



[John Battelle](#) Follow

A Founder of NewCo, Federated Media, sovrn Holdings, Web 2 Summit, Wired, Industry Standard; writer on Media, Technology, Culture, Business

Sep 14

# Can Business and New Federalism Save Our Cities?

Noted urbanist Richard Florida has some challenging ideas on the income inequality that is killing our nation's cities.



Richard Florida ([image](#))

Richard Florida is an academic, author, and leading voice on all things urban studies. His *Rise of the Creative Class*, first published in 2002, predicted a resurgence in city centers due to a new class of creative “knowledge workers.” His insights helped to catalyze scores of major city redevelopment efforts. Hailed as a far-reaching seer for predicting the tech and arts-driven boom in American cities, Florida’s work has recently been called into question for the unexpected consequences of urban renewal, in particular gentrification and its attendant income inequality, which has pushed lower income and diverse populations from cities throughout the United States.

But instead of ducking those consequences, Florida embraces them in his most recent work, *The New Urban Crisis*. In our conversation, Florida has some choice words for the tech industry, and posits a new approach to local government that he admits would be challenging to implement. We spoke to Florida earlier this week, below is a transcript of the conversation, edited for length and clarity.

---

**NewCo Shift:** First of all let’s talk about your latest book. It seems like it’s a departure — maybe a bit of a look back on your previous work. Some of the reviews said it was a mea culpa — but I’d call it a “rethinking” of some of your earlier work. Can you contextualize it in light of that?

**Richard Florida:** There’s a great review in “[The Free Beacon](#).” [The reviewer stated that] this isn’t a mea culpa, this basically an extension and an update of his work. And I’m like “yay” you read the book!

When I was writing “Rise of the Creative Class” in the latter part of the 1990s up to 2002, there wasn’t even an urban revival movement. Very few cities even had gentrification. But over the past 15 years, that process has accelerated in ways I could not have expected. I often say my biggest error is I under predicted the extent to which the revival would occur.

I did my first essay on inequality in 2003. I wrote a series of essays on the issue. There is now a massive amount of research on the extent of these problems. The growing separation of rich and poor, the rise of economic segregation. The new urban crisis is not just an urban crisis, it’s a crisis of knowledge-based capitalism.

**And your more recent work has explored the consequences of that. Can you unpack that a bit more?**

Sure. I think at the core of the book is the clustering of talent in economic growth. I tried to marry the work of great economists with the work of [Jane Jacobs](#). What I argue is that the same clustering of talented people and great companies and startups that drives us to dense urban settlements, the very same forces that power economic developments, are the same forces that drive deep divides in the country. This is a central contradiction in our society. It gives rise to things like Trump. It threatens urban revival. It’s a central contradiction in capitalism.

I never predicted Brexit and Trump. This calls into question our ability to progress and become a diverse and open minded society.

**The obvious next question is what’s the prescription — what do you think we should do about it?**

I had a set of prescriptions (in an earlier draft of the book) that were national, then Trump got elected, and I had to rethink those

and rewrite the first and last chapters. It's become clearer since I wrote the book. I am writing an epilogue for the paperback. I've traveled around to a bunch of cities over the past year. I've been able to reflect on the debate over the book. There is a way out, but it challenges us in many ways.

We in the United States have to conclude that the Federal government is not going to help cities. It wasn't the case even when Obama was in office. The urban revival was created by cities themselves, local actors.

When I drive into cities from the airport, I often think holy sh\*t! This creative class thing really worked! Every one of them have loft developments, a vibrant downtown, gastro pubs, etc. It really worked! It took fifteen years of local stakeholders, local mayors, builders, developers, anchor institutions putting their shoulders to the wheel and saying "We want our city to be a better place." The federal government didn't help with any of that.

And it's going to take the work of those same local actors to move from a winner takes all urbanism to a more inclusive urbanism, to provide affordable housing, to make communities more inclusive, invest in transit, upgrade service jobs.

We have to realize that our national government is broken, we are divided, and we have to go forward as a divided country.

### **Really, as a divided country?**

Yes. We have to devolve power to local governments and let them solve problems on their own. The longer term game is to have a national discussion on how to do that. People are so fed up with the national system. Faith and confidence in local government, however, is strong. I think we are likely to see a national ticket of

local politicians, even a ticket of Mayors. Why not run on a “Make America Great Again” ticket, by giving power back to the people? This could actually happen, we’ve got to get to a point where cities and localities have the power to solve their problems.

I think this country is broken, it’s divided and broken. I’m not optimistic we can put it back together again. I *am* optimistic we can learn to live together. If people don’t feel threatened by the Federal government, we can live together.

### **But how?**

Federalism. We’ve tended to think of the traditional separation of powers as horizontal — each branch of government next to the other. But there’s a vertical separation of powers — from local up to federal. Over the past 100–150 years, we’ve rached up the power of the executive branch. We’ve created a monster. It took Trump, an incompetent person, seizing control of this apparatus for people to go “Oh no!!!”

The vertical separation of powers is more appropriate. Dial back the power of the Federal government.

### **But can’t that go too far?**

It’s a rebalancing. The level of government that should have decision making power should be closer to the people. England, for example, is shifting power to metropolitan mayors. My hunch is that the nation state may not make it through the next century. The real axis of government power will be cities and city regions.

**But this has its own externalities, no? Wouldn’t some localities adopt policies that take us backwards in terms of rights?**

If Trump cut off sanctuary cities, for example, a robust network of cities — including around the world — might help fund those sanctuaries. You'd hope the federal government would protect rights, that's what the courts are for. But many of these rights are pioneered in cities.

We could have a race to the top over time. Those more retrograde jurisdictions would lose investment, companies would move away. All of this has to be done cautiously and with a level hand. But I would rather deal with a few Rob Fords (the disgraced former Mayor of Toronto) than deal with one Donald Trump. The worst of all possible worlds is you get the dysfunctional one with his hands on the all powerful institutions of the Federal government.

**What about powerful companies? What is your advice to large companies, like the tech companies so dominant in our society today?**

Those guys have to buck up and be part of this. I've recently been talking to members of Congress. They tell me that for the high tech companies, the pitchforks are now out. High tech companies are now despised. [People] don't like Uber. They're pissed off at Amazon about antitrust. Mad at Google. High tech companies have to realize they are the five largest companies in the world. They have all this money, all this personal and corporate wealth.

[They must] become a driving force of inclusive prosperity. They are taking so much from the city. They're extracting — but giving nothing back. They're causing these problems. People are mad on the left and the right. [High tech companies] treat their knowledge workers like gold, but they treat their service workers like crap. They should be working to upgrade those jobs. They have to help cities solve their transit problems. You have to create public goods. If there was a federal government that could solve transit, for

example, they would solve it. But they can't. These companies must lead.

They have to be part of the solution. If not, then the pitchforks really will be out.