Paris -
Île de France
Capitale
Économique

Silicon Valley: A model cluster ?

Insights from Margaret O'Mara, Professor of American History at the University of Washington.

IA

03/02/2026

Interview conducted on 02/10/2025

Paris -
Île de France
Capitale
Économique

Silicon Valley:
A model cluster ?

Insights from Margaret O'Mara, Professor of American History at the University of Washington.

Interview conducted on October 2, 2025

Margaret O'Mara is a leading historian of Silicon Valley and American technology policy, and a professor at the University of Washington. She is the author of *Cities of Knowledge: Cold War Science and the Search for the Next Silicon Valley* (Princeton University Press, 2005) and *The Code: Silicon Valley and the Remaking of America* (Penguin Random House, 2019), among other works. In this interview, she reflects on the historical forces that shaped Silicon Valley, the role of government, universities, immigration, and agglomeration effects in innovation ecosystems.

Her insights provide valuable perspective for Greater Paris: not as a blueprint to replicate Silicon Valley, but as a historical lens to understand how innovation ecosystems emerge, evolve, and how Paris can build a distinctive AI model rooted in its own strengths.

SILICON VALLEY - Analysis of the flagship cluster

In your historical perspective, which factors explain why Silicon Valley became a global innovation hub?

When we look at the rise of Silicon Valley, there are really three main ingredients that you also find in all successful innovation hubs.

First, there was **money**, which initially came in the form of **massive government investment**, especially in the 1950s and 1960s. Defense spending during the Cold War channeled enormous resources into advanced technologies. This public funding, combined later with the emergence of venture capital and private investment, created a very strong foundation for innovation.

Second, you had **world-class universities** and **research institutions**. These institutions were outside the market logic but absolutely crucial. They trained highly skilled people, produced cutting-edge research, and also connected with the R&D of large corporations. Stanford University and UC Berkeley were particularly central.

Third, **it's about people**. Silicon Valley attracted a remarkably diverse population: people coming from different regions, different countries, different backgrounds. It wasn't just about money and institutions, but about the quality of place: accessibility, affordability in the early decades, and an environment that made it possible for people to experiment.

If you look at common traits of innovation hubs more broadly, they always involve **invention, artistic creation, and migration**. The experience of immigration — arriving in an unfamiliar place, choosing to take a risk and start anew — is often central. It produces people who are networked, flexible, and willing to reinvent themselves. The presence of foreign-born workers has also been essential in shaping Silicon Valley's entrepreneurial culture — a culture that celebrates risk-taking, iteration, and disruption. Immigration doesn't just supply talent; it reinforces a mindset that sees uncertainty as opportunity and values experimentation as the path to innovation.

And finally, one last point: **all of this takes time**. Silicon Valley's success was not the result of a single moment, but of several generations of technological development. It took decades to become what it is today.

Historically, tech companies were seen as close to the Democratic Party and rooted in a progressive state (California). How do you interpret the current shifts with parts of the Valley (including some of its most prominent figures) leaning toward Trump and conservative positions? Will this realignment (economic interests, regulation, geopolitics) reinforce the role of federal funding or mean a retreat of the state in favor of private giants?

Traditionally, Silicon Valley has leaned Democratic, and the tech industry overall is still more aligned with the Democratic Party. That said, in recent years we've seen some high-profile tech leaders moving toward Trump or conservative positions.

Why? Largely **for business reasons**. What many in the Silicon Valley took away from Trump's first term was that he governed in a highly transactional and unpredictable way, and they needed to stay in his good graces in order to protect their professional and personal interests. Yet Trump's stance on **regulation** was also important. For leaders in industries like AI or cryptocurrency, the appeal of a less regulated environment is very strong. In a departure from the tech-friendly days of Clinton and Obama, the Biden administration pursued a more antimonopoly, regulatory agenda. That created tension with some in tech, who saw Democrats as more skeptical of their economic power.

