

# THE NEXT AMERICAN CITY

A "subtle plan to change th  
The New

[SUBSCRIBE](#)
[WHO WE ARE](#)
[GET INVOLVED](#)
[ARCHIVES](#)
[OP-ED](#)
[CONTACT US](#)
[CONTENTS](#)

Issue 9 - Segregation & Integration - November 2005

## Features

- » 15 MINUTES WITH: Alex Polikoff
- » BEYOND BLACK AND WHITE: Latino Segregation in North Carolina
- » CORPORATE RETAILERS AND THE AMERICAN GHETTO: How Starbucks May Help Save South Central
- » The Dilemma of the Black Middle Class
- » SOMERVILLE, MASSACHUSETTS: The Next Front on the Zoning Battle
- » LAWYERS AND SOCIAL CHANGE: Taking the Long View in Baltimore
- » RUNNING IN PLACE: Saul Alinsky and the Dilemmas of Race
- » INTRODUCTION: The Continuing Reality of Racial Segregation

## Departments

- » LAW: Condemning the Condemners: The Supreme Court's Decision in Kelo and Its Aftermath
- » DOWNTOWN: Living on the Loop: From Office Towers to Residential Condos in Downtown Chicago
- » HOUSING: South by Northwest: Vancouver Sets the Town for U.S. Downtowns
- » COMMUNITY: Skywalking: An Inside Look at the Interstates of Downtown Minneapolis
- » SIDEBAR: Using Developer Exactions to Build New Parks
- » PLANNING: Its Own String of Pearls: Redeveloping Atlanta's Beltline

## Reviews, Etc.

- » LAST EXIT: Denver's Do-It-Yourself Developers
- » REVIEW: Richard Lord, Predatory Lending and the Foreclosure of the American Dream

## REVIEW: Richard Florida, *The Flight of the Creative Class*: Why America is Losing the Global Competition for T

by Mackenzie Baris



New York: Collins. 336 pp. \$25.95, Hardcover.

In *The Flight of the Creative Class*, Richard Florida reaffirms the ce arguments of his much discussed and debated first book, *The Rise of the Creative Class*, and extends them to a global scale. "The key factor in global competition," Florida states, "is no longer the trade of goods and services, but the competition for people."

Florida's "big idea"--one which has made him an academic rock-star--is that creativity is the most important commodity in our economy, and that the economic health of a place--be it a city, region, or nation--depends on its ability to attract creative people. In the new "creative economy," cities choose to relocate to the place with the best pool of talent. Talented people, in turn, are drawn to places that are dynamic and creative. Diverse cities, with high numbers of immigrants, artists, and gays, thus flourish economically, creating more jobs, more patents, and more wealth.

Having acted as a consultant to hundreds of cities across the country, Florida has become as much of a celebrity as one can be within the world of urban planning. Florida appears eager to expand not only the scope of his ideas, but also the realm of his influence. This is not a book aimed at urban planners or city leaders: while he reaffirms the importance of cities as "cauldrons of creativity" and briefly discusses their role in attracting talented people to a nation, Florida's main focus is on national social and economic policy. In part, he addresses the nation's political leadership on how to make the United States more creative so that it can retain its competitiveness in the global economy. To his credit, though Florida wants to see America succeed, Florida does not espouse extreme nationalism. And because Florida apparently believes that global competition is not a zero-sum game, he does not suggest that as the U.S. gets better, other countries will do worse.

Florida argues that, thanks mainly to our history as a nation of immigrants, the U.S. has had the market cornered when it comes to global talent and creativity. But this is no longer the case. In classic Florida fashion, a mountain of statistics--culled from several years of data collection and other scholars both in the U.S. and abroad--to support his argument that the global creative class. The results: the U.S. ranked only 4th on

» [REVIEW: Richard Florida, The Flight of the Creative Class: Why America is Losing the Global Competition for Talent...](#)

#### EMAIL THIS ARTICLE

Your Name

Your Email

Friend's Name

Friend's Email

[EMAIL NOW](#)

**SUBSCRIBE NOW! (Only \$29/year!)**

"Global Creativity Index," a composite measure of his "3 T's" (talent, technology, and tolerance), which he argues must be strong in order for a nation to be successful. Our main competition comes not from Asia, but from Scandinavia: Sweden, Japan, and Finland make up the top three, while Switzerland, Denmark, and Iceland follow closely behind the

What then to do? The recent political focus on losing jobs to outsourcing is wrong, according to Florida; instead of worrying about losing low-skill jobs such as electronics manufacturing and data processing to places like China, Florida argues, we should worry about losing our capacity to develop new technologies that will lead to job growth. Florida diagnoses the challenges facing the U.S. as it competes in the global economy: we are not increasing our ability to attract global talent; the U.S. is underestimating its own ability to attract global talent; and the U.S. is not harnessing its "creative capabilities" of its own population. While no one nation is likely to usurp our position of economic dominance, Florida warns that many other nations are building their creative capital--and stealing ours--in ways that threaten to chip away at our talent base and thus weaken our economic position.

Florida states, as many before him have, that what makes America unique is our ability to attract people from all over the world and "to identify, nurture, and aggregate their talents." The U.S., he says, has never had enough of its own creative talent to fill the needs of a perennially booming economy. Our human capital shortage is especially severe in cutting-edge sectors where new jobs are being created faster than we are producing people qualified to do them.

