

# BACON'S REBELLION

The Op/Ed Page for Virginia's New Economy

## Fright of the Creative Class

**Richard Florida is back. He says there is a global competition for creative talent, and the U.S. may be squandering its edge. Don't panic: Much of his analysis doesn't hold up.**

By James A. Bacon

Last week, I stumbled into Keith Simmons, CEO of XTerra Wetsuits, seller of high-performance wetsuits for triathletes. Sipping coffee and reading the newspaper outside a neighborhood Starbucks, he was back in town for a couple of months after having moved to San Diego. Although the XTerra headquarters remained in Richmond, he'd moved his personal residence to the West Coast to be near the center of his industry.

The story was instructive for anyone interested in why the CEO of one of Richmond's coolest companies--a young man who was born here and retains a strong affection for the community--would feel compelled to move across the country. But his tale was downright fascinating to me, as I was, at that very moment, grappling with the controversial thesis presented in Richard Florida's new book, "The Flight of the Creative Class." In this follow-up to his wildly influential, "The Rise of the Creative Class," Florida argued that the United States risks losing its economic competitiveness because it is losing its dominance as the world's major magnet for creative talent.

I don't believe in karma, but it's hard to think of any other expla-

nation for why I would have bumped into Simmons that day. I'd profiled [XTerra](#) in the inaugural edition of *Bacon's Rebellion* nearly three years ago as a company well adapted to the global economy. As coincidence would have it, in that same issue I'd also published a lengthy review of "The Rise of the Creative Class," which had proven enormously influential in my own thinking.



XTerra, I'd argued then, was the prototype of the successful American enterprise of the future. Although the company outsourced manufacturing to the Far East, it handled product development, sales and marketing, and global logistics management from its office in Richmond. As long as companies like XTerra stayed at the forefront of innovation, I'd suggested, Virginians had little to fear from globalization and outsourcing. Florida's thinking at the time seemed very much in sync with my own -- indeed he was two or three steps ahead of me.

Florida, now a professor at George Mason University, transformed the way people think about economic development with a series of interlocking insights. First, he recognized that a fundamental change had taken place in American society in the 1990s: Americans had become

job hoppers. No longer seeking secure, long-term employment with a single company, moving wherever the company relocated them, they were far more likely to select where to live based on lifestyle considerations. Secondly, he understood that this change profoundly altered economic development in the Knowledge Economy: Finding it difficult to get employees to move to them, companies increasingly moved to the employees. Thirdly, Florida contended that the metropolitan areas with the most appeal to the "creative class" -- those occupations whose members accounted disproportionately for artistic, scientific and entrepreneurial innovation -- demonstrated significantly higher rates of income growth than the regions spurned by the creatives. Fourthly, he suggested that the defining characteristics of regions that attracted the creative class were openness to newcomers and tolerance of ethnic and cultural diversity. Creative communities are marked by large numbers of immigrants, bohemians and gays.

Florida's thinking dovetailed with much of my own, and I began systematically applying his ideas to my coverage of economic development issues in Virginia. Indeed, I would dare say that few have done more to proselytize his ideas in the Old Dominion than I have. But his new book takes his ideas in a direction which, though a logic extension of his first book, I find unconvincing. U.S. cities, he says, are losing their competitive edge as foreign cities from Toronto to Dublin are getting more aggressive in the recruitment and retention of creative talent. One of

the major reasons, he suggests, is a rising tide of intolerance, especially on the part of increasingly militant cultural conservatives.

Florida's alarums have some merit, but they overstate the case and oversimplify the dynamics of why creative people relocate. Keith Simmons, as it turns out, doesn't fit his model. Simmons didn't move to the San Diego area because it was a cool place to live, although he obviously thinks that it is. He moved there because it was the central crossroads for his industry. He found himself traveling there so frequently for business that he figured he might as well live there. The decision proved to be a good one, he told me: Almost everyone he needs to confer with comes through San Diego at one point or another.

