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

by Mackenzie Baris

 Printable Version

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

In *The Flight of the Creative Class*, Richard Florida reaffirms the central 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 or flows of capital, 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 thus 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," companies 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 and tolerant places, with high numbers of immigrants, artists, and gays, thus fare better economically, creating more jobs, more patents, and more wealth.

Having acted as a consultant to hundreds of cities across the country and become as much of a celebrity as one can be within the world of urban studies, 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 local leaders: while he reaffirms the importance of cities as "cauldrons of creativity"

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and briefly discusses their role in attracting talented people to a nation, Florida's main focus is on national social and economic policy. In particular, 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 avoids 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. does 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, he musters a mountain of statistics--culled from several years of data collection by Florida and other scholars both in the U.S. and abroad--to support his argument about the global creative class. The results: the U.S. ranked only 4th on Florida's "Global Creativity Index," a composite measure of his "3 T's" (talent, technology, and tolerance), which he argues must be strong in order to make a nation successful. Our main competition comes not from Asia, but from Scandinavia: Sweden, Japan, and Finland make up the top three on his list, while Switzerland, Denmark, and Iceland follow closely behind the U.S.

What then to do? The recent political focus on losing jobs to outsourcing is all wrong, according to Florida; instead of worrying about losing low-skill jobs such as electronics manufacturing and data processing to places like India and China, Florida argues, we should worry about losing our capacity to create the new technologies that will lead to job growth. Florida diagnoses three main challenges facing the U.S. as it competes in the global economy: other nations are increasing their ability to attract global talent; the U.S. is undermining its own ability to attract global talent; and the U.S. is not harnessing the "full creative capabilities" of its own population. While no one nation is poised 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 great and unique is our ability to attract people from all over the world and "assimilate 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. Today, our human capital shortage is especially severe in cutting-edge sectors, where jobs are being created faster than we are producing people qualified to fill

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, however, have dissuaded many foreign students from coming to the U.S. or have pushed them out as soon as they graduated. Both the number of applications from foreign students and the number of student visa approvals have declined sharply since 2001. Meanwhile, other nations have made it easier for foreign students to attend their universities by offering them more fellowships.

The loss of foreign students is part of a larger anti-immigration trend. Post-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 attacks on science, such as banning federal funding for stem cell research--that make talented people from other countries reluctant to come to the U.S. As much as they hurt potential human capital, these policies also hinder the flourishing of domestic creativity. Florida cites examples of scientific associations being afraid to hold meetings in the U.S. because visiting scholars have so much trouble getting security clearance, and of international artists and musicians canceling tours in the U.S. because they aren't able to get visas. Such impediments, he argues, put a chill on our homegrown science and culture industries by 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-based economy. Every wave of immigration, he points out, brings both a small group of entrepreneurs and highly-skilled workers and a much larger group of lower-skilled workers; we need to be open to both groups. Lower-skilled immigrants not only provide the manpower for our economy, but since you never know what hidden talents someone--or their children or grandchildren--may bring, it's in our interest to welcome everyone.

Along with more open borders, Florida also cautions that the U.S. needs more investment 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. Florida characterizes the growing divide between rich and poor not only an issue of justice, but also a waste of human resources. In addition, Florida argues, the class divide in the U.S. prevents our political leadership from taking necessary 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 Age" has also, according to Florida, increased housing costs, traffic congestion, and stress. Florida attributes these negative externalities to the transition from one 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 dealt with in order for the transformation to take hold and the economy to flourish. He notes that many cities in Europe and Canada combine high innovation and creative capital with greater equality, citing not only the relatively racially homogenous Stockholm and Helsinki as examples, but also the incredibly diverse Toronto.

Developing the creative capacity of our working and service classes, in Florida's estimation, is key to remaining competitive. By building a "wholly creative society" that taps into everyone's talents, Florida argues, we can also remedy economic inequalities. Unfortunately, he just misses fully grasping the link between the creative and service classes. While Florida recognizes that both are created by the same economic processes and that they necessarily collect together in the same regions, he mischaracterizes the inequality between the 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 have to 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 Age overshadows Florida the economist. In his discussion of immigration, his focus on creativity as the center of the economy and the driving force behind all movement of peoples often leads him to paint an incomplete picture. He does make some solid business arguments about how current immigration policies

hurt 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 immigration has always been the key to economic competitiveness. How did Tokyo become a center of technological innovation while remaining very much closed to foreigners? Why were Chile and Argentina, historically immigrant nations 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 everything. While many of his numbers are helpful in demonstrating the trends he discusses, his indices measuring abstract concepts such as human capital sometimes defy common sense. Take the "Global Tolerance Index." Given Florida's focus on attracting immigrants, you might expect such an index to measure how open a nation is to foreigners. But famously xenophobic Germany and Japan score well on this index, while the U.S. does poorly. The reason is that the index does not actually measure 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. Good goals for any society, certainly, but the devil is always in the details, and Florida--who never explains how to reward work more equally or imbue all jobs 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.

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