The ability to attract foreign students to our universities is thus especially important in his account, since the talented people who come to the U.S. to study often stay and make up a large number of the Master's degrees and PhDs granted in science and engineering. Policy changes after 9/11 have dissuaded many foreign students from coming to the U.S. or leaving them out as soon as they graduated. Both the number of applications from foreign students and the number of student visa approvals have dropped sharply since 2001. Meanwhile, other nations have made it easier for students to attend their universities by offering them more fellowships.

The loss of foreign students is part of a larger anti-immigration trend. The 9/11 immigration policies, Florida argues, led to a 34-percent drop in the immigration rate in 2003--the steepest decline since 1953--and an estimated \$30 billion in costs to U.S. employers dealing with visa problems over the last two years. Florida also identifies policies besides immigration law--such as state universities charging out-of-state tuition to non-citizen residents, the nation's aggressive and non-collaborative foreign policy, and popular opposition to science, such as banning federal funding for stem cell research--that have made it difficult for talented people from other countries to come to the U.S. Not only do these policies hurt potential human capital, these policies also hinder the flow of ideas and domestic creativity. Florida cites examples of scientific associations that have to hold meetings in the U.S. because visiting scholars have so much trouble getting security clearance, and of international artists and musician tours in the U.S. because they aren't able to get visas. Such impediments, Florida argues, put a chill on our homegrown science and culture industries and are inhibiting the cross-fertilization of talents that is vital to innovation.

Florida even contends, surprisingly, that we must attract low-skilled

immigrants like migrant farmworkers in order to drive a creativity-economy. Every wave of immigration, he points out, brings both a of entrepreneurs and highly-skilled workers and a much larger group of skilled workers; we need to be open to both groups. Lower-skilled not only provide the manpower for our economy, but since you never know what hidden talents someone--or their children or grandchildren--it's in our interest to welcome everyone.

Along with more open borders, Florida also cautions that the U.S. must invest in our homegrown talent. Surprisingly, he does not focus on solutions like greater investment in higher education (though this is mentioned), but instead addresses the issue of economic inequality that characterizes the growing divide between rich and poor not only as an issue of justice, but also a waste of human resources. In addition, Florida argues that a class divide in the U.S. prevents our political leadership from taking actions to address the problems of the creative economy.

Florida admits up front that the rise of the creative economy is causing economic inequality to increase; he even provides a table to show that inequality is highest in the most creative cities and regions. The "Creative City Index" has also, according to Florida, increased housing costs, traffic congestion, and stress. Florida attributes these negative externalities to the transition from a kind of economy to another, comparing today's inequality to the economic displacement that resulted from the Industrial Revolution. All economic transformations, he argues, create externalities, but they must be managed in order for the transformation to take hold and the economy to flourish. Florida notes that many cities in Europe and Canada combine high innovation with creative capital with greater equality, citing not only the relatively homogenous Stockholm and Helsinki as examples, but also the increasingly diverse Toronto.

Developing the creative capacity of our working and service classes, as well as their estimation, is key to remaining competitive. By building a "wholly creative society" that taps into everyone's talents, Florida argues, we can address economic inequalities. Unfortunately, he just misses fully grasping the connection between the creative and service classes. While Florida recognizes that both are created by the same economic processes and that they necessarily exist together in the same regions, he mischaracterizes the inequality between two classes as an "unplanned but direct byproduct" of the creative economy rather than a necessary arrangement. The wealth of one class deepens the poverty of the other: In order to pay janitors more, companies would offer less to their top-level creative employees, leaving those companies at a disadvantage in competing for the best talent. Perhaps Florida is hoping that as part of the transformation to a "wholly creative society," the creative class will learn to be happy with fewer material rewards in order to achieve the social good of greater equality.

This is not the only place where Florida the prophet of the Creative Economy overshadows Florida the economist. In his discussion of immigration on creativity as the center of the economy and the driving force behind the movement of peoples often leads him to paint an incomplete picture. He makes some solid business arguments about how current immigration hurts our economy. But he ignores the economic reasons people come to the U.S. (or anywhere else in the world), painting tolerance and diversity as the main draws.

Florida never explains the counterexamples to his assertion that it has always been the key to economic competitiveness. How did it become a center of technological innovation while remaining very much closed to foreigners? Why were Chile and Argentina, historically immigrant rich like the U.S., so slow to develop? Florida skillfully measures some of the determinants of a nation's economic prosperity--such as Japan's investment in research and development as well as human talent--but never acknowledges a host of other factors, such as how years of colonialism, dictatorship and structural adjustment policies hindered development in Chile and Argentina.

As in *The Rise of the Creative Class*, Florida has an index for every country. Many of his numbers are helpful in demonstrating the trends he identifies. Some indices measuring abstract concepts such as human capital seem to make common sense. Take the "Global Tolerance Index." Given Florida's success in attracting immigrants, you might expect such an index to measure a nation's openness to foreigners. But famously xenophobic Germany and Japan score high on this index, while the U.S. does poorly. The reason is that the index actually measures tolerance towards immigrants, but how "modern" a nation's values are and how much it emphasizes self-expression. Because the U.S. has a religious population, we do poorly, while more secular Japan and Germany do well.

In the end, Florida provides a sensible, but vague, set of prescriptions for prospering in the Creative Age: harness everyone's human potential, invest in "creative infrastructure" and education, and create a truly open society. These are good goals for any society, certainly, but the devil is always in the detail. Florida--who never explains how to reward work more equally or invest in it with creativity and respect--is a little short on those. Still, *The Flight of the Creative Class* begins to plug some of the holes from Florida's earlier work. Perhaps his next book will fill in some of the holes of this one.