Florida gives short shrift to the "cluster" phenomenon, in which businesses--and business leaders--within the same industry--tend to congregate in close proximity to one another. Investment bankers in New York City. Film producers in Hollywood. Government system integrators in Northern Virginia. In the Knowledge Economy, companies aren't just looking for undifferentiated "human capital" or members of the "creative class." They're seeking proximity to people with highly specific knowledge, people who can share insight into emerging markets, new technologies, novel business models of the industry they're in. Although some people undeniably select a place to live because they find the lifestyle attractive, many others choose a community because it's a center of their particular industry or profession. For Keith Simmons, the compelling reason to move to San Diego was related to business. He was seeking access to spe-

cialized knowledge and information that he was more likely to find there than on the East Coast.

Once I began questioning one of Florida's key premises, I began questioning others. Indeed, upon reflection, I have found that many of his arguments unravel completely -- and the best evidence against them comes from his own book! Despite its flaws, which I enumerate below, "The Flight of the Creative Class: The New Global Competition for Talent" remains must reading. Florida addresses issues that no one else has thought of before. Even if we do not find his answers persuasive, there is no ducking his questions.

**T**he reason the United States is the world's dominant economy, Florida argues, is that it has been an extraordinarily open and tolerant society. That openness has been reflected in wave after wave of immigration, each of which brought new cultures, new perspectives and new energy to our shores. It is no accident that the great economic boom of the 1990s coincided with the influx of some 13 million new immigrants--the greatest tide of immigration in U.S. history.

But Florida sees threats to that openness in the highly polarized politics of the 2000s, and he sees increasing competition for talent abroad. The much decried out-sourcing of manufacturing and call-center jobs to India and China is one threat, though a highly overrated one. "What should really alarm us," he writes, "is that our capacity to create ... new technologies and industries is being eroded by a different kind of competition--competition for higher-skilled, more highly educated global talent."

Other countries are increasing spending on R&D, investing in their universities and opening their borders. Meanwhile, homeland security concerns in the post-9/11 era are making it more difficult for foreign students to enter the country. Applications at U.S. universities are down, while applications at foreign universities are up. Because such a large percentage of engineers and scientists working in the U.S. is foreign born, our industries are highly vulnerable to such shifts.

For the first time in a long time, Florida writes, the U.S. is losing foreign talent. The total number of foreign scholars declined in the 2002-2003 academic year for the first time in almost a decade. Visa applications for students fell by 74,000 between 2001 and 2003, from 400,000 to 326,000. American colleges saw the smallest increase in the enrollment of international students in 2003 in a decade.

Florida finds that a growing intolerance is chilling the traditional climate of openness. "Washington has stunned scientists across the world with its disregard for consensus scientific views when those views conflict with the interests of favored sectors," he says, citing disagreements on the issue of global climate change as an example. Also, he notes, "Washington has inspired the fury of the world, especially of its educated classes, with its "my way or the highway" foreign policy.

Homeland Security concerns are a special problem. Because of the difficult foreign scientists have getting visas, fewer scientific meetings and conferences are being held in the United States. Many foreigners feel "humiliated" by being finger-

printed, photographed and otherwise harassed by U.S. immigration officials.

America may even face a brain drain of its own best and brightest. Conservative concerns about the ethics of stem cell research drove stem-cell researcher Roger Pederson from the University of California-San Francisco to residency at Cambridge University. Similarly, Florida quotes an anonymous entomologist as follows: "Over the last few years, as the conservative movement in the U.S. has become more entrenched, many people I know are looking for better lives in Canada, Europe and Australia. .. From bloggers and programmers to members of the National Academy I have spoken with, all find the zeitgeist alien and even threatening."

Laments another creative class member from New Mexico: "Once upon a time, America was large enough to hold a beautiful multiplicity of opinions, but that's no longer true." Florida allows as how that opinion may not be entirely accurate, but he finds it heart-breaking nonetheless. "The fact is," he says, "an increasing number of America's citizens are beginning to *feel* there is no place for them here."

The "tolerance" issue plays a central role in Florida's thinking. He touts the "three t's" of modern economic development: Talent, technology and tolerance. In "The Flight of the Creative Class," he focuses overwhelmingly on tolerance, and he finds a bogeyman in America's Religious Right. Says he: "More and more ... our own people and foreigners alike have come to associate American religion, rightly or wrongly, with its more fundamentalist strains."