It's important to draw a distinction: the industry as a whole (engineers, rank-and-file employees, the broader ecosystem) still leans Democratic. They are vocally protesting Trump's immigration policy, for example, and expressing reservations about an unregulated AI economy. But some very prominent executives and investors have thrown their support to Trump, because they view him as more willing to let their businesses flourish without constraints, and they worry about how he might retaliate if they are not allied with him.

Take the case of someone like Sam Altman: he may not personally embrace Trump, but he has pragmatic reasons for supporting policies that could favor AI's rapid development. And Trump, for his part, is promising to invest heavily in AI infrastructure and protect American firms from Chinese competition.

So it's less an ideological realignment than a pragmatic, interest-driven one. Tech leaders are evaluating which political environment will best serve their business interests. The political climate surrounding the tech sector (once the "golden child" of American capitalism) has changed dramatically since Donald Trump's election in 2016.

The big tech companies now find themselves in a dual position: on one hand, they present themselves as responsible corporate citizens, willing to engage with regulation, especially on issues like AI safety or content moderation; on the other hand, they continue to operate according to old habits, seeking to expand their market dominance and resist constraints on their business models.

Silicon Valley was built on international talent and immigration. How do restrictions on visas and skilled migration (especially under Trump-era policies) affect the Valley's capacity to renew itself? Do you see new destinations benefiting from this relative closing of the US?

Restrictions on visas and skilled migration are significant. That said, Silicon Valley has proven remarkably resilient. There is so much capital, institutional strength, and accumulated success in the Bay Area that it continues to attract people despite the barriers.

At the same time, in the last 15 years we've seen the rise of other clusters around the world: Toronto, London, Bangalore, among others. These hubs benefit not only from local investments in education and research but also from the fact that talent is globally mobile. There is a symbiotic relationship between them and Silicon Valley: people, capital, and ideas move back and forth.

Silicon Valley is not just a place; it's a global network. Even if the U.S. becomes more restrictive, the Valley still exerts enormous influence through diaspora networks, through its companies investing abroad, and through the global circulation of knowledge and capital.

Do you see new models of innovation ecosystems emerging in the U.S. that differ from the Valley?

In some ways, Seattle is the closest parallel to Silicon Valley, with Amazon and Microsoft playing the role of anchor companies, and a strong university presence. But the big difference today is that **the U.S. tech landscape is dominated by a handful of very large firms** (what people now call the "Big Five" or the "Magnificent Seven"). Their scale and influence make it harder for smaller, independent hubs to emerge in the same way the Valley once did.

There have been efforts to diversify innovation geographically and to spread tech wealth.

You see interesting ecosystems in places like North Carolina, with roots in textiles and advanced manufacturing, or in Austin and Denver, which have attracted both startups and big firms. Federal programs have also aimed to support the creation of new innovation hubs, although some of these were scaled back or shelved during the Trump administration.

At the same time, this is a somewhat pessimistic moment for the U.S. Innovation still happens, of course, but the extraordinary concentration of capital and talent in a few places makes it difficult for new regions to compete.

CITIES, CONCENTRATION - the role of agglomeration effects

From your research, how important were physical place, territorial anchoring, agglomeration effects, and geographic proximity in the rise of Silicon Valley? Is it still the case, given that in the era of cloud computing and generative AI, where tools seem geographically "de-localized"?

It is very important. Even though people have been talking about remote work and digital networks since the 1980s, the reality is that **place still matters enormously**. In Silicon Valley, the physical proximity of companies, universities, and investors created a dense ecosystem where ideas and people could move quickly.

Geographic closeness enabled workers to switch from one company to another, bringing knowledge and networks with them. Even in an era of virtual companies and cloud-based tools, the power of place remains very strong.

It's important to remember that the Valley is still largely suburban : business parks, campuses, offices spread across the region. But proximity is not only about office buildings. It's also about having a **vibrant culture** and **quality of life** that attracts people and keeps them there. Restaurants, urban energy, and cultural diversity create the informal meeting places and creative ferment that fuel innovation.

Conversely, what are the downsides of concentrating innovation in a few metropolitan hubs?

Concentrating innovation in a few places creates a very unbalanced economic landscape. Public resources, infrastructure, and talent often flow disproportionately into these hubs, while other regions are left behind. You can see this not only in the United States, but globally. Take Bangalore, for example: it has become an extraordinary center of innovation, but it is also marked by stark inequalities and uneven development.

