The Curse of the Creative Class
Steven Malanga

A generation of leftish policy-makers and urban planners is rushing to implement Florida's vision, while an admiring host of uncritical journalists touts it. But there is just one problem: the basic economics behind his ideas don't work. Far from being economic powerhouses, a number of the cities the professor identifies as creative-age winners have chronically underperformed the American economy. And, although Florida is fond of saying that, today, "place matters" in attracting workers and business, some of his top creative cities don't even do a particularly good job at attracting—or keeping—residents.

the late-1990s tech boom. Many municipal officials during those heady years suddenly found their cities populated with youthful entrepreneurs whose new companies had struck it rich in the stock market or with venture capitalists. These Internet kids, largely playing with other people's money, sought to move their hot businesses into cool neighborhoods with architecturally rich traditions, where they installed basketball courts in their new offices, held meetings with their dogs prancing about, and hired young, single workers like themselves, who worried more about a city's music scene than its personal income–tax rates.

In 1998, he met a Carnegie Mellon graduate student, Gary Gates, who was tracking U.S. gay communities using Census Bureau statistics on unmarried same-sex households. In what he describes as a major revelation, Florida noticed that Gates's list of America's most gay-friendly cities closely matched his list of hip technology centers.

Florida developed a so-called Bohemian Index, which counted the number of artists, writers, and performers in a city. He added a Creative Class Index to measure a city's concentration of knowledge workers—scientists, engineers, professors, think-tank employees. Each index, Florida was stunned to find, correlated highly with the other indexes. Cities with many gays were also places with lots of performers, creative workers, and tech companies.

Florida made two big—and dubious—leaps in logic. First, he assumed that there was some causal connection linking all of these indexes to economic growth. Then he decided he could infer just what it was about these cities that helped power this growth. the professor concluded with very little evidence, was that the cities were "tolerant, diverse and open to creativity."

the last third of the book offers urban policymakers a seemingly dazzling new economic-development agenda derived from these observations. To capitalize on the hot new economy, Florida tells policymakers, they must reach out to the creative class, whose interests are different from those of the buttoned-down families that cities traditionally try to attract through good schools and low taxes. The new creative class craves a vibrant nightlife, outdoor sports facilities, and neighborhoods vibrant with street performers, unique shops, and chic cafés.
to a generation of liberal urban policymakers and politicians who favor big government, Florida's ideas offer a way to talk economic-development talk while walking the familiar big-spending walk. In the old rhetorical paradigm, left-wing politicians often paid little heed to what mainstream businesses—those that create the bulk of jobs—wanted or needed, except when individual firms threatened to leave town, at which point municipal officials might grudgingly offer tax incentives. The business community was otherwise a giant cash register to be tapped for public revenues—an approach that sparked a steady drain of businesses and jobs out of the big cities once technology freed them from the necessity of staying there.

You can draw in Florida's creative-class capitalists—ponytails, jeans, rock music, and all—by liberal, big-government means: diversity celebrations, "progressive" social legislation, and government spending on cultural amenities.

Cincinnati, its image battered by race riots just two years ago, is in the process of being Floridazed: it invested $1.3 million in the requisite bike path and in a recreation area stretching from downtown to the airport, and it has put another $2.2 million into a cultural fund, which it plans to invest in "edgy" arts groups in an effort to create a bohemian "street culture."

worried that the Internet generation formed its eccentric capitalist culture during a speculative bubble, when billions of dollars of free-flowing investment capital gave workers and their bosses the freedom to ignore basic economic concerns, and that now, with that money vanished and many companies defunct, a focus on such old-economy ideas as profits and tax rates has re-emerged.

as Florida's ideas reach beyond urban-planning types and New Age liberal politicians, they are at some point likely to find resistance from the hard-core urban Left, composed increasingly of social-services activists and representatives of public-employee and service-industry unions, who demand ever more government spending for social programs, not art and culture.

fatal—objection to Florida's theories is that the economics behind them don't work.

Yet since 1993, cities that score the best on Florida's analysis have actually grown no faster than the overall U.S. jobs economy, increasing their employment base by only slightly more than 17 percent. Florida's indexes, in fact, are such poor predictors of economic performance that his top cities haven't even outperformed his bottom ones. Led by big percentage gains in Las Vegas (the fastest-growing local economy in the nation) as well as in Oklahoma City and Memphis, Florida's ten least creative cities turn out to be jobs powerhouses, adding more than 19 percent to their job totals since 1993—faster growth even than the national economy.

Jobs data going back 20 years, to 1983, show that Florida's top ten cities as a group actually do worse, lagging behind the national economy by several percentage points, while his so-called least creative cities continue to look like jobs powerhouses, expanding 60 percent faster than his most creative cities during that same period.

Population loss --→ Many of his "talent magnets" are among the worst at attracting and, more importantly, hanging on to residents. Just look at the 2000 census reports on domestic migration, which follow the movements in and out of metro areas by U.S. residents. That report found that New York, among Florida's top talent magnets, lost 545,000 more U.S. residents than it gained in the latter half of the 1990s, the worst performance of any U.S. city. The greater San Francisco metro area was close behind, with a negative domestic migration of more than 200,000 people. In fact, five of the ten places atop Florida's creativity index had steep losses of U.S. residents during that period, while some of Florida's creative losers—including Las Vegas, Memphis, and Tampa Bay—were big winners.

The 2000 census figures on out-migration, for instance, show that states with the greatest loss of U.S. citizens in 1996 through 2000—in other words, the go-go years—have among the highest tax rates and are the biggest spenders, while those that did the best job of attracting and retaining people have among the lowest tax rates. A study of 1990 census data by the Cato Institute's Stephen Moore found much the same thing for cities. Among large cities, those that lost the most population over a ten-year period were the highest-taxing, biggest-spending cities in America, with per-capita taxes 75 percent higher than the fastest-growing cities. Given those figures, maybe Florida should have called his book The Curse of the Creative Class.

high-tax New York has been caught in a cycle of boom and bust that has produced no net job growth in 40 years. During the mid-1990s, the city briefly got back to basics when the Giuliani administration focused on fighting crime and cutting some taxes and spending, and—presto!—for the longest period since World War II, the city's economy outpaced the nation. However, now that the city's political culture has veered sharply to the left again, with a mayor who declares that taxes don't matter to businesses or residents, New York is once again an economic slacker, having lost 200,000 jobs, or nearly 6 percent of its jobs base, in the current recession

he thinks that government officials and policymakers like himself can figure out how to produce those things artificially. He doesn't seem to recognize that the cultural attributes of the cities he most admires are not a product of government planning but have been a spontaneous development, financed by private-sector wealth.

But it is just as likely that the Floridazed brand of aggressive governing will get things as wrong as the builders of sports stadiums and convention centers.