He contrasts America's tolerance

and diversity unfavorably with that of Canada and Australia, which he pegs as two emerging powerhouses of the global creative class, as well as the Scandinavian countries and, surprisingly, even Germany and Japan.

New creative centers are popping up around the world. Florida cites Tokyo and Osaka, world-class centers of anime, movies, music video and video games; Wellington, New Zealand, home to Peter Jackson, the director of the *Lord of the Rings* trilogy, and emerging competitor to Hollywood; Helsinki, Finland, headquarters to telecom leader Nokia; London, Milan and Paris, all centers of fashion, design and luxury brands. Dublin, Singapore, Seoul, Taipei, Tel Aviv and even Beijing all make his list of cities to watch.

Florida makes a number of keen observations with which I agree. He has done us all a service by documenting the negative impact of Homeland Security policies on the flow of talent into the country. He also makes important points about the dark side of Creative Class prosperity as seen in unequal incomes, unaffordable housing and spreading traffic congestion. (The latter two are issues that we have explored in some detail in *Bacon's Rebellion*.) I'll also give Florida credit for not playing partisan favorites. There is little evidence, he says, that either political party understands the trends he is elucidating, much less the remedies that are required--a point that I have made myself on more than one occasion.

**B**ut I must take issue on a number of Florida's key arguments. The first is the supposition that "intolerance" emanates primarily from the religious right. I am not an evangelical, much less a fundamentalist. In-

deed, I would call myself a Darwinist. My theological views could not possibly be more farther removed from those of Jerry Falwell or Pat Robertson. However, I'm not blind. I see dogmatism and intolerance on all sides. To my way of thinking, the secular left has been far more successful in imposing its stamp on public institutions than the religious right, successfully chasing harmless expressions of religion -- from creches to displays of the 10 commandments -- out of the public sphere. Indeed, I would go so far as to say that the left has largely extirpated the expression of traditional popular culture, in its religious forms, from schools and government of most communities. Many in the religious right feel every bit as persecuted as Florida's creative-class correspondent from New Mexico who whined about the "multiplicity of opinions" being under threat--which, by the way, is a hysterical, overwrought comment in itself. Please show me just one person in this country who is unable or unwilling to express an opinion!

Let's look a little closer at some of the sentiments that Florida himself holds. President George W. Bush may have cut federal funding for certain types of stem cell research, but it's not as if he banned *all* stem cell research. Privately funded R&D continues in the United States without the slightest impediment. By contrast, look how the supposedly enlightened Europeans have treated research on genetically modified foods. While they apparently have no qualms about tinkering with the genetic code of human embryos for the purposes of experimentation, the Europeans find alteration of the genetic stock of a wheat seed to be a veritable crime against nature. As a consequence, R&D in the genetic engineering of food,

one of the great hopes for feeding mankind, has all but ceased in Europe and largely relocated to the United States.

As for the global warming that Florida cites, scientific opinion is not as unanimous as he supposes--despite the fact that the policy elites of Europe have, whether through the control of research funding or other means, imposed a doctrinal rigidity reminiscent of the Catholic Church. By way of support, I need cite only the ostracism of the Danish scientist Bjorn Lomborg when he dared stray from the prevailing environmental orthodoxy in his book, "The Skeptical Environmentalist: Measuring the Real State of the World." Florida ignores the reality that the Europeans cling to their own secular dogmas as tightly as the fundamentalists embrace creationism. The stifling effect is much greater, of course, because the Greens have far more power in Europe than the creationists in the United States could ever dream of.

As for the closing of the American mind, Florida might benefit from consulting the viewpoint of political conservatives. A recurring theme--and a well documented one, at that--of conservative commentary is that the doctrinaire thinking on most U.S. campuses emanates from the left, not the right. To paraphrase Florida, these perceptions may not be entirely accurate. But "the fact is, an increasing number of America's citizens are beginning to *feel* there is no place for them here." Let me rephrase that. A large number of American conservatives aren't just *beginning* to feel that way--they've felt that way for a long, long time.

