities that grew versus the cities that declined, there was one characteristic: they were the ones that attracted immigrants. And I want to say this – just be patient. We did a thing from Governor Vilsack in Iowa, which was

fabulous. And he wanted to make Iowa – before he caught a lot of political flack – the Ellis Island of the Midwest.

And we were talking about attracting the software people and the biotech people. And a young man got up in the audience – and I talk about him in the book and I'll never forget it. He said, governor, I want to tell you something. I graduated from Grenell College and five kids who graduated from Grenell College stayed in the State of Iowa. I'm a Mexican American; my parents came here without even high school or college degrees; all five kids who stayed in the State of Iowa were the sons and daughters of Mexican parents. And he said, governor, low-skill immigrants turn into – (chuckles) -- high-skill immigrants.

So the point is it's not just keeping out the talented tenth; it's a policy, which makes – and immigration numbers on the whole are down by the millions. And for cities, being able to attract immigrants across the board is a critical, critical factor.

MR. COCHRAN: Richard, you paint a picture of young people in America and young people in Latin America – educated, bright, planning their future. And what you're saying is people are looking at America and they also look at elsewhere. And so a person decides now America or non-American is to whether I'm going to spend my early life in Ireland or Vancouver rather than, you know, the United States. Is that – I find, for example, when I travel abroad, so many people in the governments have been educated – in foreign governments have been educated in college – in college. They have got Cornell, Grenell, Oklahoma – you can go right down the line.

We met with the president of Singapore. He said, you have got the greatest colleges in the world, but when it comes – some zero, you know, K to 12, you really are sucking. (Laughter.) So we all have been dealing with that, trying to – but what is happening with the young person now that is 24, 25 years old, who probably will not have a baby, okay, until he – she – he and she, or whatever are – or like 35 or 40 years old. There is more benefit to move around and they are choosing Vancouver and Ireland over Wichita and Cedar Rapids, right?

MR. FLORIDA: Well, you – that is it. The creative class is a global class. The labor market for these people is worldwide. It is no longer that America is the land of every opportunity. We talked with an Indian – and Indian fellow formed a high-tech company in Northern Virginia. He said, when he graduated 25 years ago, 85 percent of the class at the Indian Institute of the Technology came to the United States; it's now down to under 30 and it's falling.

MR. COCHRAN: It's a culture war. Well, Starbucks is everywhere. Okay. We know that, right. It's in Fairfax, it's in Prince George's – is it the – why don't people want to come and live in the United States?

MR. FLORIDA: It's two things. There is more opportunity elsewhere, and that is key. Other places are better places to live. The cities are great; they mayors of – and I'm not that concerned. Not to say that India and China aren't great economic powers. They

are going to grow, they're going to do wonderful, they are going to upgrade. I'm not so concerned about the outsourcing of lower-end jobs there. And they are going to attract back some Chinese kids and some Indian kids.

It's really this fabulous cities like Sydney and Melbourne – you mentioned Vancouver – Dublin that can compete at the world scale. And the point that the book makes – and we go overboard on this – is the U.S. going to lose to China? Is it going to lose to India? Oh, my god. And one of the reviewers, a critic on the right, said, does Florida really believe Belgium is going to overtake us in its crazy flight of the creative class? No. Belgium isn't going to overtake us.

The point is if each one of these places takes two, three, four, five percent, cumulatively, the damage is done. But your point is right. When I was young and growing up in New Jersey, I looked at New York City as a place to live. I kind of look up towards Boston -- I didn't know what was there -- and I always thought Washington, D.C. It was this megalopolis that was my location choice. Nobody even moved to Los Angeles.

When we wrote, "The Rise of the Creative Class," people were looking at San Francisco and Chicago, and Providence, and Seattle. Now young people in the United States and around the world are looking at the world. There is not one person we interviewed who didn't put – in the United States – who didn't put an international city somewhere on their list. This was shocking to me.

MR. COCHRAN: Incredible.

MR. FLORIDA: It was incredible to me that somebody would say Sydney, somebody would say Toronto, somebody would say Amsterdam. And what is interesting is when we talk to these kids in Indiana at this dinner I talk about in the book, every kid had friends and a network in these countries. It wasn't like me where my whole network was 10 miles around my parent's house. Every young person because of the Internet and friends, and networks, had networks and they were saying I could just as easily move to Melbourne as I can move to Providence. Well, for cities, that means that mayors are up against this very, very greatly increased competition.

And the point about young people is that when young people make a decision on where to live after college – it's not saying that everybody is going to stay where they go, but lots of them are. (Chuckles.) And that is the point. Some are going to go home for sure. But the places that get lots of young people after college like this Washington, D.C. metro – not everybody stays for 20 years but lots of people stay.