From a public policy perspective, the challenge is how to balance investment. Governments should think about how to encourage entrepreneurial activity across a wider range of places, without expecting that every city or region will become the next Silicon Valley. **Not every place needs to be a tech hub, but every place can benefit from innovation and opportunity**.
It is like a sandbox: governments can create spaces where engineers, companies, universities, and even international organizations can experiment and collaborate. That was the spirit of mid-20th-century public investment in research and technology. But back then, the process was not well organized: a lot of money was spent on these experimental spaces but it was not distributed evenly across the national territory.

Currently, American policy still supports concentration of innovation in Silicon Valley, or is there a trend toward deconcentration and regional diversification ?

On the one hand, Silicon Valley remains the symbolic and practical center of American tech. Decades (almost 80 years of sustained investment in higher education, research, and defense contracting) have created an unparalleled ecosystem. And the Valley still benefits from that long-term accumulation of resources.

But we are in a very **unpredictable moment**. The Trump Administration's immigration crackdown is destabilizing international student programs and the flow of skilled workers into the U.S. That unpredictability is damaging for universities and for companies that depend on a steady stream of international talent. It raises questions about whether the U.S. can maintain the same kind of open pipeline that fueled the Valley's rise.

At the same time, the largest companies (the big tech giants) are richer and more powerful than ever.
They anchor not only Silicon Valley but also Seattle, which has become another hub thanks to Amazon and Microsoft. The dominance of these firms reinforces concentration, even as smaller ecosystems across the country try to grow.

The scale of current investment in AI is extraordinary : by some measures, **U.S. private investment in AI today is ten times what the government spent to send a man to the moon.** That's an astonishing figure, and it highlights how much of the infrastructure for the next wave of technology is being built in just a few places.

What remains unclear is whether AI will lead to a broader diffusion of innovation or reinforce concentration even further. Technology has always been a cyclical field: moments of great promise followed by periods of disappointment. So while there's massive investment and extraordinary potential, **the long-term impact on the geography of innovation is still uncertain**.

PARIS - lessons from Silicon Valley

Based on the long trajectory of Silicon Valley, what general lessons could a European hub like Paris draw for structuring its own AI ecosystem?

One of the key lessons from Silicon Valley is that it built on its historical strengths. In the 1950s, the region specialized in small electronics and military technologies; later, it developed expertise in computing and software. Every region has its own history, culture, and areas of deep expertise, and these can form the foundation for future innovation. **Research parks, universities, and industrial clusters are most effective when they are rooted in the economy, society, and history of the region**.

For Paris, the challenge is to leverage existing strengths while creating an environment that is attractive for talent, both from within France and internationally. This means designing policies and programs that encourage mobility, collaboration, and entrepreneurship.

European hubs can also learn from the Valley's emphasis on entrepreneurial ecosystems, both national and international.

Innovation is not just about technology; it's about people. **Creating networks where engineers, researchers, investors, and startups can connect and experiment** is crucial.

Finally, there is a lesson about **timing and opportunity**: regions should look at moments of brain drain or global shifts in talent and capital as opportunities to rally skilled people and build momentum.

What are the pitfalls that Paris should avoid when looking at the American experience?

In Silicon Valley, infrastructure such as public transportation is often inadequate, and many neighborhoods are extremely expensive or poorly connected. Investing in technology alone (for instance, building a research park) does not automatically create a thriving ecosystem for the long term.

A truly sustainable innovation hub requires attention to **urban planning and the broader environment**. This means creating livable, vibrant neighborhoods, accessible transportation, cultural amenities, and spaces where people can live, work, and interact. If these elements are neglected, you may have impressive buildings or high-tech facilities, but the ecosystem will struggle to retain talent and foster the kind of spontaneous creativity that drives innovation.
In short, it's not enough to replicate Silicon Valley's tech infrastructure; you need to invest in the human and urban context that makes innovation possible over decades.