Nowhere was this Liberal Lysenkoism more prominently

on display than in Harvard earlier this year when remarks by President Larry Summers--enumerating a variety of hypotheses to explain why female scientists might be under-represented on the faculty of one of the nation's most liberal universities--precipitated a faculty revolt. Despite massive evidence culled from the fields of neuro-physiology and experimental psychology that genes may influence the cognitive abilities of the sexes, the subject is taboo in Harvard. It's not sufficient merely to disagree with anyone who may suggest such apostasy, the entire discussion must be shut down. As a consequence, I would imagine, many scholars pursuing such promising lines of inquiry are steering clear of Harvard.

Bottom line: The leading lights of Florida's creative class, both in the U.S. and Europe, may celebrate ethnic and cultural diversity, but they aren't exactly beacons of *intellectual* diversity. When it comes to dogma and doctrine, Harvard is a match for Bob Jones University any day.

There is another problem with Florida's worship of tolerance. In keeping with his penchant for dreaming up catchy phrases, I call it the "tolerance trap." This dilemma can be seen most clearly in the Netherlands, a nation that is by common acknowledgement extraordinarily tolerant and open in its attitudes towards everyone from immigrants and gays, prostitutes and heroin addicts. The Dutch culture of tolerance worked as long as everyone valued tolerance as a virtue. But what happens when the "tolerant" majority admits members of an "intolerant" minority? That's exactly what has happened in the Netherlands. Not only do hundreds of thousands of North Africans, now composing a tenth of

the population, stubbornly refuse to assimilate, they repudiate the liberal values of their hosts. When a fundamentalist Muslim assassinated the controversial filmmaker Theo Van Gogh, the Dutch experienced a sea change in attitudes and a backlash against the immigrants.

As radical Islam spreads throughout Europe, other countries are facing similar challenges. Many Europeans are pessimistic. The fertility rate of native, white Europeans is bringing about a slow-motion demographic collapse. Aging European populations desperately need a servant class, which is filled partly by Eastern Europeans, partly by Third World Muslims. As the Muslims grow in in numbers, some observers anticipate the day a half century from now when Muslims achieve a majority. How open and tolerant will European society be then? A lot of people aren't waiting to find out. In a reverse migration that Florida neglects to mention, wealthier, better educated elements of European society are hedging their bets, buying real estate and otherwise investing in the United States.... just in case. Consider it the invisible flip side to the post-9/11 migratory changes that Florida chronicles.

Finally, I would observe, Florida's own data suggest that there are many paths to prosperity, many routes to building human capital. Florida cites Iceland as a creative-class success story. Am I missing something? How ethnically and culturally diverse is Iceland? He also notes that Japan ranks No. 2 on his "Global Creativity Index". Japan is one of the most homogenous, tightly knit societies on the face of the earth! Clearly, the Japanese are a brilliant, creative people, but it's implausible to

claim that they owe their creativity to their openness to foreigners. By all reports, Japan culture remains exceedingly difficult for outsiders to penetrate.

Likewise, Florida gives creativity kudos to Singapore. This is a society that only a few years ago administered a public caning to a young foreigner convicted of vandalism, a place where citizens can be fined for dropping chewed bubble gum on the street. I read an article not long ago describing a government initiative to encourage all citizens to be more zealous in attending weddings on time! The system of patriarchal authoritarianism is hardly an exemplar of Florida's tolerance and openness. Yet, somehow, since World War II, Singapore has engineered one of the most extraordinary advances in living standards in human history!

In his first book, Florida made a seemingly persuasive case about the crucial role of openness and tolerance when he limited his purview to American cities. But now that he has opened up his analysis to the global competition for talent, he shows how untenable his argument is. The flaws in his logic are too enormous to be explained away.

Even so, Florida has made an important contribution to the study of economic development by opening a new vein of inquiry. There *is* a global competition for talent, and Americans *cannot* take their traditional dominance for granted. Every American community needs to develop strategies for building a competitive edge--whether it's improving the quality of education, recruiting young creatives out of college, or building specialized industry clusters that attract entrepreneurs like Keith Simmons.

Those of us in more conserva-

tive communities can relax on the cultural front. The lesson that emerges from the data in Florida's book is that we *can* be successful without selling our souls and becoming something we are not. But we must remain unremitting in our commitment to build our human capital. The competition is real, and it isn't going away.

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