MR. COCHRAN: They say if you stay in Washington for five years, you don't leave. It's Potomac fever and it's probably the same thing in Dublin or in other places.

MR. FLORIDA: So that is the point. If they can grab these young people and capture their attention, they get an advantage.

MR. COCHRAN: We have a question from the audience. Mr. Anderson.

Q: Yes, thank you. Mr. Florida, I think that you have a very compelling set of evidence to support your thesis here. And I'm looking at this international scene and you're looking at international or foreigners not coming here. I want to redirect my question to look at the American youngsters – the youth of American who will – some of them very well will stay.

When I was a young boy growing up in New Jersey as well, one of the most compelling things about the United States was that we had created a political and a business environment that really gave an incentive for people to go out and do something different. So there was always an opportunity, and that was one of the wonderful things about growing up in the mid-Atlantic region for me.

So I'm concerned about what is going to happen in the future here so I have my question – really two parts. One is, are there not limiting factors to the ability of American youth to flee as a creative class such as nationalism -- there might be some more things -- and they can be weighed against the advantages that those people look at to leave. But aren't there some constraints?

And I think, secondly, haven't many of the cities that have prospered internationally – have they not really mimicked a lot of what made American cities work to begin with?

MR. FLORIDA: The second question first: yes. And they have gotten hip to what made America great. I mean, for so long I said we could take this advantage for granted because no one understood the third T. We're the only country in the world that understand it wasn't just technology, it wasn't just human capital development. I mean, we have stunk at human capital development – as Tom pointed out with another word – for a long time but we were able to compensate for our own – I mean, I am a product of bad schools. We could talk about that. Mine was made up in college. We stunk at primary and secondary education or at least parts of primary and secondary education for a long time. We could make up that gap by attracting people.

What other cities have learned is they can play this game too and they can play it very well, and they have fine places to live and great parks and they can become more open; they could learn the third T. And actually, some of them, like the Canadian cities, are getting better at that third T than we are. So they have learned that.

The second thing is I think you're right about limiting factors but I think we live – and I'm going to say this baldly because we're all friends and folks who are tuning in– are thinking about this – we have got a class divide in our society. Let's just make it plain. The people who are in the creative economy -- in Boston and Providence, and Washington, D.C., and San Francisco – and the people who are not in the creative economy.

The people in the creative economy have high incomes, they have great life chances, they can afford to buy into this expensive housing market; and the folks not in the creative economy see their life chances going down and they are getting madder and madder, and madder, and madder, and they're scary. And what is happening is those are the people whose life chances are most limited and most likely to stay here while the creative haves are the ones who have the most mobility.

I'm not trying to paint the gloom-and-doom scenario, but just play that out for a little while. If the United States becomes less tolerant and less open, and less immigration friendly, if some Americans – and I don't think it has to be them –. What if Vinod Khosla chose not to come here or the founder of Google or Hotmail, or eBay decided not to come here; or what if a half-dozen of our leading artists or musicians, or technically talented people chose to relocate. I mean, all it took to put U.S. physics at the world frontier was Einstein and Fermi – two people.

So think about it. It doesn't have to be wholesale migration that would change this dynamic but the people who are going to be the most limited are the people who are not in the creative economy. That is why politically we have to reach out to them and include them.

MR. COCHRAN: We have a question from – another question from New York. How do you explain jobs being retained in the USA when there is such a gap in wages between a U.S. employee and an overseas employee even in the core services sector? What policy changes would we need, if any? This is from Shipra Sen of New York, New York.

MR. FLORIDA: The answer to that is cities. The reason the U.S. has been able to achieve high productivity is simple – and Robert Lucas who won a Nobel Prize framed this. "It's cities." And that's - what creates productivity in the United States are the advantages that come to putting many, many, many, many creative people, some with Ph. D.s and some which may be street-level musicians and street smart – putting them together in these great urban centers – urbanization economies is what lies at the root of U.S. productivity.

In terms of public policy changes – the book says it, don't forget it – what we need in the United States is an urban policy that is no longer a social policy. Urbanization economies are the cornerstone of U.S. competitiveness. I hope everyone understands what I'm saying. It isn't technology, isn't innovation, it isn't R&D – they're important contributors – but urbanization economies are where productivity gains come from. That is why we can out-compete lower-cost foreign places. We need to make urban policy a key aspect of the U.S. economic competitiveness policy.

MR. COCHRAN: I have got another question from – we have some questions from the audience but I am respecting the ones that have come in on the Internet. You have talked about how your previous book is different from this one. But what sectors do you see the job's growth in the future and how does our education system need to change to deal with those – that job growth?