What unique strengths could Paris and Europe leverage to build a distinctive comparative advantage, rather than trying to replicate Silicon Valley?

In Paris, there are state resources and robust urban infrastructure. It also has a well-established tech ecosystem, with global companies like Meta and Microsoft present, which can act as anchors and catalysts for local startups.

To build a distinctive advantage, Paris should focus on fostering startup spaces, accelerators, and programs that connect young entrepreneurs with funders, mentors, and experienced innovators. Recognizing and nurturing the talent that already exists in the region is essential.

Universities and research institutions are critical, not just for training the next generation, but for creating environments that allow creativity, experimentation, and collaboration. It's not about building traditional research parks; it's about **designing places that combine infrastructure with vibrancy, culture, and networks**, what one might call "**glamouration**": where people want to be, exchange ideas, and innovate together.

The US has historically fostered risk-taking and rapid scaling through venture capital. Europe is more cautious and regulation-heavy. Can Europe develop a distinct model of innovation clusters, or is the American model still dominant?

Silicon Valley certainly has a strong business culture. Venture capital has been incredibly successful in the Valley, and that culture encourages entrepreneurs to move quickly, chase new opportunities, and sometimes take big bets. But even in Silicon Valley, there is a degree of conservatism: **investors often follow trends**, invest in similar areas, and try to maximize their chances of success rather than innovate radically. Regulatory constraints tend to be seen as something to work around, rather than as a guiding principle.

Europe, by contrast, has a different set of strengths. Its approach is more cautious and regulation-heavy, but that does not have to be a weakness. Thoughtful regulation can create trust, sustainability, and long-term stability; qualities that the American model sometimes overlooks in its pursuit of speed and scale. I think Europe absolutely can develop a distinct model of innovation clusters. It doesn't need to copy Silicon Valley. European ecosystems can combine deep expertise, high-quality institutions, and a supportive regulatory framework with vibrant entrepreneurship. This could produce innovation that is more responsible, resilient, and socially embedded, rather than just fast and speculative. In that sense, the European model doesn't have to apologize for its regulatory orientation: it can be a competitive advantage.

Do you see opportunities for cooperation or complementarity between Silicon Valley and European AI clusters?

It's important to remember that Silicon Valley itself was built through networks and cooperation. In its early years, **it relied heavily on connections with Boston's universities, financiers in New York, and policymakers in Washington**.

Every tech company is embedded in a broader ecosystem of relationships (people, money, and ideas flowing across regions). The same principle applies today; the relative closure of the U.S. to immigration or new investment is unlikely to be permanent.

Paris doesn't need to aim to become "the next Silicon Valley." Instead, it can develop symbiotic relationships with the Valley and other global hubs. This could take many forms: facilitating the geographic flow of talent, encouraging cross-border investments, creating joint research programs, and fostering networks for knowledge exchange and collaboration. **Cooperation is not imitation**: it's about strategic connections that allow each hub to leverage its unique strengths while remaining part of a global system of innovation.

Paris-Île de France Capitale Économique (PCE) is the innovation lab for the attractiveness of Greater Paris. Founded in 1991 by the Paris Île-de-France Chamber of Commerce and Industry (CCI) alongside around thirty major French companies and supported by the Greater Paris Metropolis, PCE analyzes the trends and factors shaping today's and tomorrow's most attractive cities. PCE identifies key challenges and proposes concrete solutions to help Greater Paris and its stakeholders anticipate major transitions and assert their leadership on the global stage.

PCE carries out three core missions:

- Prospective monitoring and international benchmarking on the key factors driving the attractiveness of global cities.
- Organizing working groups led by economic actors to develop actionable strategies and implement pilot projects within Greater Paris.
- Showcasing the expertise of our Grand Paris Makers®, by hosting conferences and seminars, welcoming international delegations, and organizing learning expeditions.

Paris-Île de France Capitale Économique

Editor
Paris-Île de France Capitale Économique
2 place de la Bourse - 75002 Paris
contact@pce-idf.org

Managing director
Chloë Voisin-Bormuth
Redactor
Anaïs Jardin
Communication
Louise Limare
Louise Tirvaudey