MR. FLORIDA: We're going to grow jobs in two sectors of the economy. Manufacturing is going to continue to decline, regrettably. My dad worked his entire life in a manufacturing company. We're going to grow jobs in the creative economy that pay extremely high wages and that are very good jobs, although people will have to change those jobs very frequently. We're going to grow jobs in the service economy – lots of them.

What I think the United States needs to do is not complain about outsourcing and bemoan the loss of good high-paying manufacturing jobs, but turn the service economy jobs into good jobs. You'll probably remember this line but I'm going to say it – it's not like you can outsource the woman who waxes your eyebrows. Does that make sense to everybody? The person who cuts your hair or maintains your lawn or waxes your eyebrows – that job cannot be outsourced. Those jobs have to be made what my dad's blue-collar manufacturing job. So that is number one.

We have to turn service economy jobs into better jobs and we have to do one other thing. You mentioned about education. We have to change our badly, badly broken education system. And we have to make it the kind of education system that doesn't teach people in classrooms just rote learning -- you have to need the basics - but acts on the creative energy of every kid. That is a big, big shift.

I wish the mayor would talk about the schools in Providence and how they have begun that transition.

MR. CICILLINE: Yeah, as you were saying – I mean, that is one of the things – again, we don't have a national policy that supports that; we have a national policy that is not funding this major reform effort with No Child Left Behind - the first time in our country where we said every child can learn, every child can achieve high standards, which was a major change in public education and a good one but then didn't provide the resources at the national level to make it a reality. I mean, we're doing it in Providence for the first year – last year. Every grade of every subject that was tested showed statistically significant improvement. We're doing that work, but it's really – again, not with a partner at the federal level. It's by ourselves working with teachers and principals, and the superintendent and the community to do it, and I think it's the single greatest challenge we've faced in cities all across this country is how do we continue the progress that we're making in public education.

MR. FLORIDA: And as cities become childless. As we know, in many cities around the country that have experienced the Renaissance among single people, young people, the gay and lesbian community – our major creative centers – are increasingly becoming childless because they can grow without having to invest in – the metro gets families in the metro suburban school systems. One of the things that is so important about Providence is with those met school that focus on educating kids around a specific area – technology area and arts area, and harnesses their creativity not just in a classroom – your school's initiative. That shows that you can do it in an urban area; you can make

schools a win for the community and a win for kids, and that is just so critical. But those are only very small-scale local examples. We do need national efforts.

MR. COCHRAN: And we know within our own organization – Mayor Daley of Chicago has been our Moses for educational reform. You are right; it's coming bottom-up. We can't wait for Washington to do it. So we are encouraged but we have a long way to go on education reform.

We have another question from the audience.

Q: Mr. Florida, you mentioned in your book that about a dozen U.S. metro areas are the ones that are capturing a lot of the talent, seeing most of the growth. What advice do you have for mayors and citizens of the other metro areas? How do they get started in assessing increased participation in this creative economy?

MR. FLORIDA: Well, I think there is two things. I think mayors are doing this. Mayors need to take a good hard look at their city in terms of the three Ts: technology, talent, and tolerance. And in the main I think for most of these older towns, tolerance is the big constraint. People are leaving those cities not because there is not enough Starbucks or not enough nightlife venues; it's because they can't be themselves. It is why people move to Washington, D.C.; that is why people move to San Francisco. They could be themselves – whatever that self might be. Most cities – the older towns have to look at the tolerance. There are a few towns in the country that are Meccas of tolerance and openness, like in Miami; they have got to build up technology. But in the main, I think it's the tolerance thing.

The other thing that I think is the big challenge facing cities are two. One, cities are being split by class. We have got to figure – right here in Washington, D.C., where we sit, it's becoming a terribly class-divided city. It amazes me how divided by class this city is even in neighborhoods that might be ostensibly diverse by ethnicity, race, sexual orientation. It's a fundamental class divide. And the way we're going to have to address that is by dealing with those service jobs.

And this is what puzzles me: why is there not a national-level politician who has figured out what Roosevelt figured out in the '30s or what Lincoln figured out in the 18 – in the mid-19th century. You have to build a political movement by reaching out to lots of people and broadening your base. Instead of playing on the fear of these people – I can't fit in, I'm not going to make it, I'm falling behind – someone has to offer a positive blueprint for the future, and it's by going to these folks who are being trapped in service-economy jobs. That is the largest group, bigger than the creative class.

The creative class is going to drive the wealth generation, but the service class is the support infrastructure. Those jobs can become good high-paying, excellent jobs and actually can reward human creativity much more than the kind of job my father did in a factory. We have to broaden the base in cities and I think acting to make those service jobs better is a real critical component of it.

MR. COCHRAN: I think it's time to wrap up and to thank our participants on – one last comment and question, Richard. Would you - don't you agree with many or at least with some of us that 9/11 has really affected what you're talking about? If we had not – if we didn't have 9/11 and the fear that has been permeated into a situation - where have changed soccer moms to security moms - that there would be more tolerance and less fear? How do we deal with what 9/11 has done to us as an American people, especially the young people, and the fear that we have from terrorists? With the television that we have, we see it every day. What is your advice on the whole cultural feeling in the country about this?

MR. FLORIDA: I grew up – I watched the World Trade Center be built from my backyard. I watched the World Trade Center come down. I devoted my time pro bono to the effort to remake the World Trade Center site into a creative area and I'm not saying we won the day but we won a lot of that debate in New York City. I was amazed how quickly people turned around and stopped being scared, and got on with rebuilding. It's what my dad told me about what happened in Europe after the war.

People are amazingly resilient and will rebuild and remake their communities. Look at what is happening in parts of the Middle East right now. I mean, people are rebuilding losing tons of family members. Look at what is happening in the wake of the tsunami. People are amazing – and Jane Jacobs talked about this – amazing at the ability to build and rebuild their community. I actually don't think people are that scared, Tom. I think our government is scared. And where I hear the fear from is the executive branch – with all due respect – from the executive branch of this country and I find this fear-based thing – it's a great way to win votes.

You can play on people's anxieties and fears but you can only do it so long. And the real challenge for national politics is sooner or later someone is going to come along and say what Abraham Lincoln said: we don't have to be stuck in a broken civil war economy; we can all be one America. Or somebody is going to come along and say what Roosevelt said – you don't have to be – I mean, think about what Roosevelt did whether you like the guy or not. He took an economy that was in the depths of a depression in a class war and said, come on, blue-collar people, you can be part of this industrial economy.

Someone, somewhere, who is going to have to say at the national level, we can make this creative economy benefit each and every single American. But until we do that, the fear, the anxiety, to scare on people who don't have the skills, who don't have the ability, who feel that they are falling behind – whether it's 9/11 or the fear of the gay community, or - in the case of this election – the fear of documentary filmmakers and artists, you know, they are going to have the politics of fear.

And I what I want to say is this is not just – you can't just blame the president on this one. For all of my friends on the left, you can't just blame President Bush. There is certainly a lot of blame – you have got to blame a little bit the other party – the Democratic Party and here is why. The Democratic Party should be the place that is offering a message of hope and inclusion of a better way. The Democratic Party should

be the place that is building this kind of constituency. And right now, unfortunately, that part of the political spectrum is a little bit silent – I'm not saying mayors – nationally.

This can be a bi-partisan thing. In the story I tell about Pensacola – if you don't read anything, read that damn story where I talk about going to Pensacola in this book. And we started to talk about Pensacola and I couldn't tell you who was Republican or a Democrat. I didn't know the guy who ran the major institute was a Republican, serves on the Bush National Science Board. I thought the rich real-estate lady was sure to be a Republican; he had to be a Democrat. I got them both wrong.

When we talked about national politics, I thought we were going to get involved in a fistfight. People can – you see it, right, David? On the local level, the party politics stuff goes away and people want to get on with building; at the national level, we have this class political war. If we can just take the examples of how to build communities – I know it's hard – and scale them up and make that case, we can overcome this fear. But if not, boy, I hate to think what we're going to face.

MR. COCHRAN: Well, we know, we appreciate you using Mr. Steinbrenner as an icon, but we also know and we believe that we have mayors that are of the icons of this movement too. We have the Austin, Texas, we have Seattle, we have Mayor Cicilline and others. And if we're going to work our way out of this, we know that the mayors will do it. When we were in fear of the Russians and the hydrogen bomb, we sat aside and let the Japanese take over the economy. And in the '70s with everything the Japanese had done. We cannot let 9/11 put the fear of God in us to stand still.

We have got to move on, otherwise, we know – and mayors know this as they are becoming very much into the global economy that America must go forward, and whatever works at the local level, we must continue to work and not let this national discourse on the culture of life, and everything that we have seen in the past few weeks deter us from our goal of doing exactly what you're saying – bringing the best and the brightest to make the cities of America outshine and be right there with London and Vancouver, and Sydney, and Melbourne.

We thank you today for watching “U.S. Mayor Vision Live,” brought to you by the United States Conference of Mayors here in Washington. And we appreciate the New American City for sponsoring this along with KnowledgePlex. Thank you. And on behalf of the Conference of Mayors, I say good day. (Applause.)